IMPORTANT NOTICE

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

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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 (i) a U.S. person (as defined in Regulation S under the Securities Act (as defined below)) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this 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 nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined 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, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein.

The attached information memorandum 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 Singapore Technologies Telemedia Pte Ltd, Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, United Overseas Bank Limited or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES 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 OTHER JURISDICTION AND 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 REGULATION S UNDER THE SECURITIES ACT), 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 Singapore Technologies Telemedia Pte Ltd Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited or United Overseas Bank Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States 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 of securities 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 of securities 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 of securities shall be deemed to be made by the dealers or such affiliate on behalf of Singapore Technologies Telemedia Pte Ltd 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 the attached 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 information memorandum, 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 purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum 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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SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD

(Incorporated in the Republic of Singapore on 13 January 1995)
(UEN/Company Registration No. 199500279W)

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. 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 Singapore Technologies Telemedia Pte Ltd (the "**Issuer**") 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:

(1) 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;

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

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

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

(5) as specified in Regulation 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 listing of and quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the Programme or such Securities.

Arrangers

CREDIT SUISSE DBS HSBC UOB

TABLE OF CONTENTS

APPENDICES

NOTICE

Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited (the "**Arrangers**") have 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 or the issue and offering of the Securities would make any such information or expressions misleading in any material respect.

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 under 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 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 either a Temporary Global Security (as defined herein) in bearer form or 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 Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") 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 either a Temporary Global Security in bearer form or 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 for Euroclear and/or Clearstream, Luxembourg 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 below) shall be S$2,000,000,000 (or its equivalent in any other currencies) or such increased amount as determined 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, any of the Arrangers 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, any of the Arrangers 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 part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such 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 United States 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, any of the Arrangers 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) or 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 Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arrangers or the Dealers makes any representation or warranty as to the Issuer or 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.

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, any of the Arrangers 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 or as to the merits of the Securities or the subscription for, purchase or acquisition thereof. 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 and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, any of 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).

To the fullest extent permitted by law, none of the Arrangers or the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by any of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer, the Group (as defined herein), the Programme or the issue and offering of the Securities. Each Arranger and each Dealer 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.

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: (1) any publicly available audited consolidated accounts of the Issuer and its subsidiaries, (2) any supplement or amendment to this Information Memorandum issued by the Issuer and (3) any announcements made by the Issuer on the SGX-ST. 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 (as defined herein).

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, any of the Arrangers 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.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "Subscription, Purchase and Distribution" on pages 123 to 126 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 any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

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 "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer's and/or the Group's revenue, profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. 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 and/or the 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/or the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section on "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**3G**"	:	Third generation.
"**4G**"	:	Fourth generation.
"**Agency Agreement**"	:	The Agency Agreement dated 11 November 2015 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee, as amended and restated by an amendment and restatement agency agreement dated 28 July 2017 made between the same parties, and as further amended, restated or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**Armor**"	:	Armor Defence Inc.
"**Arrangers**"	:	Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited.
"**Asia Mobile Holdings**"	:	Asia Mobile Holdings Pte. Ltd.
"**Bearer Securities**"	:	Securities in bearer form.
"**Board**"	:	Board of Directors of the Issuer.
"**British Telecommunications**"	:	BT Group plc.
"**Brockton Virtus**"	:	Brockton Virtus HoldCo Limited.
"**CDMA**"	:	Code division multiple access.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**CenturyLink**"	:	CenturyLink, Inc.
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the terms and conditions of the Notes or, as the case may be, the terms and conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
"**Clearstream, Luxembourg**"	:	Clearstream Banking S.A.
"**CMT**"	:	Communications, media and technology.
"**Common Depositary**"	:	In relation to a Series of the Securities, a depositary common to Euroclear and 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 to the Notes of such Series, 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, as the case may be, Global Certificate, 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 Notes 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 accordingly; and

(ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable to the Perpetual Securities of such Series, 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, as the case may be, Global Certificate, 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 accordingly.

"**Couponholders**" : The holders of the Coupons.

"**Coupons**" : The bearer coupons appertaining to an interest or distribution bearing Bearer Security.

"**CyberWay**" : CyberWay Pte Ltd.

"**Datameer**" : Datameer, Inc.

"**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 (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.

"**Equinix**" : Equinix, Inc.

"**Euroclear**" : Euroclear Bank SA/NV

"**FMCG**" : Fast-moving consumer goods.

"**FY2014**" : Financial year ended 31 December 2014.

"**FY2015**" : Financial year ended 31 December 2015.

"**FY2016**" : Financial year ended 31 December 2016.

"**GDS Holdings**" : GDS Holdings Limited.

"**Global Certificate**" : A global 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) CDP, (ii) the Common Depositary and/or (iii) any other clearing system.

"**Global Crossing**" : Global Crossing Limited.

"**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.

"**Greenwave**" : Greenwave Holdings Inc.

“**Group**”	:	The Issuer and its subsidiaries.
“**GSM**”	:	Global System for Mobile Communications.
“**HFC**”	:	Hybrid fibre-coaxial.
“**i-STT Singapore**”	:	i-STT Pte Ltd.
“**IDD**”	:	International direct dialing.
“**Indosat**”	:	Perusahaan Perseroan (Persero) PT Indonesian Satellite Corporation Tbk.
“**IoT**”	:	Internet of Things.
“**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.
“**IRAS**”	:	Inland Revenue Authority of Singapore.
“**Issuer**”	:	Singapore Technologies Telemedia Pte Ltd.
“**Issuing and Paying Agent**”	:	DBS Bank Ltd.
“**ITA**”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“**Lao Telecommunications**”	:	Lao Telecommunications Company Limited.
“**Latest Practicable Date**”	:	21 July 2017.
“**Level 3 Communications**”	:	Level 3 Communications, Inc.
“**LTE**”	:	Long Term Evolution, which is a 4G wireless broadband technology developed by the Third General Partnership Project, an industry trade group.
“**MAS**”	:	The Monetary Authority of Singapore.
“**Moogsoft**”	:	Moogsoft (Herd), Inc.
“**NASDAQ**”	:	National Association of Securities Dealers Automated Quotation.
“**Noteholders**”	:	The holders of the Notes.
“**Notes**”	:	The notes issued or to be issued by the Issuer under the Programme.
“**NYSE**”	:	The New York Stock Exchange.
“**Ooredoo**”	:	Ooredoo QSC.
“**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 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 11 November 2015 made between (1) the Issuer, as issuer, (2) the Arrangers, as arrangers, and (3) Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited, as dealers, as amended and restated by an amendment and restatement programme agreement dated 28 July 2017 made between the same parties, and as further amended, restated or supplemented from time to time.
"**RAN**"	:	Radio access network.
"**Registered Securities**"	:	Securities in registered form.
"**Registrar**"	:	DBS Bank Ltd.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**Securities**"	:	The Notes and the Perpetual Securities.
"**Securities Act**"	:	The US Securities Act of 1933, as amended.
"**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.
"**Subordinated Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
"**Shares**"	:	Ordinary shares and preference shares in the share capital of the Issuer.
"**Shenington Investments**"	:	Shenington Investments Pte Ltd.
"**Singapore Power**"	:	Singapore Power Limited.
"**Sky Cable**"	:	Sky Cable Corporation.
"**sq ft**"	:	square feet.
"**ST**"	:	Singapore Technologies Pte Ltd.
"**StarHub**"	:	StarHub Ltd.
"**STT Connect**"	:	STT Connect Pte. Ltd.
"**STT Crossing**"	:	STT Crossing Ltd.
"**STT GDC**"	:	STT GDC Pte. Ltd.
"**STT Tai Seng**"	:	STT Tai Seng Pte. Ltd.
"**STTC**"	:	STT Communications Ltd.
"**Talons**"	:	Talons for further Coupons.

“**Tata Communications**”	:	Tata Communications Ltd.
“**TeleChoice**”	:	TeleChoice International Limited.
“**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.
“**Tranche**”	:	Securities which are identical in all respects (including as to listing).
“**Transfer Agent**”	:	DBS Bank Ltd.
“Trust Deed”	:	The Trust Deed dated 11 November 2015 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 28 July 2017 made between the same parties and as further amended, restated or supplemented from time to time.
“**Trustee**”	:	DBS Trustee Limited.
“**tw telecom**”	:	tw telecom Inc.
“**United States**” or “**U.S.**”	:	United States of America.
“**U Mobile**”	:	U Mobile Sdn Bhd.
“**US$**” or “**US dollars**”	:	United States dollars.
“**Virtus**”	:	Virtus HoldCo Limited.
“**VoIP**”	:	Voice over Internet Protocol.
“**VSAT**”	:	Very small aperture terminal.
“%”	:	per cent.

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.

CORPORATE INFORMATION

Board of Directors	:	Mr Tan Guong Ching Mr Stephen Geoffrey Miller Mr Sum Soon Lim Mr Lim Ming Seong Mr Chang See Hiang Sir Michael Perry, GBE Mr Justin Weaver Lilley Mr Vicente Santiago Perez, Jr.
Company Secretary	:	Mr Chan Jen Keet
Registered Office	:	1 Temasek Avenue #33-01 Millenia Tower Singapore 039192
Auditors	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arrangers of the Programme	:	Credit Suisse (Singapore) Limited One Raffles Link #03-01 South Lobby Singapore 039393 DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982 The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #10-01 HSBC Building Singapore 049320 United Overseas Bank Limited 80 Raffles Place #03-01 UOB Plaza 1 Singapore 048624
Legal Advisers to the Arrangers	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent and the Trustee (for the purpose of the update of the Programme)	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent	:	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 Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Singapore Technologies Telemedia Pte Ltd.
Arrangers	:	Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited.
Dealers	:	Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited.
Trustee	:	DBS Trustee Limited.
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	:	DBS Bank Ltd.
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 increased amount as determined in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	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	:	Securities may be issued at par or at a discount, or premium, to par.
Form and Denomination of Securities	:	The 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 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 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 Securities upon the terms therein. Each Tranche or Series of registered 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, upon request as described therein, in whole

		(but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Securities, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.
Custody of the Securities	:	Securities which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and/or Clearstream Luxembourg.
Taxation	:	All payments in respect of the Securities and the Coupons by 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, levied, collected, withheld or assessed by or within 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 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 on "Singapore Taxation" herein.
Listing	:	Each Series of the 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 Securities is approved, for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such 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 Securities and the distribution of offering material relating to the Securities, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may 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, each Note will be redeemed at its redemption amount on the maturity date shown on its face.

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. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. 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).
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, 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.
Status of the Notes	: The Notes and Coupons of all Series will 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.
Optional Redemption and Purchase	: If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option

		of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, 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 holders of the Notes.
Redemption for Taxation Reasons	:	If so provided on the face of the Note and the relevant Pricing Supplement, 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 thereon, 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 8 of the Notes) (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 of the Notes, 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.
Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Note and the relevant Pricing Supplement, 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 thereon, 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 together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 20 per cent. of the aggregate principal amount originally issued.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that STTC will not, create or have outstanding any security (other than any security arising by operation of law (or by agreement to the same effect)) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto the Notes and the Coupons are accorded (i) the same security as is created or subsisting to secure any such

		Relevant Indebtedness, guarantee or indemnity or (ii) such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders. For the purposes of this paragraph, "**Relevant Indebtedness**" means any 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 and having a tenor of more than one year.
Financial Covenants	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will ensure that: (i) the Consolidated Net Worth (as defined in Condition 4(b) of the Notes) shall not at any time be less than S$3,000,000,000; and (ii) the ratio of Consolidated Total Borrowings (as defined in Condition 4(b) of the Notes) to Consolidated Net Worth shall not at any time be more than 2:1.
Non-Disposal	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and shall ensure that STTC shall not, enter into a single transaction or a series of transactions to sell, transfer, lease out, lend or otherwise dispose of (whether outright by way of a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any of the existing or future assets of the Issuer or STTC (as the case may be) which are substantial in relation to the Group where such disposal would result in a material adverse effect on the Issuer's ability to comply with its obligations under the Trust Deed or the Notes.
Events of Default	:	See Condition 10 of the Notes.
PERPETUAL SECURITIES		
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities and the relevant Pricing Supplement, the distribution rate may be reset on such dates and bases as may be set out thereon.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution on its outstanding principal amount at a rate to be determined separately for each Series by reference to S$ 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 Condition 4(ii)(a) of the Perpetual Securities) by giving notice to the Trustee and 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 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 set out 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, any or all of the following have occurred:

(i) a dividend, distribution or other payment has been declared or paid on or in respect of any of:

   (a) the Issuer's Junior Obligations (as defined in Condition 4(IV)(a) of the Perpetual Securities); or

   (b) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations (as defined in Condition 4(IV)(a) of the Perpetual Securities); or

   (c) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) any of the Issuer's Parity Obligations (as defined in Condition 3(b)(i) of the Perpetual Securities); or

(ii) any of the following has been redeemed, reduced, cancelled, bought back or acquired for any consideration:

   (a) the Issuer's Junior Obligations; or

   (b) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

   (c) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) any of the Issuer's Parity Obligations, in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, the Issuer may elect to defer a distribution in accordance with Condition 4(IV)(a) of the Perpetual Securities if the Perpetual Security is a Subordinated Perpetual Security and the Issuer has declared or paid a dividend, distribution or other payment on or in respect of any instrument or security issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, senior to the Perpetual Security 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.

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is set out 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.

If Cumulative Deferral is set out 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 notice requirement in Condition 4(IV)(e) of the Perpetual Securities 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 set out 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 Dividend Stopper is set out 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:

(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:

  (a) any of the Issuer's Junior Obligations; or

  (b) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

  (c) if the Perpetual Security is a Subordinated Perpetual Security, (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:

  (a) the Issuer's Junior Obligations; or

  (b) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

  (c) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (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 (3) 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 Condition 4(IV)(d) of the Perpetual Securities shall:

(A) restrict the ability of the Issuer's subsidiaries to declare or pay any dividends, distributions or make any other payment to the Issuer; or

(B) if the Perpetual Security is a Subordinated Perpetual Security, restrict the Issuer or any of its subsidiaries from declaring or paying any dividend, distribution or making any other payment on or in respect of, redeeming, reducing, cancelling, buying back or acquiring for any consideration any instrument or security issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, senior to the Perpetual Security and (bb) 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.

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 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 to payment of principal of and distribution on 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 Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.
Set-off in relation to 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 judicial management, the liquidator or, as appropriate, judicial manager of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, judicial manager 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 (but excluding) the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security 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 thereon, 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 Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (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) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; and/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 on interest for "qualifying debt securities" under the ITA; or

(ii) 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 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, 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 Security 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 thereon, 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 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.

Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security 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 thereon, 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 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 on or after the Issue Date of the Perpetual Securities;

(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 on or after the Issue Date of the Perpetual Securities; or

(c) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date of the Perpetual Securities 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 of the Perpetual Securities,

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 money borrowed" for the purpose of Section 14(1)(a) of the ITA; or

(ii) the Issuer receives a ruling by 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 Security 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 thereon, 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 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 20 per cent. of the aggregate principal amount originally issued.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up is limited to circumstances where payment 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) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up,

liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities on the date on which such payment is due and such failure continues for a period of seven business days after the due date, 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 claim in the liquidation of the Issuer for such payment.

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 being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed dated 11 November 2015 made between (1) Singapore Technologies Telemedia Pte Ltd (the "**Issuer**") and (2) DBS Trustee Limited (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 trustee for the Noteholders (as defined below) (as amended and restated by an amendment and restatement deed dated 28 July 2017, made between the same parties, and as further amended, restated 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 11 November 2015 (as amended, varied or supplemented by a supplemental deed of covenant dated 28 July 2017 and as further amended, restated or supplemented from time to time, the "**Deed of Covenant**") relating to the Notes executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement dated 11 November 2015 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**" and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**"), (4) DBS Bank Ltd., as transfer agent (together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**"), and (6) the Trustee, as trustee for the Noteholders (as amended and restated by an amendment and restatement agreement dated 28 July 2017 made between the same parties, and as further amended, restated or supplemented from time to time, the "**Agency Agreement**"). The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing 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 ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Denomination Amount shown hereon. In the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest 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) 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 that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(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, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) 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 a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository 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 other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, 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, premium, interest, distribution, redemption, purchase and/or 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 other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, 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 shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) 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 a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository 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 (aa) expressed to be consolidated and forming a single series and (bb) 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).

(v) 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 Transfers 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 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 Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered 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. A copy of the current regulations will be made available by the Registrar 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 Noteholders' option in respect of, or a partial redemption 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 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 business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) 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, 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, 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) 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 other Transfer Agents, 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 other relevant 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(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

The Notes and Coupons of all Series 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.

4. Negative Pledge, Financial Covenants and Non-Disposal Covenant

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that STT Communications Ltd ("**STTC**") will not, create or have outstanding any security (other than any security arising by operation of law (or by agreement to the same effect)) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, unless at the same time or prior thereto the Notes and the Coupons are accorded (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition 4(a), "**Relevant Indebtedness**" means any 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 and having a tenor of more than one year.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will ensure that:

(i) the Consolidated Net Worth shall not at any time be less than S$3,000,000,000; and

(ii) the ratio of Consolidated Total Borrowings to Consolidated Net Worth shall not at any time be more than 2:1.

For the purposes of these Conditions:

(1) "**Consolidated Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited consolidated balance sheet of the Group (including any amount which is accounted for as shareholders' funds or equity of the Group) but after:

(aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

(bb) excluding any sums set aside for future taxation; and

(cc) deducting:

(I) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the

Group and which have been declared and approved or paid since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group; and

(II) any debit balances on consolidated profit and loss account;

(2) "**Consolidated Total Borrowings**" means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;

(B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group,

save for, for the avoidance of doubt, any perpetual securities issued by any member of the Group which is regarded by generally accepted accounting principles as equity of the Group;

(3) "**Group**" means the Issuer and its subsidiaries; and

(4) "**subsidiary**" means any corporation which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act, Chapter 50 of Singapore).

(c) Non-Disposal Covenant

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and shall ensure that STTC shall not, enter into a single transaction or a series of transactions to sell, transfer, lease out, lend or otherwise dispose of (whether outright by way of a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any of the existing or future assets of the Issuer or STTC (as the case may be) which are substantial in relation to the Group where such disposal would result in a material adverse effect on the Issuer's ability to comply with its obligations under the Trust Deed or the Notes.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its outstanding principal amount 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 thereof and subject to the provisions of the Trust Deed, payment of the principal 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) 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 specified hereon. The amount of interest payable per Calculation Amount (as defined in Condition 4(II)(c)) for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate 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.

For the purposes of these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(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 outstanding principal 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(s) is/are either shown hereon as Specified Interest Payment Date(s) 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 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 (as defined below), 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 (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) 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) below.

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 as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) 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 the nearest 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 the nearest 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 the nearest 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 paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (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 the nearest 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 the nearest 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 (as defined below) 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 the nearest 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.

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

(v) 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) is less than such Minimum Rate of Interest, the rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

(c) Rate of Interest – Variable Rate Notes

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

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

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

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

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) 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 to the Issuing and Paying Agent and the Agent Bank 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:

(1) 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; and

(2) 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) below.

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) above (*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.

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

(d) Definitions

As used in these Conditions:

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

"**business day**" means, in respect of each Note:

(i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating;

(ii) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office; and

(iii) if a payment is to be made on that day:

(1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore;

(2) (in the case of Notes denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros; and

(3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general 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 (1) 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 (2) 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;

"**Euro**" means the 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;

"**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;

"**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 hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) 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 interbank 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 hereon 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 TARGET 2) 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 outstanding principal 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 outstanding principal 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 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 outstanding principal 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(s) is/are either shown hereon as Specified Interest Payment Date(s) 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 (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.

(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(i)). 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(i)).

(V) Calculations

(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. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid 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 or proven 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 and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as practicable after their determination. 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 provisions of this Condition, 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 (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank 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) Final Redemption

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)).

(b) Purchase at the Option of 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 (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) 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 (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) 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, any 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 representing such Variable Rate Notes 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, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by 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 Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) 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, any 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, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by 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.

(d) Redemption at the 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.

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 such Notes.

(e) Redemption at the Option of Noteholders

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 and unexchanged Talons) with the Issuing and Paying Agent or any other 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 ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' 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.

(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 8 below) (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 Trustee and the Issuing and Paying Agent a certificate signed by 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, tax or any other professional advisers 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.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(g) Redemption in the case of Minimal Outstanding Amount

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 together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

(h) 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 and/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 the 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.

(i) 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 sub-paragraph (iii) below, 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 sub-paragraph (ii) above, 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 sub-paragraph 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.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer and/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 and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of 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 any Paying Agent by a cheque drawn in the currency in which 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.

(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 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 holder in that currency with, a bank in the principal financial centre for that currency.

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

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

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons.

(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 (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 a period of three 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 where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, 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 or subject as otherwise provided 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 one 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

All payments in respect of the Notes and the Coupons by 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, levied, collected, withheld or assessed by or within 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 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:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) 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

(c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

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 three 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 holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, 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 become immediately 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 seven business days after the due date;

(b) (i) the Issuer does not perform or comply with any one or more of its obligations (other than those referred to in paragraph (a) above and paragraph (b)(ii) below) under the Notes or the Trust Deed and (except in a case where the Trustee considers such default to be incapable of remedy) such default is not remedied for a period of 30 business days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(ii) any financial covenant set out in Condition 4(b) or Clause 7.2 of the Trust Deed is not complied with and such default is not remedied for a period of 40 business days following the service by the Trustee on the Issuer of notice requiring the same to be remedied;

(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 or incorrectness is not remedied for a period of 30 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 moneys becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (however described) or is not paid when due or, as the case may be, within any applicable grace period; or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys, provided however that no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the relevant indebtedness and guarantees in respect of which one or more of the events mentioned in this paragraph (d)(i) or (d)(ii) has or have occurred exceeds S$80,000,000 or its equivalent in any other currency(ies);

(e) 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 or 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 it will otherwise be unable to pay when due (which, for the avoidance of doubt, shall not include any negotiations or other proceedings taken in respect of a refinancing by the Issuer or any of its Principal Subsidiaries of any of its indebtedness), 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;

(f) a distress, attachment, 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;

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

(h) 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, in the case of a Principal Subsidiary only, pursuant to or following a reconstruction, amalgamation, reorganisation, merger or consolidation not involving bankruptcy or insolvency or, in each case, on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before that event occurs) or 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 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 all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business where such event is likely to materially and adversely affect the Issuer's ability to perform its obligations under the Notes or the Trust Deed;

(j) the compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its Principal Subsidiaries and, in the case of a compulsory acquisition, expropriation or nationalisation of assets of a Principal Subsidiary only, where such event is likely to have a material adverse effect on the Issuer;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed 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 (except in a case where the Trustee considers such non-compliance to be incapable of remedy) 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 for the Issuer to perform or comply with any one or more of its obligations under the Notes or the Trust Deed;

(m) the Trust Deed or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(o) any event occurs which, under the laws of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j);

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; and

(q) the Issuer ceases to own directly (legally and beneficially) all the issued share capital in STTC.

In these Conditions, "**Principal Subsidiary**" means, at any particular time, any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets 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 any 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 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 (1) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such subsidiary (consolidated (if any) in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (2) 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 15 per cent. of the total assets 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.

11. Enforcement of Rights

The Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit (at any time after an Event of Default has occurred and is continuing) to enforce the provisions of the Issue Documents (other than repayment of the Notes, together with accrued interest) and (at any time after the Notes have become due and payable) 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 directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded 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 shall be continuing.

12. Meeting of Noteholders and Modifications

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.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses 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*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the

Notes, (c) 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 Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) 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 or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, 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.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

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.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, 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 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 Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith 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) and 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. Indemnification of 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 proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

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 respect thereof.

16. Notices

Notices to the holders of Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language. Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a leading newspaper of general circulation in Singapore (or, if the holders of any Series of 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. 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.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository 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 or permit, notice will in any event be published in accordance with the previous 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 Euroclear, Clearstream, Luxembourg and/or the Depository.

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 Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository 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. Contracts (Rights of Third Parties) Act

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

18. Governing Law

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

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 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 11 November 2015 made between (1) Singapore Technologies Telemedia Pte Ltd (the "**Issuer**") and (2) DBS Trustee Limited (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 trustee for the Perpetual Securityholders (as defined below) (as amended and restated by an amendment and restatement deed dated 28 July 2017, made between the same parties, and as further amended, restated 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 11 November 2015 (as amended, varied or supplemented by a supplemental deed of covenant dated 28 July 2017 and as further amended, restated or supplemented from time to time, the "**Deed of Covenant**") relating to the Perpetual Securities executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement dated 11 November 2015 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**" and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**"), (4) DBS Bank Ltd., as transfer agent (together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**"), and (6) the Trustee, as trustee for the Perpetual Securityholders (as amended and restated by an amendment and restatement agreement dated 28 July 2017 made between the same parties, and as further amended, restated 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. In the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, why may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(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) 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 that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(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, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) 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 a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository 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 other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, 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, premium, interest, distribution, redemption, purchase and/or 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 other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, 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 shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) 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 a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository 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).

(v) 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 Transfers 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 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 Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered 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. A copy of the current regulations will be made available by the Registrar 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 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 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 business days of receipt of the form of transfer 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 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 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) 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 other Transfer Agents, 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 other relevant 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 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 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 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.

(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 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. 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 of and distribution on 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 Subordinated Perpetual Securities and in priority to 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 judicial management, the liquidator or, as appropriate, judicial manager of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, judicial manager 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 outstanding principal amount 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 thereof and subject to the provisions of the Trust Deed, payment of the principal 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) 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:

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

(2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date (but excluding) to the Step-Up 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 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), (1) for the period from (and including) the Distribution Commencement Date (but excluding) to the First Reset 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 First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter (but excluding) to 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);

"**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 the nearest 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 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 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 the nearest 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 the nearest 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.

(c) Calculation of Distribution Rate or Reset Distribution Rate

The Agent Bank will, on the second business day prior to each Fixed Rate Determination Date, determine the applicable Distribution Rate or Reset Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest or proven error) be final and binding upon all parties.

In these Conditions, "**Fixed Rate Determination Date**" means each Step-Up Date or each Reset Date.

(d) Publication of Relevant Distribution Rate or Reset Distribution Rate

The Agent Bank will cause (if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate or 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 its determination but in no event later than the fourth business day thereafter. The Agent Bank shall cause notice of the then applicable Distribution Rate or applicable Reset

Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as practicable after determination thereof.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time determine or calculate the applicable Distribution Rate or 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 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 specified hereon. The amount of distribution payable per Calculation Amount (as defined in Condition 4(II)(c)) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the 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.

For the purposes of these Conditions, "**Fixed Rate Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) 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 outstanding principal 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 (as defined below), 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 (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) 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 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) below.

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 as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) 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 the nearest 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 the nearest 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 11:00hrs 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 the nearest 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 paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (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 the nearest 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 the nearest 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 (as defined below) 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 the nearest 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, in respect of each Perpetual Security:

(i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating;

(ii) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office; and

(iii) if a payment is to be made on that day:

(1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore;

(2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros; and

(3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general 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 distribution 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 (1) 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 (2) 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 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 hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) 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, 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 interbank 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 hereon 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 TARGET 2) 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 per Calculation Amount 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 or proven 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 and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as practicable after their determination. 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 provisions of this Condition, 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 an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank 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 and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five 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, any or all 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:

(1) the Issuer's Junior Obligations; or

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(ii) any of the following has been redeemed, reduced, cancelled, bought back or acquired for any consideration:

(1) the Issuer's Junior Obligations; or

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, the Issuer may elect to defer a distribution in accordance with this Condition 4(IV)(a) if this Perpetual Security is a Subordinated Perpetual Security and the Issuer has declared or paid a dividend, distribution or other payment on or in respect of any instrument or security issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, senior to this Perpetual Security and (bb) 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.

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; and

"**Senior Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities (being Senior Perpetual Securities) and (bb) 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.

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 duly authorised signatory of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred 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 Conditions 4(IV)(c) and 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) Restrictions in the case of Non-Payment

If Dividend Stopper is set out hereon 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 this Condition 4(IV), the Issuer shall not:

(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:

(1) any of the Issuer's Junior Obligations; or

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (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:

(1) the Issuer's Junior Obligations; or

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Issuer's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group 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:

(I) restrict the ability of the Issuer's subsidiaries to declare or pay any dividends, distributions or make any other payment to the Issuer; or

(II) if this Perpetual Security is a Subordinated Perpetual Security, restrict the Issuer or any of its subsidiaries from declaring or paying any dividend, distribution or making any other payment on or in respect of, redeeming, reducing, cancelling, buying back or acquiring for any consideration any instrument or security issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, senior to this Perpetual Security and (bb) 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.

(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 on the occurrence of a breach of Condition 4(IV)(d) or 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 4 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 (but excluding) 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.

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 (as defined in the Trust Deed), 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 Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

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

(2) 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 on interest for "qualifying debt securities" under the ITA; or

(ii) 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 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, 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 Trustee and the Issuing and Paying Agent (A) a certificate signed by 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 (B) in the case of a notice of redemption pursuant to Condition 5(c)(ii), an opinion of independent legal, tax or any other professional advisers 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 interpretation or pronouncement, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

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

(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 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 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,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

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 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:

(1) 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 on or after the Issue Date;

(2) 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 on or after the Issue Date; or

(3) 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 money borrowed" for the purpose of Section 14(1)(a) of the ITA; or

(ii) the Issuer receives a ruling by 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:

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

(B) in the case of a notice of redemption pursuant to Condition 5(e)(i), an opinion of the Issuer's independent legal, tax or other professional adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all 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 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 20 per cent. of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all 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 and/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 the 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 and/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 any Paying Agent by a cheque drawn in the currency in which 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.

(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 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 holder in that currency with, a bank in the principal financial centre for that currency.

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

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

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, materially and adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(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 a period of three 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 where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon 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 or subject as otherwise provided 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

All payments in respect of the Perpetual Securities and the Coupons by 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, levied, collected, withheld or assessed by or within 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, 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:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) 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

(c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

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 three 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 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) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities on the date on which such payment is due and such failure continues for a period of seven business days after the due date (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, at its discretion and without further notice, 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 and/or pre-funded 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 bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be 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

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.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than one-tenth of the principal amount of the Perpetual Securities of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses 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*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) 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, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) 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 or (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, 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.

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

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

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.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, 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 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, on payment by the claimant of the fees and costs incurred in connection therewith 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) and 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. Indemnification of 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 proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its related corporations without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

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 respect thereof.

14. Notices

Notices to the holders of Perpetual Securities shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language. Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a leading newspaper of general circulation in Singapore (or, if the holders of any Series of 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. 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.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository 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 or permit, notice will in any event be published in accordance with the previous 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 Euroclear, Clearstream, Luxembourg and/or the Depository.

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 Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository 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 days from the date of despatch to the Perpetual Securityholders.

15. Contracts (Rights of Third Parties) Act

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

16. Governing Law

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

THE ISSUER

OVERVIEW

The Issuer is a strategic investor focused on investing in, operating and managing a portfolio of companies and investments in the CMT space globally. It is an active investor and shareholder that takes a long-term view of its investments and aims to create sustainable value for its stakeholders. As an investor-operator, the Issuer leverages on its deep domain expertise and shares its operational and technical expertise in the CMT space with its portfolio companies to develop and successfully execute their business strategies, as well as to drive value creation and synergies across its business platforms. The Issuer has a strong track record of building and growing businesses into market leaders and is committed to maintaining high standards of corporate governance.

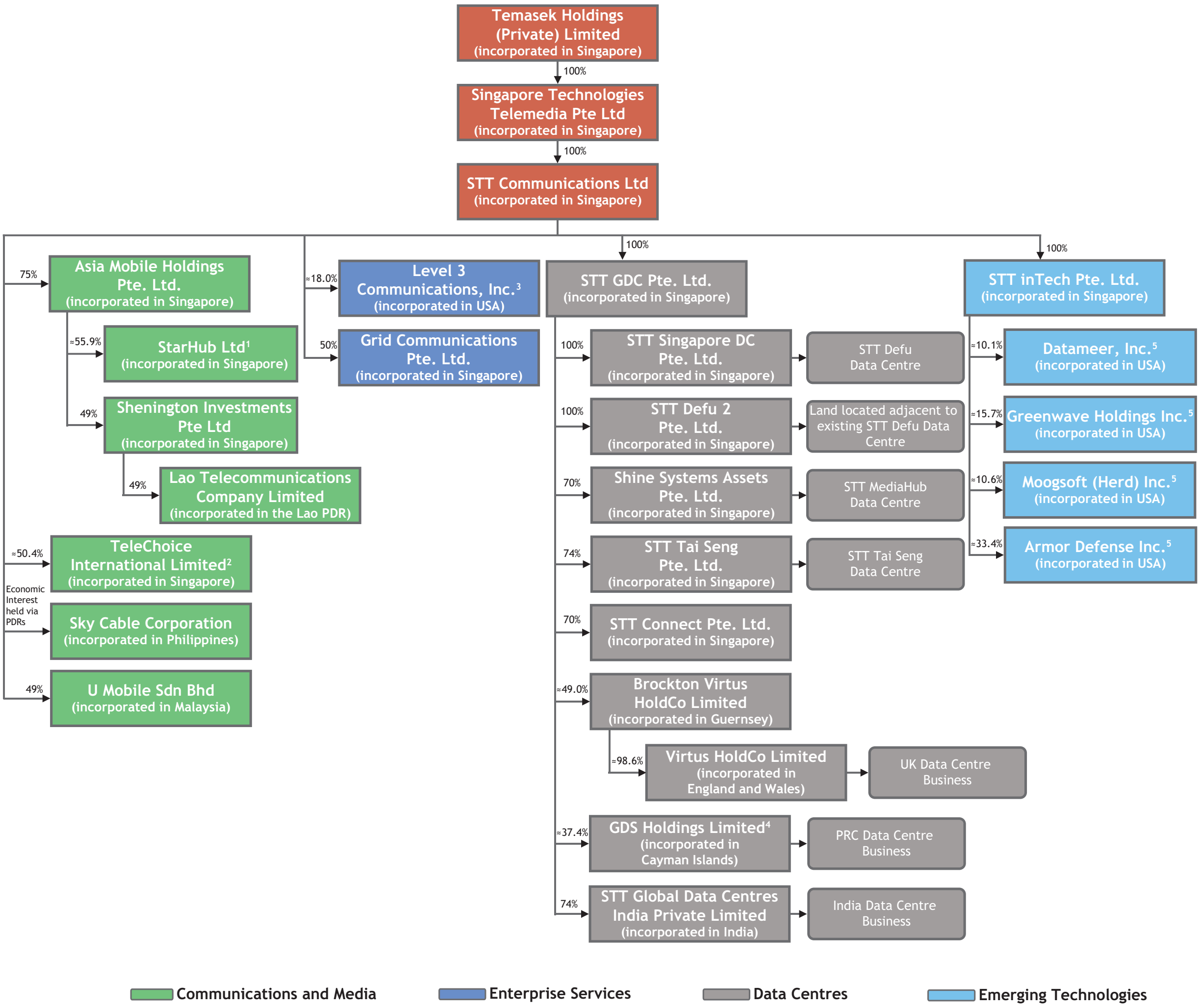
The Issuer’s key business segments comprise Communications and Media Services, Enterprise Services, Data Centres and Emerging Technologies. It has a strong digital ecosystem, deep operations and industry experience across its business segments, and is well positioned to leverage on key global technology trends such as the high growth in IP traffic, fixed mobile convergence, quadruple-play offerings, the proliferation of data centres and the adoption of emerging technologies, to tap on new growth opportunities. The Issuer adopts a proactive approach in identifying and seeking new opportunities that are both complementary and value additive to its portfolio.

The Issuer’s consolidated revenue for the financial year ended 31 December 2016 was S$3.3 billion and the equity attributable to its equity holder was S$4.9 billion as at 31 December 2016. The Issuer has, through its wholly-owned subsidiary STTC, and various portfolio companies, established a global footprint shaped by its presence across Asia Pacific, Europe and the Americas, and has extensive experience investing and/or operating in both emerging and mature markets. The Group’s portfolio consists of mainly mature companies (such as StarHub) and growth companies (such as Level 3 Communications and STT GDC), with the rest (such as Datameer, Greenwave, Moogsoft and Armor) being development assets in the emerging technology area. The wide diversity across CMT business segments and across geographies helps the Group to mitigate asset specific risks and provides stability.

The Issuer is a wholly-owned subsidiary of Temasek, which is in turn wholly-owned by the Government of Singapore through the Minister for Finance. Temasek is an investment company headquartered in Singapore with a diversified investment portfolio. The Issuer is guided and managed by its Board and management. Temasek does not direct the commercial or operational decisions of the Issuer.

CORPORATE STRUCTURE

The following diagram sets forth an overview of the Issuer's organisation showing its major subsidiaries, associates and other portfolio companies:



Notes:

(1) Based on the total number of shares reported as outstanding in StarHub's quarterly report announced on SGX-ST on 3 May 2017. As at the Latest Practicable Date, the market capitalisation of StarHub was approximately S$4,737.3 million.

(2) Based on the total number of shares reported as outstanding in TeleChoice's quarterly report announced on SGX-ST on 15 May 2017. As at the Latest Practicable Date, the market capitalisation of TeleChoice was approximately S$115.9 million.

(3) Based on the total number of shares of common stock reported as outstanding in Level 3 Communications' quarterly report Form 10-Q filed with the Securities and Exchange Commission on 5 May 2017. As at the Latest Practicable Date, the market capitalisation of Level 3 Communications was approximately US$21,199.0 million.

(4) Based on the total number of Class A and Class B ordinary shares reported as outstanding in GDS Holdings' annual report Form 20-F filed with the Securities and Exchange Commission on 19 April 2017. As at the Latest Practicable Date, the market capitalisation of GDS Holdings was approximately US$902.5 million.

(5) Representing the Group's voting shares (on a fully diluted basis) as at the Latest Practicable Date.

HISTORY AND KEY MILESTONES

Headquartered in Singapore, the Issuer was incorporated in January 1995. Since its incorporation, the Issuer has sought opportunities to expand into new markets and develop new capabilities. The Group's key corporate milestones are listed below:

1995 In July 1995, the Group entered into a co-operation agreement with China Unicom with a view to construct and operate nationwide paging network in China.

In October 1995, the Group entered into a co-operation agreement with China Huaneng group to roll out GSM mobile network in Sichuan province.

1996 In March 1996, the Group launched CyberWay as one of Singapore's first three internet service providers. CyberWay was subsequently acquired by StarHub in 1999 and renamed StarHub Internet Pte Ltd.

1998	In May 1998, a consortium comprising STTC, Singapore Power, Nippon Telegraph and Telephone Corporation and British Telecommunications, was awarded licences to provide both fixed and cellular services in Singapore by the Telecommunication Authority of Singapore. StarHub was incorporated in May 1998 to hold these licences.
	In April 1998, TeleChoice was incorporated to undertake the distribution of mobile handsets and accessories in Singapore.
1999	Pursuant to an internal restructuring, the Group became a shareholder of Singapore's first broadband and cable TV network, Singapore Cable Vision, which was held by Singapore Cable Vision Limited (now known as StarHub Cable Vision Ltd. following its acquisition by StarHub in 2002).
2000	In January 2000, the Group entered the data centre and internet exchange business with the formation of a wholly-owned subsidiary, i-STT Singapore.
	In April 2000, StarHub officially launched its mobile and fixed-network services.
2002	In October 2002, a business combination was effected with Equinix, then a network-neutral Internet exchange services provider based in the United States and listed on NASDAQ, and certain other parties, pursuant to which i-STT Singapore became a wholly-owned subsidiary of Equinix. In connection with the business combination, the Group subscribed for certain securities in Equinix and became one of its significant shareholders.
	In December 2002, the Group acquired an approximate 41.9 per cent. stake in Indosat, Indonesia's second largest mobile phone operator and a leading provider of telecommunications services.
2003	In 2003, the Group invested US$250 million for a 61.5 per cent. stake in Global Crossing, the world's first integrated global IP-based network provider that is based in the United States.
2004	2004 was a landmark year for the Issuer as several of the companies within the Group were publicly listed and started trading on major stock exchanges (namely Global Crossing on NASDAQ, and StarHub and TeleChoice on the SGX-ST).
2005	The Group divested its interests in Equinix.
	STTC was conferred the Singapore 1000 Award in 2005 for the highest percentage turnover growth in the Communications, Transport and Storage industry by DP Information Group. The Singapore 1000 is an annual ranking of 1000 of the largest and most successful companies in Singapore.
2007	In March 2007, the Issuer welcomed Qatar Telecom (Qtel) QSC (now known as Ooredoo QSC) as a new shareholder of Asia Mobile Holdings (the Group's investment company focused on mobile opportunities in the Asia Pacific region). Currently, Ooredoo holds a 25.0 per cent. equity stake in Asia Mobile Holdings, with the Group remaining as the controlling shareholder with a 75.0 per cent. equity stake in Asia Mobile Holdings. Ooredoo is an international telecommunications company with market presence in the Middle East, North Africa and Southeast Asia.
	In July 2007, the Group established its footprint in the Indo-China region through Asia Mobile Holdings' acquisition of a 49.0 per cent. stake in Shenington Investments, 51.0 per cent. of which is held by Thaicom Public Company Limited, a company listed on the Stock Exchange of Thailand. Shenington Investments holds a 49.0 per cent. interest in Lao Telecommunications, with the remaining 51.0 per cent. being held by the Government of the Lao People's Democratic Republic.
2008	The Group divested its interests in Indosat.
2010	In March 2010, the Group acquired a 33.0 per cent. stake in U Mobile, a mobile and broadband service provider in Malaysia.
2011	In May 2011, the Group completed its investment in Sky Cable, Philippines' largest cable company and leading broadband service provider, through Philippine Depository Receipts acquiring an approximate 40.0 per cent. economic interest in Sky Cable.

In October 2011, Level 3 Communications announced the completion of its stock amalgamation with Global Crossing which resulted in Global Crossing becoming a wholly-owned subsidiary of Level 3 Communications. As part of the amalgamation, the Group had exchanged all of its interests in Global Crossing for an approximate 24.0 per cent. equity stake in Level 3 Communications. The transaction combined the strengths of both companies to create a premier global communications provider with reach to the United States, Latin America, Europe, the Middle East, Africa, as well as the Asia Pacific region. Level 3 Communications is currently listed on NYSE.

2012 In 2012, the Group increased its equity stake in U Mobile with the purchase of additional shares in U Mobile. Following the completion of such purchase, the Group held an approximate 49.0 per cent. interest in U Mobile and became its largest shareholder.

2013 STTC was conferred the 2013 Singapore 1000 Net Profit Excellence award (Information & Communications category) by DP Information Group. The Singapore 1000 is an annual ranking of 1000 of the largest and most successful companies in Singapore.

2014 In August 2014, the Group through the Issuer's wholly-owned subsidiary STT GDC made its first foray into China's data centre market by investing in an approximate 42.0 per cent. stake in GDS Holdings, a leading provider of advanced and high-availability data centre services in China.

In October 2014, Level 3 Communications announced that it had completed its acquisition of tw telecom by way of a stock-and-cash merger. As a result of this acquisition, the Group's stake in Level 3 Communications was reduced to approximately 16.5 per cent. Following subsequent acquisitions of stakes in Level 3 Communications, the Group's stake in Level 3 Communications was approximately 18.3 per cent., based on the total number of shares of common stock reported as outstanding in Level 3 Communications' quarterly report Form 10-Q filed with the Securities and Exchange Commission on 6 August 2015.

2015 In 2015, the Issuer announced the development of two high-quality, state-of-the-art data centres in Singapore. The development of these data centres is carried out by STT GDC:

(a) In March 2015, the Issuer announced its acquisition of land in Defu Lane, Singapore along with its plan to build a high quality, state-of-the-art flagship data centre.

(b) In July 2015, the Issuer announced its strategic partnership with StarHub to develop STT MediaHub, a highly specialised telecommunications, media and data centre facility located at Mediapolis@one-north in Singapore.

Separately, in June 2015, STT GDC completed its investment in an approximate 26.0 per cent. interest in Brockton Virtus which in turn holds an approximate 98.6 per cent. interest in Virtus, one of UK's fastest growing data centre providers.

In August 2015, the Issuer signaled its focus on expanding existing capabilities toward adjacent emerging technology verticals with its first investment in Big Data, through an acquisition of an approximate 12.3 per cent. stake in Datameer, a Big Data analytics and visualisation company based in San Francisco, California. Datameer marks the Group's first investment in Big Data and in key emerging technology verticals to expand its capabilities toward next-generation platforms.

In December 2015, the Issuer invested in Greenwave, an IoT software and managed services leader based in Irvine, California, through the acquisition of an approximate 14.9 per cent. stake in Greenwave. Investing in Greenwave marks the Issuer's continuing investment strategy into next-generation technology platforms.

2016 In May 2016, STT GDC entered into a joint venture partnership with Tata Communications to acquire a 74.0 per cent. majority stake in Tata Communications' data centre business in India and Singapore with Tata Communications holding the remaining 26.0 per cent. minority stake. The acquisition of 74.0 per cent. of Tata Communications' India data centre business was completed in October 2016.

In May 2016, the Issuer acquired an approximate 10.9 per cent. stake in Moogsoft, which is based in San Francisco, California and is a provider of IT operations analytics for modern private, public cloud and hybrid IT environments.

In July 2016, the Issuer divested its stake in ST Teleport Pte Ltd.

In October 2016, Level 3 Communications announced that it had entered into a merger agreement with CenturyLink, whereby CenturyLink would acquire Level 3 Communications in a stock-and-cash transaction. Concurrent with the execution of the merger agreement, STT Crossing, a wholly-owned subsidiary of the Issuer, which is the registered holder of the Issuer's interest in Level 3 Communications, had also entered into (a) a voting agreement with CenturyLink to vote in favour of adoption of the merger agreement and (b) a shareholder rights agreement which provides for certain rights and obligations of STT Crossing as a shareholder of CenturyLink following the closing of the acquisition. The acquisition by CenturyLink is subject to the receipt of certain regulatory approvals and is expected to close by the end of the third quarter of 2017.

In November 2016, GDS Holdings launched its IPO and is currently listed on NASDAQ.

2017 In February 2017, the investment to acquire a 74.0 per cent. stake in Tata Communications' Singapore data centre business, STT Tai Seng, was completed. With the addition of STT Tai Seng, STT GDC operates five data centre facilities in Singapore with an aggregate gross floor area of approximately 520,000 sq ft.

In March 2017, the Issuer invested US$89 million to acquire an approximate 33.4 per cent. stake in Armor, The First Totally Secured Cloud Company™ based in Dallas. The investment in Armor provides the Issuer with a presence in the growing cybersecurity and cloud infrastructure markets.

VISION AND MISSION

The Issuer aims to be a leading global CMT company.

Guided by its core values, the Issuer aims to proactively seek new growth opportunities, to build long-lasting businesses that generate meaningful and enduring stakeholder value, and to enrich the communities which it serves through good corporate citizenship.

COMPETITIVE STRENGTHS

Strategic investor with long-term view and proven track record in the CMT space

The Group is an active strategic investor within the global CMT space with over 20 years of investment and operational experience. The Group adopts a disciplined approach and takes a long term view when seeking out new investment opportunities. Typically, the Group seeks out potential investments where it is able to, or has a path to, obtain a majority or controlling stake in the portfolio company, or at least a significant minority stake with the ability to influence the business strategies of the portfolio company actively through representation on the boards and/or representations in various committees, including the executive, audit, advisory and strategic planning committees, of these portfolio companies.

The Group's unique "investor-operator" model coupled with its diverse operational and technical expertise in the CMT space, has proven to be successful in forging rewarding business relationships, driving operating synergies as well as creating sustainable value for its portfolio companies. The Group's proactive and forward-looking approach to portfolio management has led to the successful development of several leading CMT companies, such as:

- Global Crossing, one of the largest sub-sea cable capacity providers in the world;
- StarHub, which developed within a short space of time into Singapore's second largest mobile company; and
- Indosat, the second largest mobile phone operator and a leading provider of telecommunications services in Indonesia.

Exposure to healthy and favourable CMT sector trends

The Group has developed a highly selective portfolio of businesses that leverage on the prevailing healthy and favourable CMT sector trends including the proliferation in data and IP traffic (driven by both consumers and enterprises).

The Group's established data centre expertise and footprint enables it to benefit from the secular growth trend in demand for data storage underpinned by the growth in data creation that is expected to continue with the increasing digitisation of the global economy, continued growth in cloud computing, e-commerce and online shopping, increasing compliance and regulatory requirements on data security, as well as increasing outsourcing of data centre requirements. Furthermore, the Group's data centre business benefits from significant barriers to entry including substantial upfront investment costs, customers' preference for data centre providers with proven track records, scarcity of suitable data centre sites as well as the requirement for specialised technical knowledge.

In addition, the Group has been investing in new business platforms consisting of emerging technology verticals with its first investment in Big Data in 2015, through the acquisition of an approximate 12.3 per cent. stake in Datameer, which is a Big Data analytics and visualisation company based in San Francisco, California. Subsequently, the Group has also invested in an IoT software and managed services leader in December 2015 through the acquisition of an approximate 14.9 per cent. stake in Greenwave which is based in Irvine, California, in IT operations analytics in May 2016 through the acquisition of an approximate 10.9 per cent. stake in Moogsoft which is based in San Francisco, California, in cybersecurity in March 2017 through the acquisition of an approximate 33.4 per cent. stake in Armor which is based in Dallas.

Strong financial position anchored by portfolio of high quality investments

The Group's portfolio comprises high quality investments across the CMT space. This wide diversity across CMT industry segments and geographies helps the Group to mitigate asset specific risks to a certain extent and provides stability. This is manifested through the Group's mature and consistent cash generative portfolio companies, and through the growth of its investments in developing businesses and platforms. The Group's shareholders' equity has grown continuously since the Issuer's inception. The Group has achieved revenues of S$3.3 billion for FY2016, and as of 31 December 2016, the Group had a shareholder's equity base of S$4.9 billion.

Quality Board and experienced management team

The Board comprises distinguished individuals with multi-faceted expertise from a wide cross-section of industries globally, to provide the breadth of perspective in an increasingly dynamic business environment. The Group has a highly experienced and committed management team with vast experience in operating and investing in the CMT space for both emerging and mature markets. Over the years, the Group's management team has built up invaluable business relationships with key players within the industry that continue to remain instrumental to the growth and development of its portfolio companies.

The Group strongly believes that with the leadership of its dynamic management team and a proven, robust business model, it has the ability to continue competing and performing in the highly competitive environment in which it operates.

Ability to instil best-in-class corporate governance practices, internal controls and risk management

The Issuer adheres to maintaining high standards of corporate governance and seeks to instil best-in-class corporate governance, internal controls and risk management practices in its portfolio companies to safeguard shareholders' interest and promote long-term value creation.

As a responsible company, the Issuer aims to cultivate mutually beneficial relationships with the wider community where it has a presence to build a better future for generations to come.

Strong parentage in the form of Temasek

The Issuer is a wholly-owned subsidiary of Temasek, an investment company headquartered in Singapore with a diversified investment portfolio. Temasek is wholly-owned by the Government of Singapore through the Minister for Finance.

STRATEGY

Continue to drive existing portfolio companies to enhance their capabilities and performance, leading to a strengthening of their current competitive position and creating further shareholder value

As an investor-operator, the Issuer intends to leverage on its deep domain expertise and share its operational and technical expertise and market insights in the CMT space to engage actively with its portfolio companies to develop and successfully execute their business strategies. This is likely to help its portfolio companies further strengthen their sustainable competitive advantage and proactively anticipate and adapt to the evolving CMT ecosystem.

In addition, the Group intends to continue to drive value creation and synergies across its business platforms through active involvement and 'hands-on' management of its portfolio companies. Where appropriate, the Group also proactively facilitates collaboration amongst its portfolio companies to harness and share unique proprietary knowledge, best practices and further drive any potential partnerships or operational synergies across the Group.

For example, the Group was part of the consortium which was awarded the third licences to provide both fixed and cellular services in Singapore and StarHub was incorporated to hold such licences. Further, the Group also played an instrumental role in the development of CyberWay and Singapore Cable Vision, and the subsequent acquisition of these companies by StarHub which enabled StarHub to add Internet, cable broadband and pay TV services to its mobile and fixed telecommunications services, making it the first "quadruple-play" (the service offering of mobile, pay TV, broadband and fixed network services) in the Singapore telecommunication and media space. This converged/integrated quadruple-play platform, or "hubbing", quickly gained recognition as an innovative strategy and differentiated StarHub from its competitors, enabling StarHub to position itself as a "one-stop shop" for convergent and bundled products and services such as Mobile, IDD, Cable TV, Broadband, Digital Voice and Digital Cable services. On the back of this strategy, StarHub developed within a short space of time into Singapore's second largest mobile company.

Continuously monitor and adapt its portfolio to stay aligned with global CMT trends

The Issuer seeks to maintain a focused and robust approach in actively monitoring and aligning the composition of its portfolio within a highly competitive and evolving CMT ecosystem. From time to time, the Issuer explores and reviews investment and divestment opportunities in its ordinary course of business. Its investment and divestment decisions continue to be positively driven from extensive domain knowledge and a prudent and systematic approach to the risk management and stringent corporate governance that the Issuer practices.

Every investment and divestment decision of the Issuer is driven by the intention to achieve long-term growth.

Selectively invest in new adjacent growth markets and opportunistically invest in existing platforms that are additive to the overall portfolio

The Issuer adopts a proactive approach in identifying and seeking new opportunities that are both complementary and value additive to its portfolio. Its investment approach is to select opportunities that are both synergistic with existing portfolio companies and current with global CMT trends.

For example, to capture the growth opportunities present in the data centre industry due to strong data proliferation and storage needs from increasing global digitisation, the Issuer has made a series of investments in strategic data centre hubs in China, India, the UK and Singapore. The Issuer intends to continue to aggressively expand its global footprint by investing in high quality platforms in key data centre hubs such as Europe, the United States, Asia Pacific and other growth markets. The data centre business platform is expected to generate recurring cash flows as its data centre assets evolve from a developing to mature stage.

Similarly, to tap the growth opportunities in technology megatrends that are rapidly driving growing spend and C-suite mindshare, the Issuer has expanded its existing platforms toward selective adjacent emerging technologies with its investment in Big Data through Datameer, its investment in IoT through Greenwave, its investment in IT operations analytics through Moogsoft and its investment in cybersecurity through Armor.

The Issuer is looking to make further investments in emerging technologies and has identified key verticals, including Big Data, cybersecurity, IoT and IT operations analytics. These investments in the emerging technology space are likely to be less substantial in terms of size, but are expected to have a high growth profile.

Moving forward, the Issuer aims to continue to identify opportunities within next-generation platforms that are additive to the overall portfolio and capture synergies within its portfolio companies.

The Issuer will also seek to invest in CMT segments on an opportunistic basis when investment proposals that present attractive prospects arise.

BUSINESSES

The Issuer's portfolio companies and investments operate in four key business segments, comprising Communications and Media Services, Enterprise Services, Data Centres and Emerging Technologies.

Communications and Media Services

Within the Communications and Media Services segment, the Group's areas of expertise include mobile communications, converged quadruple-play services and cable TV.

Mobile Communications

The Group has significant experience in the deployment and management of mobile networks and services across various geographical locations.

The Group's portfolio companies in this segment have been successful in growing in emerging markets, where low average revenue per user is the norm and low-cost base strategies are essential. At the same time, the Group's portfolio companies have also built strong brands as new entrants in established markets and thrived in highly competitive mature markets where innovation, service quality and coverage are paramount.

The Group's accomplishments range from the early adoption of CDMA networks to the deployment of the latest 4G/LTE high-speed networks.

Converged Quadruple-Play Services

The Issuer is the first in Singapore to introduce quadruple-play services, through its subsidiary StarHub. Quadruple-play services refer to an integrated convergent model of voice, mobile, data, and video services.

Offering converged services to both consumers and enterprises, StarHub leveraged its distinctive and successful "hubbing" strategy to drive growth, expand market share and increase customer loyalty.

Quadruple-play services is now the *de facto* strategy pursued by many leading industry players.

Cable TV

The Group offers significant expertise in the deployment and management of cable TV services through StarHub and Sky Cable.

The key portfolio companies operating within the Communications and Media Services segment are set out below.

Asia Mobile Holdings

Asia Mobile Holdings is an investment holding company focused on mobile opportunities in the Asia Pacific region. Asia Mobile Holdings is 75.0 per cent. owned by the Issuer and 25.0 per cent. owned by Ooredoo. Asia Mobile Holdings currently holds interests in StarHub and through Shenington Investments, Lao Telecommunications.

StarHub

StarHub is Singapore's first fully-integrated info-communications company. StarHub offers a full range of information, communications and entertainment services for both consumer and corporate markets. These services include mobile, digital cable TV, broadband and fixed network. StarHub is listed on the Main Board of the SGX-ST and had a market capitalisation of approximately S$4,737.3 million as at the Latest Practicable Date.

- *Mobile services*. StarHub operates a mobile network that provides 4G and 3G services and is the second largest mobile company in Singapore. StarHub provides a wide array of mobile telephony services to its customers in Singapore, including data services and a wide range of value-added entertainment and information services.
- *Digital Cable TV services.* StarHub is Singapore's largest pay TV operator. StarHub manages a HFC network that delivers multi-channel pay TV services as well as ultra-high speed residential broadband services.
- *Broadband services*. StarHub operates a HFC network that has the capability to offer high download speeds and telecommunication networking. Over Singapore's fibre-based Nationwide Broadband Network, StarHub offers a broad range of home and business broadband plans, as well as commercial and residential IPTV services.

- *Fixed network services*. StarHub operates an extensive fixed business network that provides a wide range of data, voice and wholesale services.

Lao Telecommunications

Lao Telecommunications is the largest telecommunications operator in Laos. Lao Telecommunications offers a full range of domestic and international services including mobile, fixed-line and broadband services, and wireless, fibre optic, and satellite access. Lao Telecommunications was the first operator to offer 4G services in Laos.

U Mobile

U Mobile is the fourth largest mobile operator in Malaysia that offers data, voice and messaging services to its customers via a wide range of flexible prepaid, postpaid and broadband offerings. It has adopted a unique sales strategy utilising a wide network of traditional dealers and alternate channels. Its sales strategy is supported by own-built network complemented by 3G RAN sharing and 2G domestic roaming arrangements. U Mobile has been recognised for its unconventional and game-changing approach, winning numerous awards such as the 'Most promising service provider' award from Frost & Sullivan in 2012, the 'Best data service provider' by PC.Com in 2014 and the 2015 Frost & Sullivan Customer Experience Award for the Overall Experience in the telecommunication sector as well as the Best Contact Centre Experience, Best Mobile Experience and Best Net Promoter Score. U Mobile also received the Bronze award for the Communication Networks Category in the Putra Brand Awards 2015. The Issuer is the single largest shareholder in U Mobile with an equity interest of approximately 49.0 per cent.

Sky Cable

Sky Cable is a Philippines incorporated company that offers wide-ranging and customised postpaid and prepaid cable TV, broadband, voice and data services for retail and business customers. It is majority-owned by ABS-CBN Corporation, a listed Philippine entity. Sky Cable operates cable television systems in Metro Manila and key provincial areas through its own networks. It also provides broadband internet services under the trade name "SKYbroadband", having an extensive nationwide HFC network supporting high speed broadband and VoIP services. The Issuer holds an approximate 40.0 per cent. economic interest in Sky Cable through Philippine Depository Receipts.

TeleChoice

TeleChoice is a regional diversified provider and enabler of information and communications technology solutions and services. Its three business divisions are Personal Communications Solutions Services (providing handset distribution, order fulfilment services, distribution and supply chain management services relating to mobile communication devices and accessories, sales and marketing support), Info-Comm Technology Services (a regional integrated info-communications technology solutions provider) and Network Engineering Services (a regional provider of network engineering services and supplier of specialised telecommunication products). TeleChoice is incorporated in Singapore and listed on the Main Board of the SGX-ST and had a market capitalisation of approximately S$115.9 million as at the Latest Practicable Date.

Enterprise Services

The Issuer has significant capabilities in global IP/data services, through its portfolio companies which operate resilient Tier 1 routed fibre networks and sub-sea cable systems across North America, Latin America, Europe, Middle East, Africa, and the Asia Pacific.

These portfolio companies provide carriers, enterprises and governments with a broad range of advanced and competitive applications and services on a next-generation IP-based communications infrastructure.

The key portfolio companies operating within the Enterprise Services segment are set out below:

Level 3 Communications

Level 3 Communications is a global communications provider that offers communications services such as data, security, video, voice and unified communications solutions to enterprise, government and carrier customers. Its global services platform is anchored by extensive fibre networks connecting and crossing North America, Latin America, Europe and a portion of the Asia Pacific region by undersea facilities and features deep metro assets reaching more than 500 markets in over 60 countries. Level 3 Communications is listed on the NYSE and had a market capitalisation of approximately US$21,199.0 million as at the Latest Practicable Date. Based on the total number of shares of common stock reported as outstanding in Level 3 Communications' quarterly report Form 10-Q filed with the Securities and Exchange Commission on 5 May 2017, the Issuer holds an approximate 18.0 per cent. interest in Level 3 Communications.

In October 2016, Level 3 Communications announced that it had entered into a merger agreement with CenturyLink whereby CenturyLink would acquire Level 3 Communications in a stock-and-cash transaction. Concurrent with the execution of the merger agreement, STT Crossing, a wholly-owned subsidiary of the Issuer, which is the registered holder of the Issuer's interest in Level 3 Communications, had also entered into (a) a voting agreement with CenturyLink to vote in favour of adoption of the merger agreement and (b) a shareholder rights agreement which provides for certain rights and obligations of STT Crossing as a shareholder of CenturyLink following the closing of the acquisition. The acquisition by CenturyLink is subject to the receipt of certain regulatory approvals and is expected to close by the end of the third quarter of 2017.

GRID Communications

GRID Communications is a public digital trunked radio service operator that is based in Singapore. The Issuer holds a 50.0 per cent. interest in GRID Communications.

Data Centres

The Issuer's depth of knowledge and experience in Internet data centres and business exchange services dates back to the early 2000s. The Issuer has significant experience in acquiring, building, integrating and growing data centres in both mature and emerging markets.

The Issuer has an interest, through its portfolio companies, in 50 data centres in China, India, the UK and Singapore

The portfolio companies operating within the Data Centres business segment are set out below:

STT GDC

STT GDC is a wholly-owned subsidiary of the Issuer. Its strategy is to develop an integrated global data centre platform to deliver a suite of products, services and solutions for customers through the acquisition, development and integration of data centre assets in key markets across Europe, the United States, Asia Pacific and in other growth markets. To date, STT GDC has interests in a portfolio of data centre assets in Singapore, China, India and the UK held through its subsidiaries and portfolio companies.

In Singapore, STT GDC, through its subsidiaries, owns and/or operates five data centres:

- STT Defu, a data centre with a gross floor area of approximately 150,000 sq ft located in the Eastern Central part of Singapore at Defu Lane. STT Defu is held by STT Singapore DC Pte. Ltd., a wholly-owned subsidiary of STT GDC. STT Defu was conferred the Platinum BCA Green Mark Award (non-residential new building) 2016 and received the Platinum BCA-IDA Green Marks Awards (New Data Centres) 2016.

- STT MediaHub, a data centre with a gross floor area of approximately 230,000 sq ft located in the Western part of Singapore at Mediapolis@one-north. STT MediaHub is held by Shine Systems Assets Pte. Ltd., a 70:30 joint venture company with StarHub. Together with STT Defu, STT MediaHub received the Platinum BCA-IDA Green Marks Awards (New Data Centres) 2016.

- STT Tai Seng, which has an aggregate of approximately 140,000 sq ft of gross floor area spread over three colocation data centre facilities, two of which are located in the Eastern part of Singapore at Tai Seng and one of which is located in the Western part of Singapore at Jurong. STT Tai Seng is a 74:26 joint venture with Tata Communications.

In addition, STT GDC has acquired an additional piece of land in the Eastern Central part of Singapore, at Defu Lane which is adjacent to STT Defu, and construction of a new data centre has commenced and is expected to be completed by the fourth quarter of 2018.

STT GDC India

STT GDC India is a co-location service provider in India, with a gross floor area of approximately 1,200,000 sq ft. Operating since 2004, STT GDC India manages 14 facilities across eight major cities, and serves customers that include Fortune 500 companies. STT GDC India operates two of India's largest data centre facilities in Pune and Chennai, and its BKC Mumbai facility is India's only CEEDA Gold Certified holder. STT GDC India is a 74:26 joint venture between STT GDC and Tata Communications.

GDS Holdings

GDS Holdings is a carrier-neutral data centre service provider in China with a portfolio of 26 data centres (including some under construction), in key cities across China. It provides integrated, high-availability and business critical solutions such as data centre hosting, managed services, business continuity management and disaster recovery and cloud computing services to major national and international financial institutions, large enterprises, government agencies and top-tier internet companies. Currently, it has an aggregate data centre space (including some under construction) of approximately 1,100,000 sq ft. In November 2016, GDS Holdings launched its IPO and listed on NASDAQ. It has a market capitalisation of US$902.5 million as at the Latest Practicable Date. Based on the total number of Class A and Class B ordinary shares reported as outstanding in GDS Holdings' annual report Form 20-F filed with the Securities and Exchange Commission on 19 April 2017, the Issuer, through STT GDC, holds an approximate 37.4 per cent. equity interest in GDS Holdings and is its single largest shareholder.

Virtus

Virtus is a UK data centre provider that owns, designs, builds and operates four data centres, with an aggregate data centre space (including some under construction) of approximately 250,000 sq ft, located within London with a strong emphasis on quality, flexibility, security and connectivity. Virtus offers retail and wholesale co-location models via scalable and customisable solutions to cater to customer needs. STT GDC holds an approximate 49.0 per cent. interest in Brockton Virtus, which in turn holds an approximate 98.6 per cent. interest in Virtus, as at the Latest Practicable Date.

STT Connect

STT Connect is a private cloud infrastructure solutions provider. STT Connect provides virtual cloud, dedicated private cloud, and hybrid cloud solutions which are delivered on a compute, storage and network platform to enterprise customers. STT Connect is a 70:30 joint venture between STT GDC and Origgin Pte. Ltd.

Emerging Technologies

In August 2015, the Issuer signalled its focus on expanding existing capabilities toward adjacent emerging technology verticals with its first investment in Big Data, through the acquisition of an approximate 12.3 per cent. stake in Datameer. Subsequently, in December 2015 the Issuer made an investment in IoT through the acquisition of an approximate 14.9 per cent. stake in Greenwave, in May 2016 made an investment in IT operations analytics through an acquisition of a 10.9 per cent. stake in Moogsoft, in March 2017 made an investment in cybersecurity through the acquisition of an approximate 33.4 per cent. stake in Armor.

Datameer

Datameer is a Big Data analytics company based in San Francisco, California that leverages the power of Hadoop with a spreadsheet interface, enabling business users to easily run analytics against very large data sets with no programming required. Founded in 2009, the company has demonstrated strong customer traction with some of the world's leading financial institutions, telecommunications carriers and global companies. As at the Latest Practicable Date, the Issuer's stake in Datameer is approximately 10.1 per cent.

Greenwave

Greenwave is an IoT and managed services leader that works with telecommunication providers, utilities and other companies to develop solutions for managed services, including home automation, connected lighting, energy management and other machine-to-machine (M2M) services. The company provides full life-cycle solutions delivery, from device and solutions design to connectivity software to integration of devices and applications with full interoperability. Its proprietary AXON platform® allows users to manage devices and applications on an operator network, providing scale and control at the home gateway or on cloud instance. Greenwave is headquartered in Irvine, California with offices in Denmark and South Korea and a research & development centre in Singapore. As at the Latest Practicable Date, the Issuer's stake in Greenwave is approximately 15.7 per cent.

Moogsoft

Moogsoft is a leading provider of IT Operations Analytics for private, public cloud and hybrid IT environments. Headquartered in San Francisco, California, the company employs innovative technology and approaches to help large enterprises better manage their hyper-converged IT infrastructure and enhance service quality through Big Data analytics. Moogsoft's client base include blue chip enterprises and major service providers. As at the Latest Practicable Date, the Issuer's stake in Moogsoft is approximately 10.6 per cent.

Armor

Armor is The First Totally Secure Cloud Company™ that protects customers' vital assets and helps prevent data breaches through managed multi-layer security for public and private clouds. The Armor team also applies extensive military cyber security experience for proactive threat detection, response and remediation. Armor is headquartered in Texas with offices in the UK and San Francisco. As at the Latest Practicable Date, the Issuer's stake in Armor is approximately 33.4 per cent.

RISK MANAGEMENT

There are inherent risks whenever the Issuer invests, divests, hold its portfolio companies and assets, and wherever the Group operates. As the Issuer is focused on the CMT space globally, it is also exposed to inherent concentration risks within its portfolio.

The Issuer, through STTC and STT GDC, promotes a culture of risk awareness and balanced risk-taking. The foundation of STTC's risk management policy is to make informed decisions based on an understanding of the risks involved and take appropriate actions where necessary to mitigate such risks wherever practical. As such, its risk management policy stipulates that any significant threat to its business objectives are identified, assessed, mitigated, monitored and reported through an enterprise-wide risk management framework. This implies an acceptable balance between risk and commercial considerations so as to meet stakeholder expectations within an acceptable degree of risk. Risks relating to investments within its portfolio are tracked and managed. Portfolio companies have a designated risk scorecard owner who is supported by a multidisciplinary team monitoring the portfolio company's performance. Risk factors identified and the appropriate mitigating measures are reported and discussed quarterly among senior management before the Risk Management department reports to STTC's Risk Management Committee, comprising of members of STTC's Board of Directors. The responsibility of STTC's Risk Management Committee is to oversee the appropriateness of the risk management strategy, framework and process of the Issuer.

The risk considerations for individual portfolio companies include financial, operational, strategic, business, legal and regulatory, tax, funding and other key management risks. The Issuer, through STTC and STT GDC, puts in place certain systems and processes to minimise risks in relation to its portfolio companies such as authority delegation limits, policies and/or reporting to the directors of the relevant companies.

To mitigate compliance and control risks, the Internal Audit function for STTC and STT GDC conducts periodic review of the key control processes or other reviews requested by the Board of Directors, the Audit Committee, the Risk Management Committee, or senior management.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible company, the Issuer aims to cultivate mutually beneficial relationships with the wider community where it has a presence to build a sustainable future. Specifically, the Issuer is focused on the following social responsibility pillars:

- **Enriching Communities**

  The Issuer supports organisations through corporate outreach, donations and other forms of assistance to help under-served communities and improve the quality of lives. In Singapore, employees are encouraged to volunteer their time for community outreach programmes organized by the company.

- **Nurturing Future Generations**

  The Issuer recognises the close relationship between education and economic growth, and hence actively supports education programmes and initiatives that help current and future generations to achieve their full potential for positive contribution to society. In 2017, the Issuer collaborated with Temasek Polytechnic to offer to its financially needy students the ST Telemedia Catalyst Award with opportunities for industry training with certain members of the Group in Singapore.

- **Sustaining Industries**

  The Issuer supports platforms and initiatives in certain parts of Asia and the world to promote understanding and effective business solutions in today's complex global landscape. This includes programmes which facilitate industry development and strengthen economies like knowledge sharing and regional geo-political and economic forums.

DIRECTORS AND MANAGEMENT

The Board is responsible for, amongst others, overseeing the Issuer's business, setting strategic objectives and deciding on significant matters. The day-to-day operations are entrusted to the President & Chief Executive Officer and a team of executive officers who are responsible for the different functions of the Issuer.

Board of Directors

The Board comprises the following directors:

Name	Designation
Mr Tan Guong Ching	Non-Executive Chairman
Mr Stephen Geoffrey Miller	Director, President & Chief Executive Officer
Mr Sum Soon Lim	Non-Executive Director
Mr Lim Ming Seong	Non-Executive Director
Mr Chang See Hiang	Non-Executive Director
Sir Michael Perry, GBE	Non-Executive Director
Mr Justin Weaver Lilley	Non-Executive Director
Mr Vicente Santiago Perez, Jr.	Non-Executive Director

Mr Tan Guong Ching

Non-Executive Chairman

Mr Tan Guong Ching serves as Non-Executive Chairman of the Issuer. He is also non-executive Chairman of Asia Mobile Holdings and sits on the boards of Frasers Centrepoint Asset Management (Commercial) Ltd, Singapore Shipping Corporation Limited and Singapore Millenium Foundation Limited.

He was formerly Chairman of StarHub and CEO of Singapore's Housing & Development Board and served in several government ministries of the Singapore Government including Ministry of Home Affairs, Ministry of the Environment and Ministry of Communications & Information. During his career, Mr Tan initiated several major projects, such as neighbourhood policing, civil defence, commissioning of the Mass Rapid Transit system, the corporatisation of Singapore Telecommunications Ltd and the re-organisation of the then Telecommunication Authority of Singapore. During his chairmanship at StarHub, he steered the company through the successful merger with the then-Singapore Cable Vision in 2002 and listing on the Mainboard of the SGX-ST in 2004.

Mr Tan holds a Bachelor and a Master of Engineering (Chemical) from McMaster University, Canada.

Mr Stephen Geoffrey Miller

Director, President & Chief Executive Officer

Mr Stephen Geoffrey Miller is Director, President & Chief Executive Officer of the Issuer. In this role, he provides strategic direction and overall leadership to the Issuer.

Mr Miller joined the Issuer in 2005 and has held various senior positions including President & Chief Operating Officer and Chief Financial Officer. Prior to his current position, he was a Consultant to the Issuer for its portfolio companies. Mr Miller played a crucial role in enhancing the Issuer's business competitiveness and asset portfolio while simultaneously maintaining prudent financial management.

Prior to joining the Issuer, Mr Miller was Financial Advisor to the Issuer on the combination of its data centre business with Equinix and Pihana Pacific, creating one of the world's largest carrier-neutral data centre networks.

Mr Miller has over 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.

Mr Miller holds a Bachelor's Degree in Commerce, with First Class Honours in Economics and Finance, from the University of New South Wales, Australia.

Mr Sum Soon Lim

Non-Executive Director

Mr Sum Soon Lim serves as Non-Executive Director of the Issuer. He also sits on the boards of Cathay International Holdings Ltd and Neuroscience Institute of Singapore Pte Ltd.

Mr Sum's previous career includes working in the Singapore Economic Development Board, DBS Bank Ltd., J.P. Morgan Inc. and Overseas Union Bank as well as working as a corporate adviser to the ST Group and Temasek.

Mr Sum holds a Bachelor of Science (Honours) in Production Engineering from the University of Nottingham, UK.

Mr Lim Ming Seong

Non-Executive Director

Mr Lim Ming Seong serves as Non-Executive Director of the Issuer. He is Chairman of CSE Global Limited and First Resources Ltd. He also sits on the boards of StarHub, U Mobile and STT GDC.

Mr Lim was with ST from 1986 through 2002, where he was Group Director.

Mr Lim holds a Bachelor of Applied Science (Honours) with a major in Mechanical Engineering from the University of Toronto and a Diploma in Business Administration from the former University of Singapore. Mr Lim also participated in the Advanced Management Programmes conducted by INSEAD and the Harvard Business School.

Mr Chang See Hiang

Non-Executive Director

Mr Chang See Hiang serves as Non-Executive Director of the Issuer. Mr Chang has been an Advocate and Solicitor of Singapore's Supreme Court since 1979 and is Senior Partner of his law practice, Chang See Hiang & Partners. Mr Chang now serves as an Independent Director on the Board of Jardine Cycle & Carriage Limited, a company listed on the Main Board of the SGX-ST and as the Senior Independent Non-Executive Director of IHH Healthcare Berhad, a public company listed on the Malaysia Stock Exchange.

Mr Chang previously sat on the boards of five other companies listed on the SGX-ST and on the board of one company listed on the Hong Kong Stock Exchange. He has been a member of the Securities Industry Council, Singapore since 1 August 2012. Mr Chang served as a member of the Casino Regulatory Authority of Singapore Board from April 2011 to March 2017, and as a member of the Appeal Advisory Panel appointed by the Minister of Finance, Singapore from June 2003 to September 2015.

Mr Chang graduated from the former University of Singapore with a Bachelor of Law (Honours).

Sir Michael Perry, GBE

Non-Executive Director

Sir Michael Perry serves as Non-Executive Director of the Issuer. He was Chairman and CEO of Unilever plc, and Chairman of Centrica plc, the Leverhulme Trust and the Leverhulme Trade Charities Trust.

Besides his role as a global business leader, Sir Michael has also made outstanding contributions in the fields of education and culture. He previously served on the Business Advisory Forum of Oxford Said Business School, and was Chairman of the Shakespeare Globe Trust and the Oxford University Faculty Board for Management.

Sir Michael was educated on the Isle of Man and at St John's College, Oxford, UK.

Mr Justin Weaver Lilley

Non-Executive Director

Mr Justin Weaver Lilley serves as Non-Executive Director of the Issuer. He has more than 25 years of experience in the telecommunications, media and technology industry, including advising the US government on a wide range of telecommunications, copyright and e-commerce issues.

In 2003, Mr Lilley started TeleMedia Policy Corp, a policy consulting firm for a wide range of telecommunications, technology and media companies.

Mr Lilley holds a Bachelor of Arts degree in Economics and Religion from Trinity College, a graduate degree in International Relations from London School of Economics, and a law degree from The Catholic University of America.

Mr Vicente Santiago Perez, Jr.

Non-Executive Director

Mr Vicente Santiago Perez, Jr. serves as Non-Executive Director of the Issuer. He is Chairman of Merritt Partners, an energy advisory firm, and CEO of Alternergy, a renewable power company.

Mr Perez was the Philippine Energy Minister from June 2001 to March 2005, and served briefly as Undersecretary for Industry at the Department of Trade and Industry, and as Managing Head of the Board of Investments in early 2001. Prior to entering public service, Mr Perez spent 17 years at Mellon Bank in Pittsburgh and Lazard Frères' offices in London, New York and Singapore as Managing Partner of its Emerging Markets team. He founded the private equity firm Next Century Partners.

Mr Perez obtained an MBA from Wharton Business School of the University of Pennsylvania and a Bachelor's degree in Business Economics from University of the Philippines.

Key Executive Officers

In addition to Mr Stephen Geoffrey Miller (President & Chief Executive Officer of the Issuer), the following are the key executive officers of the Issuer:

Name	Designation
Mr Richard Lim	Chief of Organisation Development & Senior Executive Vice President
Mr Steven Terrell Clontz	Senior Executive Vice President, International
Mr Johnny Ong	Chief Financial Officer & Senior Executive Vice President
Mr Nikhil Eapen	Chief Strategy & Investment Officer and Senior Executive Vice President
Mr Chan Jen Keet	Executive Vice President & General Counsel
Mr Alvin Oei	Senior Vice President & Head of Investees and Business Development
Mr Kyle Lee	First Vice President & Head of Mergers and Acquisitions
Mr Freddy Teoh	First Vice President & Head of Risk Management
Ms Melinda Tan	First Vice President & Head of Strategic Relations

Mr Richard Lim

Chief of Organisation Development & Senior Executive Vice President

Mr Richard Lim is Chief of Organisation Development & Senior Executive Vice President at the Issuer. In his role, he oversees the Group's Executive Resources, Human Resources, Organisational Development, Risk Management, Information Technology and Corporate Administration functions.

Before joining the Issuer, Mr Lim has held regional roles in various leading multinational companies in the information technology, property, palm oil, and FMCG industries. His experience includes organisational change and development, leadership mentoring, and corporate strategy such as value-based management, corporate/business units planning, and mergers and acquisitions.

Mr Lim is a qualified Behavioural Consultant and a firm advocate of "Living From Vision" (Living Inside-out) and "Principle-Centred Leadership". He has conducted workshops on Stephen Covey's *The Seven Habits of Highly Effective People* and is a regular guest facilitator in management forums.

Mr Lim holds a Master's Degree in Human Resources Management from the University of Luton (now the University of Bedfordshire).

Mr Steven Terrell Clontz

Senior Executive Vice President, International

Mr Steven Terrell (Terry) Clontz is Senior Executive Vice President, International, at the Issuer. In this role, he is responsible for overseeing the Issuer's global investments.

Mr Clontz is a well-regarded veteran in the telecommunications and media industry with over 43 years of extensive experience. He was CEO of StarHub from January 1999 to December 2009. He continued to serve StarHub as a non-executive Director from January 2010 till 15 July 2015 when he was appointed Chairman of the board of StarHub. During his 11 years at the helm of StarHub, Mr Clontz has led the company in a number of major milestones including the transformation of StarHub from being Singapore's third mobile player in 2000 to a fully-integrated "quad-play" service provider in 2009; merging StarHub with Singapore Cable Vision in 2002; bringing StarHub public in 2004 on the Main Board of the SGX-ST; and advancing StarHub's market position to become Singapore's second largest mobile operator in 2005, the same year that it became profitable. Mr Clontz is also a Director on the board of Level 3 Communications and Chairman of its Strategic Planning Committee.

Prior to StarHub, Mr Clontz was a senior executive with BellSouth International, where he last served as President of BellSouth Asia/Pacific between 1992 and 1995. From 1996 through 1998, he served as President and Chief Executive Officer of IPC Information Systems Inc., based in New York.

Mr Clontz graduated from the University of North Carolina at Greensboro with a degree in Physics.

Mr Johnny Ong

Chief Financial Officer & Senior Executive Vice President

Mr Johnny Ong is Chief Financial Officer & Senior Executive Vice President of the Issuer. He oversees all aspects of the Issuer's financial strategy and operations, including accounting & financial reporting, taxation, corporate finance and treasury, internal controls, budgeting and planning, due diligence and evaluation of mergers and acquisitions transactions.

Before joining the Issuer, Mr Ong was regional Chief Financial Officer & Vice President Finance for Dell in Asia Pacific and Japan region. His 18 years' experience in Dell spanned from procurement to supply chain, manufacturing, logistics, sales & marketing, services and after-sales customer support.

He was formerly the Financial Controller with Intel and he started his career in Price Waterhouse.

Mr Ong holds an MBA (with High Honors) from The University of Chicago Booth School of Business. He is a Certified Public Accountant (CPA) and also a fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom.

Mr Nikhil Eapen

Chief Strategy & Investment Officer and Senior Executive Vice President

Mr Nikhil Eapen is Chief Strategy & Investment Officer and Senior Executive Vice President at the Issuer. In this role, Mr Eapen is responsible for new investments in the Issuer's existing core business areas as well as in new growth areas across the CMT landscape. Mr Eapen is also responsible for formulating the Issuer's overall strategy, corporate development activities and driving synergies across the Group.

Before joining the Issuer, Mr Eapen was Head of Asia Pacific Technology, Media and Telecommunications Corporate & Investment Banking department at Citigroup. Mr Eapen spent almost 18 years at Citigroup since starting his investment banking career as a Financial Analyst at Salomon Brothers in 1997.

Mr Eapen graduated from University College London (UCL) with a Bachelor of Science (Honours) in Economics.

Mr Chan Jen Keet

Executive Vice President & General Counsel

Mr Chan Jen Keet is Executive Vice President & General Counsel at the Issuer. In his role, he leads a team responsible for the Issuer's legal, regulatory and corporate secretarial affairs. Mr Chan joined the Issuer in 2005 as a Senior Legal Counsel. Prior to joining the Issuer, he practiced as an advocate and solicitor in Singapore with the main focus in capital markets, as well as mergers and acquisitions.

Mr Chan holds a Bachelor of Laws degree with Honours from the National University of Singapore.

Mr Alvin Oei

Senior Vice President & Head of Investees and Business Development

Mr Alvin Oei is Senior Vice President & Head of Investees and Business Development at the Issuer. In this role he is responsible for the overall monitoring and calibration of the Issuer's portfolio companies to identify strategic pathways and synergies. He is also responsible for maintaining industry-specific relationships with vendors and other industry participants.

Mr Oei brings with him over 34 years of experience in finance and business development. He joined the Issuer in 2000 and held different senior positions including head of the Issuer's data centre business in Thailand and Senior Vice President of Business Development. In the latter role, he was involved in investment activities relating to telecommunications, cable and broadband; data centres; and technology such as data analytics, enterprise IoT, cyber security and network orchestration solutions.

Prior to being with the Issuer, he was Head of Treasury, Southern Region, at Citibank Australia. He has also worked for different conglomerates in Southeast Asia. During this career, he has lived and worked in Australia, Germany, Hong Kong, Indonesia, the Philippines and Thailand.

Mr Oei holds a Bachelor's degree in Accounting from Bentley University, Massachusetts, USA.

Mr Kyle Lee

First Vice President & Head of Mergers and Acquisitions

Mr Kyle Lee is First Vice President & Head of Mergers and Acquisitions (M&A) at the Issuer. In this role, he leads a team responsible for managing all aspects of the Issuer's M&A and strategic corporate development activities.

Mr Lee has over 20 years of business development and corporate finance experience in both emerging and developed markets. Since joining the Issuer, he has been actively involved in numerous M&A transactions and strategic corporate development initiatives, playing a crucial role in supporting the Issuer's development and growth.

Mr Lee holds a Bachelor's degree in Accounting from the National University of Singapore.

Mr Freddy Teoh

First Vice President & Head of Risk Management

Mr Freddy Teoh is First Vice President & Head of Risk Management at the Issuer. He is responsible for the Issuer's Enterprise Risk Management processes and business continuity planning.

Mr Teoh brings with him more than 26 years of professional experience spanning accounting and finance, consulting, external audit, risk management, and regional internal audit in leading accounting firms and U.S. multi-nationals.

Mr Teoh holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is a CPA of Singapore.

Ms Melinda Tan

First Vice President & Head of Strategic Relations

Ms Melinda Tan is First Vice President & Head of Strategic Relations at the Issuer. In her role, she leads a team responsible for strategic business relationships and corporate communications, including media and public relations, corporate brand and reputation management, and corporate social responsibility.

Ms Tan has over 20 years of multi-disciplinary experience in corporate and marketing communications and strategic relations. Prior to joining the Issuer, she was with Euro RSCG Worldwide (now known as Havas Worldwide), Leo Burnett, and Ogilvy & Mather, where she worked on a variety of regional and global clients across various industries.

Ms Tan has an MBA from Royal Melbourne Institute of Technology, Australia, and a B.A. (Communications) from Simon Fraser University, Canada.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following sets out selected consolidated financial information for the Group as at and for the years ended 31 December 2014, 2015 and 2016. The selected financial information as at and for the years ended 31 December 2014, 2015 and 2016 should be read in conjunction with the audited consolidated financial statements of the Issuer and the related notes thereto, which are included elsewhere in this Information Memorandum. The consolidated financial statements of the Issuer have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**").

Selected income statement information

	2014	2015	2016
	S$'m Audited	**S$'m Audited**	**S$'m Audited**
Sale of equipment	388	515	426
Mobile revenue	1,760	1,723	1,802
Pay TV revenue	392	391	378
Broadband revenue	206	200	217
Fixed network services	392	398	406
Maintenance and installation services	80	83	90
Data centers co-location services	—	—	28
Total revenue	**3,218**	**3,310**	**3,347**
Net expenses[(1)]	2,546	2,710	2,737
Depreciation, amortisation and impairment	337	344	379
Profit from operations	**335**	**256**	**231**
Net finance expenses	(32)	(34)	(61)
Share of results of associates and joint ventures, net of tax	67	697	55
Gain on dilution in interest of associates	614	64	46
Others	1	25	29
Profit before tax	**985**	**1,008**	**300**
Tax	(93)	(71)	(72)
Profit for the year	**892**	**937**	**228**
Attributable to :			
Equity holder of the Issuer	713	805	125
Non-controlling interests	179	132	103
Profit for the year	**892**	**937**	**228**

(1) Net expenses comprise cost of equipment sold, cost of telecommunications services, cost of co-location services, doubtful debts, marketing and promotion expenses, staff costs, rental and other operating expenses

Selected statement of comprehensive income information

	2014	2015	2016
	S$'m Audited	S$'m Audited	S$'m Audited
Profit for the year	892	937	228
Other comprehensive income			
Translation differences relating to financial statements of foreign operations	(4)	(59)	11
Share of other comprehensive income of associates, net of tax	49	115	67
Others	7	4	(5)
Other comprehensive income for the year, net of tax	**52**	**60**	**73**
Total comprehensive income for the year	**944**	**997**	**301**
Attributable to:			
Equity holder of the Issuer	765	879	186
Non-controlling interests	179	118	115
Total comprehensive income for the year	**944**	**997**	**301**

Selected balance sheet information

	31 December 2014	31 December 2015	31 December 2016
	S$'m Audited	S$'m Audited	S$'m Audited
Property, plant and equipment	1,186	1,374	1,771
Associates and joint ventures	2,368	4,014	4,215
Intangible assets	1,508	1,405	2,026
Other long-term assets	148	314	463
Non-Current Assets	**5,210**	**7,107**	**8,475**
Cash and cash equivalents	2,085	1,259	895
Other current assets	847	634	750
Current assets	**2,932**	**1,893**	**1,645**
Total Assets	**8,142**	**9,000**	**10,120**
Borrowings	1,590	1,780	2,672
Other liabilities	244	236	443
Non-current liabilities	**1,834**	**2,016**	**3,115**
Borrowings	303	155	18
Other liabilities	1,353	1,390	1,490
Current liabilities	**1,656**	**1,545**	**1,508**
Non-controlling interests	760	685	624
Equity attributable to equity holder of the Issuer	3,892	4,754	4,873
Total equity	**4,652**	**5,439**	**5,497**
Total equity and liabilities	**8,142**	**9,000**	**10,120**

Selected consolidated cash flow statement

	2014	2015	2016
	S$'m Audited	S$'m Audited	S$'m Audited
Cash flows generated from operating activities	277	762	472
Cash flows used in investing activities	(686)	(1,401)	(1,095)
Cash flows (used in)/generated from financing activities	(230)	(213)	260
Net decrease in cash and cash equivalents	(639)	(852)	(363)
Cash and cash equivalents at the beginning of the year	2,672	2,050	1,212
Effect of exchange rate changes in balances held in foreign currencies	17	14	(1)
Cash and cash equivalents for purpose of cash flow statement	**2,050**	**1,212**	**848**
Cash collateral placed with financial institutions	35	47	47
Cash and cash equivalents at the end of the year	**2,085**	**1,259**	**895**

Other selected consolidated financial information

	31 December 2014	31 December 2015	31 December 2016
	S$'m	S$'m	S$'m
Net worth	3,892	4,754	4,873
Total borrowings	1,893	1,935	2,690
Net debt/ (cash)	(192)	676	1,795
Total borrowings / net worth	0.49	0.41	0.55
Net debt (cash) / net worth	(0.05)	0.14	0.37

(1) Net worth ("**NW**") is not determined in accordance with FRS as FRS does not prescribe the computation methodology of NW. NW of the Group is determined based on the consolidated equity attributable to the equity holder of the Issuer. NW of the Group may not be comparable to that of other companies that may determine NW differently. NW of the Group is presented as an additional measure because the management believes that some investors find it to be a useful tool for measuring the Group's net worth position. It should not be considered in isolation or as an alternative to total equity as a measure of the equity position of the Group.

(2) Net debt / (cash) is not determined in accordance with FRS as FRS does not prescribe the computation methodology of net debt. Net debt of the Group is computed by subtracting cash and cash equivalents (excluding bank overdrafts) from total borrowings. Net debt of the Group may not be comparable to that of other companies that may determine net debt differently. Net debt of the Group is presented as an additional measure because the management believes that some investors find it to be a useful tool for assessing the Group's net debt position. It should not be considered in isolation or as an alternative to total borrowings as a measure of the Group's total debt obligations.

The following table sets forth the key subsidiary contributors to the Group's revenue and profit before tax(1).

	2014	2015	2016
	S$'m	S$'m	S$'m
Revenue			
StarHub(2)	2,387	2,444	2,397
TeleChoice	517	581	504
U Mobile	488	503	611
Profit Before Tax(3)			
StarHub(2)	459	441	410
TeleChoice	11	12	10
U Mobile	(98)	(148)	(179)

(1) The revenue and profit before tax figures in the table above are before taking into account intra-group consolidation eliminations.

(2) In its audited financial statements for FY2014, StarHub restated its 2013 revenue due to an accounting reclassification. As the restatement was not material to the Group, the Group did not reflect the restated numbers in its consolidated financial statements. Accordingly, the above table reflects StarHub's revenue and profit before tax on the basis that no restatement was made.

(3) The above table reflects profit before tax of the subsidiaries after taking into account consolidation adjustments necessary to give effect to uniform accounting policies and acquisition-date fair value differences in relation to the identifiable assets and liabilities of the subsidiaries.

Comparison of results of operations for FY2016 with FY2015

Revenue

Revenue increased by S$37 million, or 1.1%, from S$3,310 million for FY2015 to S$3,347 million for FY2016. The increase in revenue was principally due to the increase in mobile revenue contribution from U Mobile and new revenue stream from provision of data centers co-location services during FY2016.

The increase in revenue was partially offset by the decrease in sale of mobile handsets and the recall of the Samsung Galaxy Note 7 phones during FY2016.

Profit from operations

Profit from operations decreased by S$25 million, or 9.8%, from S$256 million for FY2015 to S$231 million for FY2016. The decrease was mainly attributable to a year-on-year decline in StarHub's and U Mobile's operating results and losses from the data centers business during FY2016.

Share of results of associates and joint ventures, net of tax

Share of results of associates and joint ventures decreased by $642 million, or 92.1%, from S$697 million for FY2015 to S$55 million for FY2016. The decrease was mainly attributable to Level 3 Communications' recognition of approximately US$3 billion deferred tax asset (mainly in relation to net operating losses carry forward balances) in FY2015 upon the continued expectation of generating future taxable profit.

Profit before tax

Profit before tax decreased by S$708 million, or 70.2%, from S$1,008 million for FY2015 to S$300 million for FY2016 as a result of foregoing factors and higher net finance expenses arising from an increase in borrowings.

Tax expense

Tax expense increased by S$1 million, or 1.4%, from S$71 million for FY2015 to S$72 million for FY2016, despite the decrease in profit from operations, mainly due to lower tax benefits recognised in FY2016.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by S$29 million, or 22.0%, from S$132 million for FY2015 to S$103 million for FY2016, mainly attributable to the decline in operating results from U Mobile and StarHub for FY2016.

Profit attributable to the equity holder of the Issuer

As a result of the foregoing factors, profit attributable to the equity holder of the Issuer decreased by S$680 million, from a profit of S$805 million for FY2015 to a profit of S$125 million for FY2016.

Comparison of results of operations for FY2015 with FY2014

Revenue

Revenue increased by S$92 million, or 2.9%, from S$3,218 million for FY2014 to S$3,310 million for FY2015. The increase in revenue was principally due to an increase in the sale of handsets driven by the demand for new smart phones during FY2015.

Profit from operations

Profit from operations decreased by S$79 million, or 23.6%, from S$335 million for FY2014 to S$256 million for FY2015. The decrease was mainly attributable to the decline in operating results of StarHub and U Mobile during FY2015.

Share of results of associates and joint ventures, net of tax

Share of results of associates and joint ventures increased by $630 million, from S$67 million for FY2014 to S$697 million for FY2015. The increase was mainly attributable to Level 3 Communications' recognition of approximately US$3 billion deferred tax asset (mainly in relation to net operating losses carry forward balances) in FY2015 upon the continued expectation of generating future taxable profit.

Profit before tax

Profit before tax increased by S$23 million, or 2.3%, from S$985 million for FY2014 to S$1,008 million for FY2015. The increase in profit before tax was principally due to a higher share of Level 3 Communications' profit partially offset by the gain on dilution of interest in Level 3 Communications in FY2014 resulting from Level 3 Communications' acquisition of tw telecom in October 2014.

Tax expense

Tax expense decreased by S$22 million, or 23.7%, from S$93 million for FY2014 to S$71 million for FY2015, primarily reflecting the decrease in profit from operations for FY2015.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by S$47 million, or 26.3%, from S$179 million for FY2014 to S$132 million for FY2015, mainly attributable to the higher losses from U Mobile during FY2015.

Profit attributable to the equity holder of the Issuer

As a result of the foregoing factors, profit attributable to the equity holder of the Issuer increased by S$92 million, or 12.9%, from a profit of S$713 million for FY2014 to a profit of $805 million for FY2015.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Securities issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with Securities issued under the Programme are also described below.

The risk factors set out below do not purport to be a complete or comprehensive list of all the risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities or any decision to purchase, own or dispose of the Securities. The risks and uncertainties described below are not the only risks and uncertainties the Issuer and/or the Group face. In addition to the risks described below, there may be other risks and uncertainties not currently known to the Issuer or that the Issuer currently deems to be immaterial which may in the future become material risks. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Limitations of this Information Memorandum

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in any Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or any Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer, the Trustee, any Agent or any Dealer that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any Securities. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, any of its subsidiaries, associated or other portfolio companies, the Trustee, any Agent or any Arranger or Dealer or any person affiliated with any of them in connection with its investigation of the accuracy or completeness of the information contained herein or any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient contemplating subscribing for or purchasing or selling Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the relevant Securities and any other factors relevant to its decision, including the merits and risk involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in any Securities.

Risks associated with the Issuer's and the Group's business, financial condition and/or results of operations

Risks affecting the Group's business generally

The Group may be affected by any changes to the political, economic, regulatory or social conditions globally and in the countries and industries in which it currently operates and/or invests or intends to operate and/or invest in the future

With a presence in countries such as the United States, Singapore, China, India, the United Kingdom, Malaysia and Laos, the Group is exposed to developments in the global economy as well as the industries and geographical markets in which it currently operates and/or invests or intends to operate and/or invest in the future. The Group is subject to the laws, regulations and government policies in each country in which it operates and/or invests in and its business, financial condition, prospects and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy.

Significant uncertainty regarding the rising debt burden and slow down of growth in China which has affected consumer confidence and concerns about the China economy and the ability of certain

European sovereigns to pay their debt have caused unstable market conditions. Geopolitical instability, changes in political situations and governments in various parts of the world, including in North Africa, the Middle East and Asia, could also contribute to economic instability in those and other regions. In addition, the effect of the United Kingdom's decision to leave the European Union (also known as "**Brexit**") is uncertain. Brexit has and may continue to contribute to volatility in the prices of securities of companies located in Europe and currency exchange rates, including the valuation of the Euro and British pound in particular. These events, coupled with continued uncertainty in the global financial markets and economy, could adversely affect the Group's business, financial condition, prospects and results of operation.

The U.S. economy and credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These and other related events have had a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. These events have resulted in an increased difficulty in borrowing from financial institutions and an increased risk of counterparty default. These events could adversely affect the Group's business, financial condition, prospects and results of operations, as a result of, among other things, failure of financial and other institutions, negatively impacting treasury operations including but not limited to counterparty risks relating to deposits, money market investments and treasury contracts, including those related to foreign exchange or interest rate transactions.

In addition, since the start of his presidency in the U.S. in January 2017, President Donald Trump has outlined a political and economic agenda that, in certain ways, significantly differs from previous U.S. trade, tax, fiscal, regulatory and other policies. The extent, implementation and outcome of policy changes resulting from President Trump's agenda, and the consequences for global trade, the broader global economy and financial markets, are uncertain, and may negatively impact the Group.

Part of the Group's strategy involves expanding its data centre business into emerging markets. In recent years, these markets have been amongst the world's fastest growing economies in terms of gross domestic product growth. However, such growth has begun to slow down and there is no assurance that growth will be sustained or that these countries will not experience negative growth in the future.

A deterioration or slow down in the global economies or countries in which the Group has a presence or intends to invest in, unstable market conditions (including credit markets) or geopolitical instability may have an adverse effect on the Group's prospects, business, financial condition and results of operations (including making impairments to the Group's investments).

The Group may also be adversely affected by exchange controls, changes in taxation laws, changes in foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities of the countries in which the Group operates and/or invests.

Fluctuation of market values of securities and dividends from portfolio companies may adversely impact the financial performance of the Group

The Group has investments in a number of companies and is dependent on the receipt of dividends from these portfolio companies for its cash flow requirements although these portfolio companies may not be obligated to pay dividends to the Group. The ability of these portfolio companies to pay dividends to the Group is subject to many factors, including the performance and cash flow requirements of these portfolio companies, and global and local economic conditions. The insufficiency of cash flow from dividends from these portfolio companies, as well as any fluctuation in the market values of the investments held by the Group, may have a material adverse effect on the financial performance and operations of the Group. Further, the operations of the portfolio companies may not meet the expectations of the Group and in such cases, the financial performance and condition of the Group may be adversely affected.

The Issuer has significant interests in several listed companies such as TeleChoice, Level 3 Communications and GDS Holdings. In particular, the Issuer has a majority interest in StarHub, a Singapore-based fully integrated infocommunication company whose securities are listed on the Main Board of the SGX-ST. The profit contribution from StarHub has been a significant part of the Issuer's recurrent income and cashflow. The Group's financial condition and results of operations may be materially affected by the performance and fluctuations in market values of securities of these portfolio companies.

The Group is subject to risks inherent in investing in companies which it does not control or have a controlling stake

The Group does not control or have a controlling stake in certain portfolio companies. The performance of these portfolio companies and the Group's share of their results are subject to the same or similar risks that affect the Group as described in this section, including risks that affect the Group's general business and operations and risks relating to the countries in which the Group operates in.

The Group may seek to influence the management, operation and performance of these portfolio companies, but ultimately does not have the control or the majority stake in such entities. Accordingly, there is no certainty that these portfolio companies and/or the other shareholders of these portfolio companies will have economic or business interests that are aligned with the Group's interests or strategies. These portfolio companies may also not act in the interest of the Group or may act contrary to the Group's instructions, requests, policies or objectives. Disagreements may occur between the Group, the portfolio companies and/or the other shareholders of these portfolio companies, regarding the business, strategy and operations of these portfolio companies and may not be resolved amicably, or may take time to resolve, or may not result in a positive outcome for the Group. In addition, these portfolio companies and/or the other shareholders of these portfolio companies may be unable or unwilling to fulfil their obligations, may have financial difficulties or may have disputes with the Group as to the scope of their responsibilities and obligations. The above factors could adversely affect the Group's ability to deal with its investments in a manner which achieves its objective and in turn could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

Additionally, in light of the current economic climate, these portfolio companies which the Group does not control or have a controlling stake in may not be able to fulfil their respective contractual obligations, or may experience a decline in creditworthiness. The occurrence of any of these events may materially and adversely affect the performance of these portfolio companies, which in turn may materially and adversely affect the Group's business, financial condition, prospects and results of operations.

The Group's success in the future will depend on the successful implementation of its strategies

The Group's success in the future will depend on its continued ability to implement its strategies. There can be no assurance that the Group will be able to successfully implement its strategies which may require new expertise, substantial process or systems changes. Whether the Group succeeds in pursuing new growth opportunities will depend on its ability to identify and complete acquisitions or reach agreement with potential partners on favourable terms. There is no assurance that such opportunities or agreements can be identified or reached on satisfactory terms or at all.

The Group anticipates that its future growth will come partly from the expansion of its operations outside Singapore. The Group's overseas business and investments are located in both developing and developed countries. Overseas expansion will also include entering into new markets. The Group's business and the implementation of its strategies are subject to various risks beyond its control, such as the instability of foreign economies and governments, and changes in laws and policies affecting investment activities. The events arising from such risks could potentially affect the Group's business or investments overseas in the future. Further, any failure by the Group to manage its operations and investments, particularly those outside Singapore, could have an adverse impact on the Group's business, results of operations and financial condition.

The Group is subject to technology risks in the industry

Rapid and significant technological changes, evolving industry standards, changing customer needs, emerging competition and frequent new product and service introductions are typical in the industries which the Group currently invests and operates in and, intends to invest and operate in going forward, and these factors may materially affect the Group's expenditure and operating costs as well as the demand for the Group's products and services. The Group has invested substantial capital and resources into the development and modernisation of its networks, systems and technologies. With the rapid advancement in technology, the Group's assets may face obsolescence before the end of their expected useful lives which may result in impairment losses. Changes and advancement in technologies may require the Group to replace and upgrade its infrastructure at an earlier stage than expected. As a result, the Group may incur significant additional capital expenditure in order to keep abreast with the latest technological standards and remain competitive against newer products and services. The Group continues to face the risk of market entry by new entrants who, by using newer or lower cost technologies, may succeed in rapidly attracting customers away from established market participants. The Group's competitors may be comparatively more effective in terms of developing, marketing or utilising new technologies, products and services thereby resulting in a loss of market share for the Group and adversely affect the Group's financial performance.

The Group operates in capital intensive industries

The Group operates in capital intensive industries that require significant capital expenditure. Amongst others, the Group is required to make capital expenditures to develop, maintain, upgrade and expand the facilities and infrastructure to keep pace with competitive developments, technological advances, evolving safety standards and governmental regulations. The Group may not be able to fulfil all its funding requirements from the resources available to it and may need to look for additional sources of finance, which may not be readily available, or may not be available on commercially reasonable terms. If the Group decides to incur more debt, its interest payment obligations will increase and it may be subject to additional restrictive conditions from lenders. In addition, the expansion of the Group and pursuit of business opportunities may require it to have access to significant amounts of capital.

The Group's ability to finance its capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond its control, including tariff regulations, borrowing or lending restrictions imposed by applicable government regulations and general economic, capital market conditions and interest rates. No assurance can be given that the Group will be able to obtain financing to meet its capital expenditure requirements, either on a short-term or long-term basis on terms favourable to the Group or at all.

In addition, further consolidation in the banking industry in Singapore and/or elsewhere may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to any one company or sector. Any significant change in the Group's contemplated financial requirements and development costs may have an adverse effect on its cash flows, financial condition and results of operations.

The Group may be unable to obtain future financing on favourable terms, if at all, to fund its operations and investments

The 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 Group considers favourable, or at all. A material portion of the Group's expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use in its general business operations. Furthermore, any debt financing, if available, may involve restrictive covenants and as part of the Group's borrowing activities, it is exposed to the risk of potential and actual breaches of financial covenants in the Group's indebtedness which may also result in accelerated demands of payment or calls for events of default by lenders. In addition, the disruptions recently experienced in the international capital markets have also led to reduced liquidity and increased credit risk premiums for certain market participants, and have resulted in a reduction of available financing. If the 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 will not adversely affect its ability to finance its operations and investments.

Failure to effectively manage and integrate acquisitions may adversely impact the Group's growth and profitability

The Group has made investments through acquisitions of assets in recent years and continues to evaluate merger and acquisition opportunities as part of its growth strategy. The Group may commit itself to mergers or acquisitions in the future if suitable opportunities arise. These may require significant investments which may not result in favourable returns. The Group may invest or enter into new industries or business segments in which it may not have substantial previous experience and may result in overpaying for such acquisitions. Mergers and acquisitions involve additional risks, including unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed.

Achieving the anticipated benefits of any acquisitions depends in part upon whether the Group can integrate its businesses in an efficient and effective manner. The integration of any acquired businesses involves a number of risks, including, but not limited to failure to fully achieve expected synergies and costs savings, loss of customers, failure to provision services that are ordered by customers and higher integration costs than anticipated. Due to the difficulties in combining geographically distant operations and systems which may not be fully compatible, the Group may not be able to achieve these objectives.

Any inability to effectively manage, develop, integrate and/or operate its new investments or business segments may have an adverse impact on the Group's business, financial condition and results of operations.

The Group's venture into new revenue streams or non-traditional businesses may not be successful

There is no assurance that the Group's venture into new revenue streams or non-traditional businesses, such as the Data Centres and Emerging Technology businesses, will be successful as these new ventures may require substantial capital, new expertise, considerable process or systems changes, on-going compliance monitoring with respect to complex legal and regulatory requirements and organisational, cultural and mindset changes. These businesses may also expose the Group to new areas of risk associated with the CMT industries, such as regulatory changes, intellectual property rights, customer data privacy and protection and these could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group is affected by any possible loss of major customers, suppliers or service providers

There is no assurance that the Group will be able to continue to retain its major customers or maintain its major suppliers and service providers. In the event that any of the Group's major customers, suppliers or service providers ceases to have business dealings with the Group or materially reduces the level of business activities with the Group, the Group's business, financial condition and results of operations will be adversely affected.

The Group may lose customers if it experiences system failures that significantly disrupt the availability and quality of the services that it provides and system failures may also cause interruptions to service delivery and the completion of other corporate functions

The Group's operations depend on its ability to limit and mitigate interruptions or degradation in service for customers. Interruptions in service or performance problems for any reason, including integration related activities, could undermine confidence in the Group's services and cause the Group to lose customers or make it more difficult to attract new ones. In addition, as many of the Group's services are critical to the businesses of many of its customers, any significant interruption or degradation in service could result in lost profits or other losses to customers.

The failure of any equipment or facility on the Group's network, including on its operations control centres and data storage locations, could result in the interruption of customer service and other corporate functions until necessary repairs are effected or replacement equipment is installed. In addition, the Group's business continuity plans may not be adequate to address a particular failure that it experiences. Delays, errors, network equipment or network facility failures, including with respect to its network operations control centres and network data storage locations, could also result from natural disasters (including natural disasters that may increase in frequency as a result of the effects of climate change), disease, accidents, terrorist acts, power losses, security breaches, vandalism or other illegal acts, computer viruses, or other causes. The Group's business could be significantly hurt from these delays, errors, failures or faults including as a result of service interruptions, exposure to customer liability, the inability to install new services or the need for expensive modifications to its systems and infrastructure.

The Group may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays

The Group may also encounter disputes and claims with its customers. There can be no assurance that any such disputes and claims will not result in protracted litigation, which will have a negative impact on the profits, cash flow and financial position of the relevant portfolio company. In the event that customers suffer loss and damage which may be attributable to the portfolio companies, these customers may claim for such loss and damage against the portfolio companies, thereby adversely affecting the financial performance and condition of the Group as a whole.

The Group is affected by existing and possible new competitors

The Group operates in highly competitive markets and faces competition on a local, regional, national and international level. Maintaining or increasing its market share will depend upon its ability to anticipate and respond to various competitive factors affecting its business segments, including its ability to improve its processes, respond to pricing strategies of its competitors and adopt new technology efficiently.

The Group expects to face increased competition from existing competitors and any new entrants into the market in the future. Competitive factors include price, delivery schedule, quality/specifications and credit terms of the products and services offered by other providers. Some of the Group's competitors have longer operating histories, greater economies of scale, greater degrees of vertical integration, larger customer bases, stronger relationships with customers and other partners and possess greater financial, technical, political, marketing and other resources in the markets that the Group operates in or intends to venture into.

For example, the infocommunication market is highly competitive and characterised by high penetration rates, changing customer expectations and unbundling threats. The regulators may grant licences to additional infocommunication operators that may compete with the portfolio companies. These portfolio companies may also be subject to competition from providers of new infocommunication services as a result of technological development, evolving industry standards and the convergence of various infocommunication services, or through other means such as over-the-top content or mobile virtual network. Competitors of the portfolio companies may seek to offer bundled services with their other infocommunication services which may compete directly with these portfolio companies' 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, more competitive subscription agreements and more competitive pricing.

In addition, the Info-communications Media Development Authority of Singapore has issued a fourth mobile network operator licence to TPG Telecom Pte Ltd. Its entry into the mobile market could have a significant impact on market share, churn, average revenue per user and revenue levels in the mobile market. This might adversely affect StarHub.

There can be no assurance that the Group will be able to continue to compete successfully in the markets in which it operates. Any failure to compete effectively, including any delay in the Group's reaction to changes in market conditions, may affect its competitiveness, thereby reducing its market share and resulting in a decline in its revenues. If the Group fails to compete successfully against existing competitors and new entrants, its business, financial condition and results of operations may be adversely affected.

The Group is subject to interest rate fluctuations and counterparty risks

The Group has cash balances placed with reputable banks and financial institutions. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms. The interest cost to be borne by the Group for its floating interest rate borrowings (if any) will be subject to fluctuations in interest rates. Although the Group enters into hedging transactions to mitigate the risk of interest rate fluctuations, there can be no assurance that its exposure to interest rate fluctuations will be adequately covered. As a result, the Group's business, financial condition, prospects and results of operations could potentially be adversely affected by interest rate fluctuations. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. For example, such clauses state that to the extent that banks face difficulties in raising funds in the interbank market or pay materially more for interbank deposits than the displayed screen rates due to market disruption, they may pass on the higher costs of funds to the borrower despite the margins agreed.

The Group may enter into various transactions which will expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Group may enter into swap arrangements, which exposes it to the risk that the counterparty may default on its obligations to perform under the relevant contract and the Group's surplus funds are invested in interest-bearing deposits with financial institutions. In the event a counterparty, 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 Group's performance may be affected by its ability to attract and retain personnel

The Group's future performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is exposed to foreign exchange risks

The Group is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. The reason is that the Group's income, costs, cash flows, assets and liabilities are exposed to foreign exchange risks arising from various currency exposures when translated into the reporting currencies of the portfolio companies for financial reporting purposes. Consequently, portions of the Group's costs and margins are affected by fluctuations in the exchange rates of the relevant currencies. Whilst currently a significant portion of the Group's revenue and the dividends received by it are contributed by StarHub and denominated in Singapore dollars, there is no assurance that the other portfolio companies in the Group, whose results of operations are denominated in foreign currencies, may not yield significant dividends in the future. Although the Group enters into hedging transactions to mitigate the risk of foreign exchange rate fluctuations, there can be no assurance that its exposure to foreign exchange rate fluctuations will be adequately covered or that the Group will not be exposed to future exchange rate fluctuations in the relevant countries when capital and profits are repatriated back to Singapore.

The Group is exposed to general inflationary pressures

Future increases in prices of goods and services globally may negatively affect the economic growth and stability of countries in which the Group operates and/or invests. The economic and political conditions in these countries make it difficult to predict whether goods and services will continue to be available at prices that will not negatively affect economic growth and stability. There can be no assurance that future increases in prices generally in the countries in which the Group operates and/or invests will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's insurance coverage may not adequately protect it against certain operational risks

The Group's insurance policies, which are taken by the Issuer and/or the portfolio companies, cover various risks, including operational risks and risks of accidents which may result in injury or death.

However, such insurance may not be adequate to cover all losses or liabilities that may arise from the Group's operations, particularly when the loss suffered is not easily quantifiable. Even if the Group has adequate insurance coverage, it may not be able to successfully assert its claims for any liability or loss under the relevant insurance policies. Additionally, there may be various other risks and losses for which the Group is not insured either because such risks are uninsurable or not insurable on commercially acceptable terms. In addition, certain types of risks (such as risks associated with war and other international conflicts) may be uninsurable or the cost of insurance may be prohibitive or not economically viable when compared to the risks.

In the event that a company within the Group is held liable, whether contractually or under the law, for any or all of such loss or damage or injury to or loss of life that is not covered by its insurance policies or the claims of which are in excess of its insurance coverage or are contested by the insurance companies, the Group's financial performance and position may be adversely affected.

The Group is exposed to various legal and regulatory risks

The Group has investments and operates in many countries. It is, from time to time, confronted with legal and regulatory requirements and judiciary systems in many jurisdictions. These include foreign ownership structure and restrictions, anti-trust regulations, national security applications, licensing requirements, sanctions, laws against illegal payments and trade barriers, as well as the risk of regulatory action by regulators. Any changes in the legal and regulatory requirements may adversely affect the Group's operations or investments.

The Group may face difficulties in jurisdictions where the interpretation, application and enforcement of laws and regulations may be uncertain or unclear and may be subject to considerable discretion. The application of the laws and regulations may depend, to a large extent, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy. Interpretation of, compliance with and enforcement of, judicial or regulatory decisions, rulings, directives or guidelines may be uncertain or unclear, and the consequences thereof may not be manageable or predictable. Judicial decisions may not be systematically or publicly available and may not constitute binding precedent. Enforcement of laws and regulations may not be well established. There may not be public consultation or notice prior to changes in interpretation, application and enforcement of laws and regulations. Where the interpretation, application and enforcement of laws and regulations may be subject to uncertainty and considerable discretion, it could in practice lead to a challenging operating environment, increasing the difficulties involved in planning and managing a business, and may adversely affect the Group's operations and investments in these jurisdictions.

In connection with an investment in, or divestment of an interest in, a portfolio company, the Group may be exposed to certain claims and liabilities relating to the subject company or its ownership interest therein. In the event of such claims, the financial condition and results of operations of the Group may be adversely affected.

The Group may be involved in legal and other proceedings from time to time

The Group may be involved in disputes with various parties in respect of its operations or its investments, such as its customers, suppliers, service providers or joint venture partners. The Group may also have disagreements with regulatory bodies in the course of its operations or investments, which may subject it to administrative or legal proceedings and unfavourable orders, directives or decrees that may result in adverse consequences to its operations or investments, or financial losses.

There can be no assurance that these disputes will be settled, or settled on favourable or reasonable terms to the Group. In the event such disputes are not settled on favourable or reasonable terms to Group, or at all, the Group's business, financial condition, prospects and results of operations may be adversely affected.

Compliance with, and changes in, laws, regulations and/or policies may adversely affect the Group's results of operations and its financial condition

The Group's businesses are subject to a broad range of laws, regulations and policies in areas such as business, safety, health and environment. These laws, regulations and policies may impact or limit competition, development of new technologies, changes in cost structures or flexibility to respond to market conditions. The laws, regulations or government policies relating to the industries that the Group has investments or operates in may become more stringent and the scope and extent of any new laws, regulations or policies, including their effect on the Group's business operations, cannot be predicted with any certainty. Any changes in the regulatory environment may impose additional taxes and other levies. Further, a failure to comply with any existing or future laws or regulations may result in a levy or the imposition of fines, revocation of licences or permits, inability to obtain licences or permits, commencement of judicial proceedings and/or third party claims. Any of the aforementioned events may adversely affect the business, operations, results of operations and financial condition of the Group.

The outbreak of an infectious disease or any other serious public health concerns or the occurrence of a natural or man-made disaster could adversely impact the Group's business, financial condition, prospects and results of operations

Natural disasters, severe weather conditions and the outbreak of epidemics may adversely affect the economy and infrastructure in the countries in which the Group operates. Some cities where the Group operates are under the threat of flood, earthquake, fire or epidemics such as Severe Acute Respiratory Syndrome (SARS), Zika, H5N1 avian flu and/or H1N1 Influenza (commonly known as swine flu). Past occurrences of such phenomena, have caused varying degrees of harm to businesses and the national and local economies. Any of the foregoing could have a negative impact on the global economy, and business activities which may have a material and adverse effect on the Group's business, financial condition, prospects and results of operation.

The Group is exposed to terrorist attacks, other acts of violence or war and adverse political developments

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its business operations and results. Any additional significant military or other response or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the Group operates and may thereby adversely affect its business, financial condition, prospects and results of operations.

The Issuer is wholly-owned by a single shareholder

As at the Latest Practicable Date, Temasek held an aggregate direct interest of 100 per cent. of the Issuer's shares. 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 the Issuer'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 Group. Temasek also holds interests in certain companies which hold licences to operate telecommunications services in Singapore, such as Singapore Telecommunications, which competes with StarHub.

There can be no assurance that Temasek will remain the sole shareholder of the Issuer or that there will not be a change of ownership of the Issuer or the entry of another major shareholder with the ability to exert significant influence on the direction or operations of the Group, or that the Group's business, financial condition and results of operations would not be adversely affected by such a change in ownership or influence.

Risks affecting the Group's Communications and Media Services and Enterprise Services business

Changes to the regulatory regime may have a material effect on the Group's business

The Group's Communications and Media Services and Enterprise Services operations 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 infocommunication, information technology and related industries and the regulatory environment (including taxation) in which the Group operates. Such changes could have a material adverse effect on the Group's business, financial performance and operations.

Particularly, the business and results of operations of the StarHub group, U Mobile group, Lao Telecommunications group and Level 3 Communications group could be materially and adversely affected by changes in law, regulation or government and regulatory policies. Decisions by regulators concerning economic or business interests or goals which are inconsistent with the interests or actions of the portfolio company groups could materially and adversely affect their, and accordingly the Group's, financial condition, results of operations and investments.

The Group's Communications and Media Services and Enterprise Services business operations may be affected by rapid technological changes

Rapid and significant technological changes are typical in the infocommunication industry and these changes may materially affect the Group's Communications and Media Services and Enterprise Services business' capital expenditure and operating costs as well as the demand for their products and services.

With the rapid advancement in technology, the Group may also be stranded with investments that are technologically obsolete before the end of the expected useful life of these investments and the value of these investments may be impaired. These changes may require the Group to replace and upgrade its network infrastructure and as a result, the 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.

The Group faces a continuing risk of market entry by new operators and service providers (including non-telecommunications players and non-traditional telecommunications services players) who, by using newer or lower cost technologies, may succeed in rapidly attracting customers away from established market participants. New technologies may also enable players from adjacent industries to enter the infocommunication and networks markets, thus increasing competition and depressing prices. This may result in a loss of market share and could have an adverse effect on the Group's financial condition and results of operations.

The Group is exposed to potential risks relating to security of customer data and privacy breaches

In certain countries in which the portfolio companies operate, there are data protection and/or privacy laws, such as the Personal Data Protection Act 2012 in Singapore, that impose certain obligations on the portfolio companies, such as StarHub and TeleChoice, in respect of the collection, use and disclosure of personal data. Significant failure of security measures may undermine customer confidence and materially impact the portfolio company's business. Failure of security mechanisms may also result in the imposition of penalties and/or additional regulatory measures relating to the security and privacy of customer data by the regulators and these consequentially may have a material adverse effect on the Group's business, financial condition and results of operations.

If the Group's security measures are breached, or if its services are subject to attacks that degrade or deny the ability of users to access its systems, products and services, the Group may experience significant legal and financial exposure, its products and services may be perceived as not being secure, users and customers may curtail or stop using its products and services, and the Group's business may be disrupted

Network and information systems and other technologies are critical to the Group's business activities. Network and information systems-related events such as computer hackings, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks or other malicious activities, or any combination of the these items, could result in a degradation or disruption of the Group's services, damage to its properties, equipment and data, or unauthorised disclosure of confidential information. The Group experiences cyber-attacks against its network and information systems of varying degrees on a regular basis, and as a result, unauthorised parties could obtain access to its data or its customers' data. The Group's security measures may also be breached due to employee error, malfeasance, or otherwise.

While the Group develops and maintains systems and processes designed to prevent systems-related events and security breaches from occurring, the development and maintenance of these systems and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite the Group's efforts, there can be no assurance that unauthorised access and security breaches will not occur in the future. In addition, because the techniques used to obtain unauthorised access, disable or degrade service, or sabotage systems change frequently and often are not recognised until launched against a target, the Group may be unable to anticipate these techniques or implement adequate preventative measures. Any security breach or unauthorised access could result in significant legal and financial exposure, including in respect of customer credits, lost revenue due to business interruption, increased expenditures on security measures, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution. In addition, damage to the Group's reputation and the market perception of the effectiveness of its security measures could cause the Group to lose customers. Moreover, the amount and scope of insurance that the Group maintains against losses resulting from unauthorised access or security breaches may not be sufficient to cover its losses or otherwise adequately compensate it for any disruptions to its businesses that may result.

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

The Group may need to access additional spectrum to support both generic growth and the development of new services. Access to spectrum is of critical importance to the Group in order to support its businesses which provide mobile, internet and broadcasting services. The use of spectrum in jurisdictions in which the Group operates, such as Singapore, Malaysia and Laos, is regulated by governmental/regulatory authorities and/or requires licences. There is no guarantee that the Group will be able to acquire licences for additional spectrum or access such additional spectrum on favourable terms, or at all. The Group will need to renew their existing spectrum licences when they expire. There can be no assurance that the 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 Group.

The Group faces project management risks in both its internal projects as well as external enterprise projects

The Group incurs substantial capital expenditure in constructing and maintaining its network and systems infrastructure. The Group's network and systems infrastructure projects are subject to risks associated with the construction, supply, installation and operation of equipment and systems. The projects undertaken by the Group as contractors to maintain and support infrastructure are subject to the risk of an increase in project costs, the risk of disputes and the risk of unexpected implementation delays, any or all of which could result in an inability to meet service levels. The Group's network and systems infrastructure projects are also subject to risks associated with the sale of capacity on the completed project infrastructure, including risks of default, disputes, litigation and arbitration involving contractors, suppliers, customers and other third parties involved in the construction or operation of network infrastructure projects.

The Group's business requires the continued development of effective business support systems and uniform standards, controls and policies to implement customer orders and to provide and bill for services

The Group's business depends on its ability to continue to develop and manage effective business support systems. In certain cases, the development of these business support systems is required to realise anticipated benefits from both past and future acquisitions. The development and management of business support systems is a complicated undertaking requiring significant resources and expertise, the development of uniform standards, controls, procedures and policies and the efficient consolidation and elimination of business support systems that are no longer useful in the business. This undertaking also requires support from third-party vendors. Following the development of the business support systems, the data migration regarding network and circuit inventory must be completed for the full benefit of the systems to be realised. As the Group's business provides for continued rapid growth in the number of customers that it serves, the volume of services offered as well as the integration of any acquired companies' business support systems, there is a need to continually develop the business support systems on a schedule sufficient to meet proposed milestone dates. The failure to continue to develop effective unified business support systems or complete the data migration regarding network and circuit inventory into these systems could materially and adversely affect the Group's ability to implement its business plans and realise anticipated benefits from its acquisitions.

Failure to develop and introduce new services could affect the Group's ability to compete in the industry

The Group continuously develops, tests and introduces new services that are delivered over its communications network. These new services are intended to allow the Group to address new segments of the communications marketplace, address the changing communications needs of its existing customers and compete for additional customers. In certain instances, the introduction of new services requires the successful development of new technology. To the extent that upgrades of existing technology are required for the introduction of new services, the success of these upgrades may be dependent on reaching mutually acceptable terms with vendors and on vendors meeting their obligations in a timely manner. In addition, new service offerings may not be widely accepted by the Group's customers. If the Group's new service offerings are not widely accepted by its customers, the Group may terminate those service offerings and the Group may be required to impair any assets or technology used to develop or offer those services. If the Group is not able to successfully complete the development and introduction of new services in a timely manner, this may have an adverse impact on the Group's business, financial condition and results of operations.

The Group's future growth depends upon the continued development and expansion of the Internet as a communications medium and marketplace for the distribution and consumption of data and video by businesses, consumers and governments

Achieving the anticipated benefits of the Group's business operations will depend in part upon the continued development and expansion of the Internet as a communications medium and marketplace for the distribution and consumption of data and video by businesses, consumers and governments. The use of the Internet for these purposes may not grow and expand at the rate that the Group anticipates or may be restricted by such things as the owners of access networks that restricts the Group from delivering its customers' traffic, future regulation and the lack of anticipated technology innovation and adoption.

*There is no assurance that the proposed merger of Level 3 Communications by CenturyLink (the "**Proposed Merger**") will be completed or that the anticipated benefits of the Proposed Merger will be realised*

The completion of the Proposed Merger is subject to the requisite approvals or closing conditions for the Proposed Merger. As such, there is no certainty as at the date of this Information Memorandum that the Proposed Merger will be completed, on reasonable terms and/or on a timely basis, or at all. In addition, whilst the Issuer believes that the Proposed Merger may help accelerate the achievement of its strategic goals, there can be no assurance that the anticipated benefits of the Proposed Merger will be realised.

Risks affecting the Group's Data Centres business

Technological advancements and evolving industry standards may impact the Data Centres business

Adverse developments in the corporate data centre, Internet and data communications and broader technology industries could lead to reduced corporate IT spending or reduced demand for data centre space. Changing technologies and evolving industry standards may reduce demand for data centres or make the data centre facilities obsolete or in need of significant upgrades to remain viable. When there are changes in customers' requirements due to evolving technologies or industry standards, the Group may not be able to upgrade or replace the infrastructure of its data centres on a cost effective basis, or at all, due to, among other things, increased expenses to the Group that cannot be passed on to customers, or insufficient revenue to fund the necessary capital expenditure. The Group risks losing customers to its competitors if it is unable to adapt to this rapidly evolving industry.

In addition, the development of new technologies, the adoption of new industry standards or other factors could render many of the Data Centres business' tenants' current products and services obsolete or unmarketable and contribute to a downturn in their businesses, thereby increasing the likelihood that they default under their co-location agreements, become insolvent or file for bankruptcy. In the event the Data Centres business' tenants default under their co-location agreements with the Group, this could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

Tenants of the Data Centres business may choose to develop new data centres or expand or consolidate into data centres of third parties, or not to renew their contracts with the Group

Tenants of the Data Centres business may choose to develop new data centres or expand or consolidate into data centres of third parties, or not to renew contract with the Group. In the event that any of the key tenants were to do so, it could result in a loss of business to the Group or put pressure on its pricing. If the Group is unable to replace that tenant at a competitive rate or at all, it may have a material adverse effect on the Group's results of operations and financial position.

The Data Centres business may not be able to identify and complete acquisitions or investments on favourable terms or at all

The Data Centres business continually evaluates the market for opportunities. Its ability to complete acquisitions or invest on favourable terms may be exposed to the following significant risks:

- competition from other operators, strategic or financial investors with significant capital resulting in an inability to acquire or invest on favourable terms or at all; and
- an inability to finance acquisitions or investments on favourable terms or at all.

If the Group cannot complete acquisitions or investments on favourable terms or at all, its financial condition, results of operations and cash flow could be materially adversely affected.

The Data Centres business faces competition, which may decrease or prevent increases of the occupancy and co-location rates at the data centres

The Data Centres business competes with numerous developers, owners and operators of real estate and data centres, many of which own similar properties in the same markets that the data centre business operates in. In addition, the Data Centres business may in the future face competition from new entrants into the data centre market, including new entrants who may acquire the Data Centres business' current competitors. Some of the Data Centres business' competitors and potential competitors may have significant advantages over it, including greater name recognition, longer operating histories, pre-existing relationships with current or potential customers, significantly greater financial, marketing and other resources and more ready access to capital which allow them to respond more quickly to new or changing opportunities. If the Data Centres business' competitors offer space that its tenants or potential tenants perceive to be superior to it based on numerous factors, including available power, security considerations, location, or connectivity, or if they offer co-location rates below current market rates, or below the co-location rates the Data Centres business is offering, it may lose tenants or potential tenants or be required to incur costs to improve its properties or reduce its co-location rates.

In addition, if the supply of data centre space increases as a result of further development by the Data Centres business' competitors or otherwise, co-location rates may be reduced or the Group may face delays in leasing or be unable to lease its vacant space, including space that it develops or redevelops. Further, if tenants or potential tenants desire services that the Data Centres business does not offer, the Group may not be able to lease its space to those tenants. The Group's financial condition and results of operations could be materially adversely affected as a result of any or all of these factors.

The Data Centres business is dependent on the technical and operational resilience of its infrastructure

The Data Centres business offers customers co-location services with certain service levels which include redundancy in the power and cooling, and maintaining environmental conditions within the data centres. The Data Centres business may fail to meet the service levels as a result of numerous factors, including power surges from the main grid, human error and physical security breaches. While the Group manages such risks by designing the data centres to high specification and putting in place operational and preventive maintenance programmes, this risk is not mitigated fully. Such failures to meet the service levels may have an impact on the Group's track record in operating data centres, the Group's ability to attract new tenants and retain existing tenants and adversely affect the Group's results of operations and financial condition.

Decline in demand for high quality data centres would have an adverse impact on the Group

The Group owns high quality data centre facilities. Any economic downturn, technological advancements or decline in the technology industry could dampen the demand for high quality data centres. A decline in the demand for data centre space would have an adverse effect on the data centre business, which in turn could adversely affect the Group's results of operation and financial condition.

Some or all of the Group's data centre development projects may not be completed or may be delayed

The success and financial performance of the Group will depend on its ability to identify, develop, market and complete its data centre development projects, such as the data centres located in Singapore, in a timely and cost-effective manner. The Group's data centre development projects are subject to the risks of changes in regulations, delays in obtaining required approvals, availability of raw materials, increases in costs, natural disasters, any reliance on third party contractors as well as the risk of reduced market demand during the development of a data centre project. As a result of these and other factors described herein, no assurance can be given as to whether or when these projects will be successfully completed in a timely and cost-effective manner, or if at all. Further, these new data centre development projects may pose unforeseen challenges and demands on the Group's financial resources. Late or non-completion of the data centre development projects may have a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

Risks relating to the Emerging Technology business

Expected benefits from investing in emerging technology may not be realised

The Group faces the risk of unforeseen complications in the deployment of emerging technology. Emerging technologies may not be developed or implemented according to anticipated schedules or may not achieve commercial acceptance or be cost-effective. 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.

The Emerging Technology business may be impacted by the rapid rate of technology obsolescence

Rapid and significant technological changes and advances are typical in the communications, media and technology and new emerging technology areas where innovation is thriving. In order to stay competitive, profitable and to react to the changing market demand, the Group may need to adopt new technologies, develop new software, innovate new products and services, conduct extensive research and/or develop enhanced versions of existing software and technology to incorporate additional features, improve functionality and be able to function alongside or together with new technologies. As new technologies are developed, the products and services offered by the Group may be rendered obsolete or less competitive. With such rapid advancement, if the technologies turn inferior or obsolete before the Group's investments have generated profits, there may be a significantly reduced demand for the Group's products and services and there may be a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

The Emerging Technology business has low barriers to entry

The emerging technology business is gaining traction on a global scale as such business has relatively low barriers to entry as compared to the traditional infocommunication industry which requires, amongst others, ownership of assets, development of extensive infrastructure and large capital investments. In the emerging technology business which focuses on business intelligence and data analytics, a wide spectrum of businesses are able to deploy capabilities that used to be limited to companies with extensive capital. As it is not entirely essential to own assets to start or operate such businesses, and with the emergence of low-cost utility computing and simplified development models, the emerging technology business is more cost-effective and easily accessible to a wide range of companies than the traditional infocommunication industry. As the emerging technology business has low barriers to entry, the Group expects to face increased competition from new entrants into this market. In the event the Group does not respond effectively to increased competition from new entrants, its business, prospects, results of operations and financial condition may be adversely affected.

The Emerging Technology business is competitive

With the combination of high rates of growth and low barriers to entry, the Group is operating in a highly competitive emerging technology market and faces competition on a local, regional, national and international level. Both established and emerging companies are keen to enter into the various focus areas such as Big Data analytics, cybersecurity and IoT. As emerging technology is a relatively new and evolving business segment, competition is expected to increase based on customer demand for the various products and high growth expected in this business segment. Maintaining or increasing its market share will depend upon the Group's ability to anticipate and respond to various competitive factors affecting this business segment, including its ability to adopt and deliver distinctive technologies, deliver innovative and new business models coupled with deep industry knowledge, improve its processes and respond to pricing strategies of its competitors.

There can be no assurance that the Group will be able to continue to compete successfully in the emerging technology business segment. Any failure to compete effectively, including any delay in the Group's reaction to changes in market conditions, may affect its competitiveness, thereby reducing its market share and resulting in a decline in its revenues. If the Group fails to compete successfully against existing competitors and new entrants, its business, financial condition and results of operations may be adversely affected.

The Group's investments in the Emerging Technology business might be affected by an inability to scale

The Group targets investments in the emerging technology business that are entering or already in the phase of high growth and investments that have established a certain level of category leadership in the form of business and customer traction. These companies need to be able to achieve a certain level of market acceptance and scale in order to justify the amount of time and investment in the Group investing to develop and bring such products or platforms to market. Future growth in this industry depends on the ability to attract new customers and expand sales to existing customers both domestically and internationally. Failure to achieve the required market acceptance and scale would impact the results of the various emerging technology companies that the Group invests in and may have a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

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:

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

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

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

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

(v) 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.

Some Securities are complex financial instruments. Sophisticated institutional 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 Securities which are complex financial instruments 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 the Securities and the impact such 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 (i) Securities are legal investments for them, (ii) Securities can be used as collateral for various types of borrowing and (iii) 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.

If the Group is unable to comply with the restrictions and covenants in its debt agreements, including, among others, the Trust Deed or the Securities, there could be a default under the terms of these agreements, the Trust Deed or the Securities, which could cause repayment of the Group's debt to be accelerated

The Group's debt agreements or instruments contain covenants that restrict the Group's business activities. The Group's ability to comply with such covenants depends on Group's future operating performance. If the Group is unable to comply with the restrictions and covenants in the Group's current or future debt and other agreements or instruments (some of which are secured), the Trust Deed or the Securities, there could be a default under the terms of these agreements or instruments. In the event of a default under these agreements or instruments, the holders of the debt could terminate their commitments to lend to the Group, accelerate repayment of the debt and declare all amounts borrowed due and payable, terminate the agreements or exercise their enforcement or foreclosure remedies, as the case may be. Furthermore, some of the Group's debt agreements or instruments, including the Securities, contain cross-acceleration or cross-default provisions. As a result, the Group's default under one debt agreement or instrument may cause the acceleration of repayment of debt or result in a default under the other debt agreements or instruments, including the Securities. If any of these events occur, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Group would be able to find alternative financing. Even if the Group could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Group.

The Securities are not secured

The Securities of all Series constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) 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 or (in the case of Subordinated Perpetual Securities) with Parity Obligations of the Issuer. If a potential investor purchases the Securities, it is relying upon the creditworthiness of the Issuer and no other person. Accordingly, on a winding-up or termination of the Issuer at any time prior to maturity of any Securities, holders of the Securities will not have recourse to any specific assets of the Issuer or its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities owed to the holders of the Securities and there can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities owed to the Securityholders.

Rights of claim

The Issuer is a holding company incorporated for the purpose of holding investments both in Singapore and abroad. The Issuer will rely on its investment income, including dividends and distributions from its subsidiaries, associated companies and portfolio companies and proceeds from divestments, to meet its obligations, including obligations under the Securities. The ability of the Issuer's subsidiaries, associated companies and portfolio companies to pay dividends and other distributions and, to the extent that the Issuer relies on dividends and distributions to meet its obligations, the ability of the Issuer to make payments, are subject to applicable laws and regulations on the payment of dividends and distributions contained in relevant financing or other agreements of such companies.

The Securities contain no covenants that prohibit the Issuer's subsidiaries, associated companies and portfolio companies from entering into agreements which may restrict their ability to pay dividends and distributions to the Issuer.

Payments on the Securities are structurally subordinated to all and any existing and future liabilities and obligations of each of the Issuer's subsidiaries, associated companies and portfolio companies. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including holders of the Securities seeking to enforce the Securities.

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.

Liquidity may have a severely adverse effect on the market value of the Securities. 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 and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated 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 and/or its associated 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 note and/or security prices, 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, note and/or security prices may rise. 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**.**

Modification and waivers

The terms and conditions of the Securities 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 terms and conditions of the Securities also provide that the Trustee may agree, without the consent of the Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders.

A change in Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities 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, 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 or Certificates. 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 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 bears 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.

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 distributions on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders' 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. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated 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 currency in which the Securities are denominated 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, Securityholders may receive less interest and/or distribution or principal than expected, or no interest and/or distribution or principal.

Credit ratings may not reflect all risks

The Securities are currently not rated and there is no assurance that a rating will be obtained for the Securities in the future. In the event that the Securities are rated, there is also no assurance that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the rating assigned to the Securities may adversely affect the market price of the Securities. In addition, a 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.

Performance of contractual obligations

The ability of the Issuer to make payments in respect of any Securities may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Securities of the obligations thereunder including the performance by the Trustee and the Issuing and Paying Agent 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 any Securities, the Issuer may not, in such circumstances, be able to fulfil its obligations to Securityholders and/or the Couponholders.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (including pursuant to Condition 10 of the Notes and Condition 9 of the Perpetual Securities, as the case may be), the Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

RISKS RELATING TO THE NOTES

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 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 be amended or revoked at any time.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes containing such a feature. During any period when the Issuer may elect to redeem 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 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 risks 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.

Securityholders 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 Securities should it suffer a serious decline in net operating cash flows.

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, holders of Perpetual Securities 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 not to pay all or a part of a distribution under the terms and 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 restriction in relation to the declaration or payment of distributions on its Junior Obligations, in relation to Senior Perpetual Securities only, (except on a *pro rata* basis) its Senior Parity Obligations and, in relation to Subordinated Perpetual Securities only, (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 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 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 Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at 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 the date fixed for redemption. In addition, if specified in 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 the section "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 holder of Perpetual Securities. 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 terms and 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 has become due and the Issuer fails to make the payment when due and such failure continues for a period of seven business days. The only remedy against the Issuer available to any Perpetual Securityholder 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 terms and 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 holders of Perpetual Securities 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 holders of Perpetual Securities 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 IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "Taxation – 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 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.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting all relevant issue expenses) will be used for general corporate purposes, including refinancing of existing borrowings, financing of investments, funding of existing investments, acquisitions, general working capital and/or capital expenditure requirements of the Issuer, its subsidiaries, associated companies and investments or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a global security or a global certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. 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 counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Payments of principal, interest or distributions with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant 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 at 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 holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the 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. Investors and 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 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by Credit Suisse (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation, Singapore Branch and United Overseas Bank Limited, each of which was a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Standard Tier) Company or a Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Securities (the "**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Securities, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

    (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

    payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying 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.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

> "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
>
> "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
>
> "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) 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 fulfilled (including the furnishing by the issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity 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 QDS; and

(ii) the QDS 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 QDS 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 QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived 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 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 apply or who are required to apply the Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**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 IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

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.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

The Dealers or certain of their respective affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution.

In connection with each tranche of Securities issued under the Programme, the Dealers or certain of their affiliates may purchase Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

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 United States or to, or for the account or benefit of, U.S. persons, except in transactions not subject to the registration requirements of Regulation S of the Securities Act ("**Regulation S**"). Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States 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 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, or sell or, in the case of Bearer Securities, deliver Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States 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 out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable tranche of Securities within the United States by any dealer that is not participating in the offering of such tranche of Securities may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Public Offer Selling Restriction Under the Prospectus Directive

From 1 January 2018, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

Prior to 1 January 2018, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

(a) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent 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 (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) 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.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented 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 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 (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), to 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.

General

Each Dealer has agreed that it will comply with all applicable securities 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 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.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Mr Tan Guong Ching	Non-Executive Chairman
Mr Stephen Geoffrey Miller	Director, President & Chief Executive Officer
Mr Sum Soon Lim	Non-Executive Director
Mr Lim Ming Seong	Non-Executive Director
Mr Chang See Hiang	Non-Executive Director
Sir Michael Perry, GBE	Non-Executive Director
Mr Justin Weaver Lilley	Non-Executive Director
Mr Vicente Santiago Perez, Jr.	Non-Executive Director

2. No Director is or was involved (in the last five years) in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer at the time of such petition, other than a petition for a voluntary winding-up of such corporation not involving insolvency;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

SHARE CAPITAL

3. As at the date of this Information Memorandum, there is only one class of ordinary shares and two classes of redeemable preference shares in the capital of the Issuer. The rights and privileges attached to these shares are stated in the Constitution of the Issuer.

4. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of shares	Amount
Ordinary shares	1,467,210,241	S$1,805,223,502
Series A redeemable convertible preference shares (“**RCPS**”)	286,592	S$ 286,592,000
Series B RCPS	800	S$ 80,000,000

BORROWINGS

5. Save as disclosed in Appendix III, the Group had as at 31 December 2016 no other borrowings or indebtedness in the nature of borrowings.

WORKING CAPITAL

6. The Issuer is of the opinion that, after taking into account the present banking facilities, it will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

7. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2016.

LITIGATION

8. There are no legal or arbitration proceedings pending or, to the best of the Issuer's knowledge having made reasonable enquiries, threatened against the Issuer or any of its subsidiaries during the 12 months prior to the date of this Information Memorandum, the outcome of which would individually or in the aggregate have had a material adverse effect on the financial position of the Group taken as a whole.

MATERIAL ADVERSE CHANGE

9. There has been no material adverse change in the financial position or business of the Issuer or the Group since 31 December 2016.

CONSENT

10. KPMG LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the registered office of the Issuer at 1 Temasek Avenue, #33-01, Millenia Tower, Singapore 039192 during normal business hours:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 10 above; and

    (d) the audited consolidated financial statements of the Group for FY2015 and FY2016.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

12. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix II has been extracted from the annual report of Singapore Technologies Telemedia Pte Ltd and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

Singapore Technologies Telemedia Pte Ltd
and its subsidiaries
Registration Number: 199500279W

Annual Report
Year ended 31 December 2015

Directors' statement

We are pleased to submit this annual report to the member 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 FS1 to FS96 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Tan Guong Ching (Chairman)
Sio Tat Hiang
Sum Soon Lim
Lim Ming Seong
Chang See Hiang
Justin Weaver Lilley
Sir Michael Perry, GBE
Vicente S. Perez, Jr.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), 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 and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Related Corporations		
Mapletree Logistics Trust Management Ltd.		
Unit holdings in Mapletree Logistics Trust		
Sum Soon Lim	1,700,000	1,700,000
Singapore Airlines Limited		
Ordinary shares		
Tan Guong Ching	2,000	2,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Tan Guong Ching	66,275	72,475
Lim Ming Seong	94,436	98,336
Singapore Telecommunications Limited		
Ordinary shares		
Tan Guong Ching	2,840	2,840
Sum Soon Lim	3,230	3,230
Chang See Hiang	190	190
SMRT Corporation Ltd		
Ordinary shares		
Tan Guong Ching	11,000	11,000
StarHub Ltd		
Ordinary shares		
Tan Guong Ching	132,241	149,341
Sio Tat Hiang	15,100	25,600
Lim Ming Seong	210,336	222,036
TeleChoice International Limited		
Ordinary shares		
Sio Tat Hiang	187,000	253,000
Lim Ming Seong	60,000	60,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Except as disclosed under the "Share Options" 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 options

StarHub Ltd ("StarHub")

StarHub has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, "StarHub Share Plans 2014", and each, "StarHub PSP 2014" and "StarHub RSP 2014" respectively).

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting of StarHub ("StarHub EGM") 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 StarHub 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 StarHub EGM held on 14 April 2014. StarHub 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, "StarHub Plans") are administered by StarHub's Executive Resource and Compensation Committee ("StarHub ERCC") comprising four directors, namely Peter Seah Lim Huat (Chairman), Sio Tat Hiang, Lim Ming Seong and Teo Ek Tor.

StarHub designates the Company as its 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")*

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.

During the financial year, a total of 176,486 ordinary shares fully paid in StarHub were issued pursuant to the StarHub Share Option Plans at exercise price of $1.52 per share.

At the end of the financial year, there were no outstanding or unexercised options under the StarHub Share Option Plans.

The options granted by StarHub do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company.

(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 StarHub 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 StarHub ERCC:

(1) employees (including executive directors) and non-executive directors of the StarHub Group;

(2) employees (including executive directors) and non-executive directors of StarHub's parent company and its subsidiaries ("StarHub Parent Group") who meet the relevant age and rank criteria and whose services have been seconded to a company within the StarHub Group and who shall be regarded as an employee of the StarHub Group for the purposes of the StarHub Share Plans; and

(3) employees and non-executive directors of StarHub's associated companies, who in the opinion of the StarHub ERCC, have contributed or will contribute to the success of StarHub 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 StarHub 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 StarHub'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 StarHub'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 StarHub Plans. 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 StarHub's TSR measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of StarHub's TSR against shareholders' expected returns using cost of equity as a benchmark.

Share awards granted and vested, during the financial year, and share awards outstanding at the end of the financial year, under the StarHub PSP 2004 and StarHub PSP 2014, are as follows:

Date of grant	Balance outstanding at 1 January 2015	Number of performance shares granted	Number of performance shares vested	Number of performance shares forfeited	Balance outstanding at 31 December 2015
	'000	'000	'000	'000	'000
25.05.2012	872	–	(872)	–	–
31.05.2013	432	–	–	(3)	429
10.03.2014	645	–	–	(75)	570
16.03.2015	–	535	–	–	535
	1,949	535	(872)	(78)	1,534

(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.

(vi) 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 StarHub'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 ROIC and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

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 StarHub 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 StarHub 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 awards granted and vested during the financial year, and share awards outstanding at the end of the financial year, under the StarHub RSP 2004 and the StarHub RSP 2014, are as follows:

Date of grant	Balance outstanding at 1 January 2015	Number of restricted shares granted	Number of restricted shares vested	Number of restricted shares forfeited	Balance outstanding at 31 December 2015
	'000	'000	'000	'000	'000
25.05.2012	912	–	(912)	–	–
31.05.2013	1,407	–	(699)	(16)	692
10.03.2014	2,454	–	(15)	(99)	2,340
16.03.2015	–	2,271	–	(5)	2,266
03.06.2015	–	129	(113)	(16)	–
08.07.2015	–	32	–	–	32
	4,773	2,432	(1,739)	(136)	5,330

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.

During the financial year, a total of 3,297,033 ordinary shares fully paid in StarHub were issued pursuant to the StarHub Share Plans.

TeleChoice International Limited ("TeleChoice")

TeleChoice Share Options

The TeleChoice Pre-IPO Share Option Scheme (the "TeleChoice Pre-IPO Scheme") and the TeleChoice Post-IPO Employee Share Option Scheme (the "TeleChoice Post-IPO Scheme") (collectively referred to as the "TeleChoice Schemes"), were approved and adopted by TeleChoice's members at an Extraordinary General Meeting of TeleChoice held on 7 May 2004.

The TeleChoice Schemes were administered by TeleChoice's Remuneration Committee comprising three directors, namely Bertie Cheng, Ronald Seah Lim Siang and Sio Tat Hiang (the "TeleChoice RC"). Particulars of the TeleChoice Schemes have been stated in the previous Directors' report for the financial year ended 31 December 2014, as well as under Note 34 of the current financial statements for the financial year ended 31 December 2015. The TeleChoice Pre-IPO Scheme and TeleChoice Post-IPO Scheme expired on 17 May 2014 and 6 May 2014 respectively. There were no share options outstanding under the TeleChoice Schemes since the end of 2014.

Long Term Incentive Plans

The TeleChoice Restricted Share Plan (the "TeleChoice RSP") and TeleChoice Performance Share Plan (the "TeleChoice PSP") (collectively referred to as the "TeleChoice Plans"), were approved and adopted by TeleChoice's members at an Extraordinary General Meeting of TeleChoice held on 27 April 2007.

Information regarding the TeleChoice Plans is set out below:

(i) The TeleChoice Plans were established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for TeleChoice.

(ii) The TeleChoice Plans are administered by the TeleChoice RC.

(iii) The eligible participants of the TeleChoice Plans, at the absolute discretion of the TeleChoice RC, are:

- employees and non-executive directors of TeleChoice and/or any of its subsidiaries;
- employees and non-executive directors of STT Communications Ltd ("STTC") and its subsidiaries, who may be seconded to render services and contribute to the success of the TeleChoice Group; and
- employees of associated companies of TeleChoice.

(iv) Under the TeleChoice PSP, conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets set based on corporate objectives aimed at sustaining longer-term growth. After the awards vest, the shares comprised in the awards are issued at the end of the performance and/or service period once the TeleChoice RC is, at its sole discretion, 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, currently prescribed to be a three-year period. 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.

(v) Under the TeleChoice RSP, conditional awards vest over a two-year period, once the TeleChoice RC is, at its sole discretion, satisfied that the performance and extended service conditions are attained. The total number of shares to be awarded depends on the level of attainment of the performance targets. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(vi) Since the commencement of the TeleChoice Plans to the financial year ended 31 December 2015, conditional awards aggregating 25,334,810 (2014: 21,633,330) shares have been granted under the aforesaid TeleChoice Plans, representing the number of shares to be delivered if the performance targets are achieved at "on-target" level. 2,449,720 shares under the TeleChoice Plans were released during the financial year ended 31 December 2015 (2014: 1,192,037 shares).

(vii) During the financial year ended 31 December 2015, conditional awards aggregating 3,193,480 (2014: 3,205,080) shares have been granted under the TeleChoice Plans, representing the number of shares to be delivered if certain performance targets are achieved at "on-target" level. An aggregate 7,746,490 shares under the TeleChoice Plans were outstanding as at 31 December 2015 (2014: 6,978,850 shares).

(viii) During the financial year ended 31 December 2015, restricted share awards aggregating 508,000 (2014: 286,000) shares were also granted under the TeleChoice RSP. These share awards formed 30% (2014: 15%) of the TeleChoice Directors' remuneration for the financial year ended 31 December 2014 (2014: 31 December 2013) and were granted without any performance or vesting conditions attached, but subject to a selling moratorium and other terms and conditions.

(ix) Since commencement of the TeleChoice Plans, no share awards were granted under the TeleChoice Plans at a discount.

Except as disclosed above, there were no options granted during the financial year by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Guong Ching
Chairman

Sio Tat Hiang
Director

3 May 2016

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Singapore Technologies Telemedia Pte Ltd

Report on the financial statements

We have audited the accompanying financial statements of Singapore Technologies Telemedia Pte Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2015, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company, the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS96.

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 about 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 balance sheet, income statement, 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 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.

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
3 May 2016

Balance sheets
As at 31 December 2015

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Non-current assets					
Property, plant and equipment	3	1,374	1,186	–	–
Intangible assets	4	406	471	–	–
Goodwill on consolidation	5	999	1,037	–	–
Interests in:					
- subsidiaries	6	–	–	2,207	2,207
- associates	7	3,852	2,351	–	–
- joint ventures	8	162	17	–	–
Other financial assets	9	217	133	–	–
Deferred tax assets	10	1	1	–	–
Other non-current financial assets	14	14	14	–	–
Balances with related parties	17	82	–	300	–
		7,107	5,210	2,507	2,207
Current assets					
Inventories	11	88	56	–	–
Work-in-progress	12	26	20	–	–
Trade receivables	15	223	228	–	–
Other receivables, deposits and prepayments	16	257	530	1	–
Balances with related parties	17	40	13	–	–
Cash and cash equivalents	18	1,259	2,085	1	1
		1,893	2,932	2	1
Total assets		9,000	8,142	2,509	2,208

The accompanying notes form an integral part of these financial statements.

Balance sheets (cont'd)
As at 31 December 2015

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Equity attributable to equity holder of the Company					
Share capital	19	2,172	2,172	2,172	2,172
Reserves	20	2,582	1,720	36	36
		4,754	3,892	2,208	2,208
Non-controlling interests	21	685	760	–	–
Total equity		5,439	4,652	2,208	2,208
Non-current liabilities					
Bank and other borrowings	23	1,780	1,590	300	–
Deferred tax liabilities	10	120	128	–	–
Other non-current liabilities	26	116	116	–	–
		2,016	1,834	300	–
Current liabilities					
Trade payables		137	144	–	–
Other payables, accruals and provisions	27	1,082	1,072	1	–
Balances with related parties	17	89	39	–	–
Bank and other borrowings	23	155	303	–	–
Current tax payable		82	98	–	–
		1,545	1,656	1	–
Total liabilities		3,561	3,490	301	–
Total equity and liabilities		9,000	8,142	2,509	2,208

The accompanying notes form an integral part of these financial statements.

Income statements
Year ended 31 December 2015

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Revenue					
Sale of equipment		515	388	–	–
Mobile revenue		1,723	1,760	–	–
Pay TV revenue		391	392	–	–
Broadband revenue		200	206	–	–
Fixed network services		398	392	–	–
Maintenance and installation services		83	80	–	–
		3,310	3,218	–	–
Less: Operating expenses					
Cost of equipment sold		758	607	–	–
Cost of telecommunication services		959	895	–	–
Doubtful debts		21	18	–	–
Depreciation, amortisation and impairment		344	337	–	–
Marketing and promotion expenses		165	180	–	–
Staff costs		404	440	–	–
Rental expenses		204	209	–	–
Other operating expenses		199	197	–	–
		3,054	2,883	–	–
Profit from operations	28	256	335	–	–
Finance costs	30	(49)	(49)	(1)	–
Finance income	31	15	17	1	–
Share of results of associates and joint ventures, net of tax	7, 8	697	67	–	–
Other income	32	89	615	–	–
Profit before taxation		1,008	985	–	–
Tax expense	33	(71)	(93)	–	–
Profit for the year		937	892	–	–
Attributable to:					
Equity holder of the Company		805	713	–	–
Non-controlling interests		132	179	–	–
Profit for the year		937	892	–	–

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**
	$'m	**$'m**	**$'m**	**$'m**
Profit for the year	937	892	–	–
Other comprehensive income				
Items that are or may be reclassified subsequently to income statement:				
Exchange differences on monetary items forming part of net investment in foreign operations	–	3	–	–
Translation differences relating to financial statements of foreign operations	(59)	(4)	–	–
Effective portion of changes in fair value of cash flow hedges	4	4	–	–
Share of other comprehensive income of associates and joint ventures, net of tax	115	49	–	–
Other comprehensive income for the year, net of tax	60	52	–	–
Total comprehensive income for the year	997	944	–	–
Attributable to:				
Equity holder of the Company	879	765	–	–
Non-controlling interests	118	179	–	–
Total comprehensive income for the year	997	944	–	–

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2015

Group	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
At 1 January 2014	2,172	4	(80)	(2)	(1)	(488)	1,509	3,114	760	3,874
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	713	713	179	892
Other comprehensive income										
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	3	–	–	–	–	3	–	3
Translation differences relating to financial statements of foreign operations	–	–	(2)	–	–	–	–	(2)	(2)	(4)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	2	–	–	2	2	4
Share of other comprehensive income of associates and joint ventures, net of tax	–	–	50	(1)	–	–	–	49	–	49
Total other comprehensive income, net of tax	–	–	51	(1)	2	–	–	52	–	52
Total comprehensive income for the year	–	–	51	(1)	2	–	713	765	179	944
Brought forward	2,172	4	(29)	(3)	1	(488)	2,222	3,879	939	4,818

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2015

Group	Note	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
Carried forward		2,172	4	(29)	(3)	1	(488)	2,222	3,879	939	4,818
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Capital contributions from non-controlling interests of subsidiaries		–	–	–	–	–	–	–	–	6	6
Dividends to non-controlling interests of subsidiaries	20	–	–	–	–	–	–	–	–	(197)	(197)
Share-based payment transactions		–	–	–	–	–	–	–	–	10	10
Total contributions by and distributions to owners		–	–	–	–	–	–	–	–	(181)	(181)
Changes in ownership interests in subsidiaries											
Changes in ownership interests without a change of control		–	–	–	–	–	–	13	13	2	15
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	13	13	2	15
Total transactions with owners		–	–	–	–	–	–	13	13	(179)	(166)
At 31 December 2014		2,172	4	(29)	(3)	1	(488)	2,235	3,892	760	4,652

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2015

Group	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
At 1 January 2015	2,172	4	(29)	(3)	1	(488)	2,235	3,892	760	4,652
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	805	805	132	937
Other comprehensive income										
Translation differences relating to financial statements of foreign operations	–	–	(44)	–	–	–	–	(44)	(15)	(59)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	2	–	–	2	2	4
Share of other comprehensive income of associates and joint ventures, net of tax	–	–	113	7	–	–	(4)	116	(1)	115
Total other comprehensive income, net of tax	–	–	69	7	2	–	(4)	74	(14)	60
Total comprehensive income for the year	–	–	69	7	2	–	801	879	118	997
Brought forward	2,172	4	40	4	3	(488)	3,036	4,771	878	5,649

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2015

Group	Note	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
Carried forward		2,172	4	40	4	3	(488)	3,036	4,771	878	5,649
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends to non-controlling interests of subsidiaries	20	–	–	–	–	–	–	–	–	(207)	(207)
Share-based payment transactions		–	–	–	–	–	–	–	–	10	10
Total contributions by and distributions to owners		–	–	–	–	–	–	–	–	(197)	(197)
Changes in ownership interests in subsidiaries											
Changes in ownership interests without a change of control		–	–	–	–	–	–	(17)	(17)	4	(13)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	(17)	(17)	4	(13)
Total transactions with owners		–	–	–	–	–	–	(17)	(17)	(193)	(210)
At 31 December 2015		2,172	4	40	4	3	(488)	3,019	4,754	685	5,439

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 December 2015

Company	Share capital $'m	Accumulated profits $'m	Total $'m
At 1 January 2014	2,172	36	2,208
Profit for the year/Total comprehensive income for the year	–	–	–
At 31 December 2014	2,172	36	2,208
At 1 January 2015	2,172	36	2,208
Profit for the year/Total comprehensive income for the year	–	–	–
At 31 December 2015	2,172	36	2,208

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement
Year ended 31 December 2015

	2015	2014
	$'m	$'m
Cash flows from operating activities		
Profit for the year	937	892
Adjustments for:		
Income related grants	(45)	(47)
Changes in fair value of financial assets	(4)	1
Depreciation, amortisation and impairment	344	337
Finance costs	49	49
Gain on disposal of property, plant and equipment and intangible assets	(2)	–
Gain on dilution of interest in an associate	(64)	(614)
Write back of impairment on loan from associate	(10)	–
Write back of impairment on loan from associate previously written off	(2)	–
Income tax expense	71	93
Interest income	(15)	(17)
Share of results of associate and joint venture entities	(697)	(67)
Value of employee services received for issue of equity based compensation	10	10
Exchange differences from investing and financing activities	11	9
	583	646
Changes in:		
Balances with related parties	43	9
Inventories	(33)	6
Payables and accruals	(31)	72
Receivables, deposits and prepayments	295	(388)
Cash generated from operations	857	345
Income taxes paid	(95)	(68)
Net cash from operating activities	762	277
Cash flows from investing activities		
Dividends received from associates and joint ventures	4	3
Interest received	12	18
Additional loans to associates	(92)	–
Repayment of loan from associate	6	–
Purchase of intangible assets	(53)	(99)
Payment of contingent consideration	(6)	–
Purchase of other financial assets	(84)	–
Proceeds from disposal of property, plant and equipment	3	1
Purchase of property, plant and equipment	(417)	(296)
Payment for investments in associates and joint ventures	(774)	(313)
Net cash used in investing activities	(1,401)	(686)

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement (cont'd)
Year ended 31 December 2015

	Note	2015 $'m	2014 $'m
Cash flows from financing activities			
Proceeds from issuance of multicurrency medium term note		300	–
Extension fee for bank loans		(12)	–
Bank and borrowings:			
- proceeds		36	90
- repayment		(286)	(7)
Proceeds from disposal of interests in subsidiary without loss of control		8	15
Dividends paid to non-controlling interests of subsidiaries		(207)	(197)
Dividends paid to equity holder of the Company		–	(125)
Grants received		29	27
Interest paid		(48)	(41)
Cash pledged as security		(12)	8
Premium paid for redeemable preference shares		(21)	–
Net cash used in financing activities		(213)	(230)
Net decrease in cash and cash equivalents		(852)	(639)
Cash and cash equivalents at beginning of the year		2,050	2,672
Effect of exchange rate changes on balances held in foreign currency		14	17
Cash and cash equivalents at end of the year	18	1,212	2,050

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 May 2016.

1 Domicile and activities

Singapore Technologies Telemedia Pte Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 1 Temasek Avenue, #33-01 Millenia Tower, Singapore 039192.

The Company is principally engaged in the provision of info-communications services and investment holding. Through its subsidiaries, associates and joint ventures, the Group offers a wide array of communications and information services, including fixed and mobile communications, global IP network and services and cable television services.

The immediate and ultimate holding company is Temasek Holdings (Private) Limited ("Temasek"), a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

The historical cost basis is used except for certain financial assets and financial liabilities which are stated at fair value.

These 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 preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may 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 particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are as follows:

- Note 5 – Assumptions of recoverable amounts relating to impairment of goodwill
- Note 7 – Recognition of deferred tax assets by an associate
- Note 15 – Impairment of trade receivables
- Note 34 – Assumptions underlying the measurement of share-based payments
- Note 36 – Valuation of financial instruments

The accounting polices 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 the annual period beginning on 1 January 2015. The adoption did not result in substantial changes to the Group's accounting policies and had 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 these new standards and interpretations that are relevant to its operation, on the financial statements of the Group and the Company. The Group does not plan to early adopt these standards.

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 clarification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new hedge accounting requirements. It is mandatory for the adoption by the Group for the annual period beginning on 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 on 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 on 1 January 2016.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests 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. If the Group retains any interest in the previous subsidiary, then such interest is measured at 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.

Equity-accounted investees

Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Subsequent to initial recognition, investments in associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the income and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control 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.

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.

Accounting for subsidiary in the separate financial statements

Investment in subsidiary is stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated 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 retranslated to the functional currency at the exchange rate at the date 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 retranslation are recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transaction. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the 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 operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss 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. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

Net investment in a foreign operation

When the settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation are recognised in other comprehensive income of the Group, and are presented in the currency translation reserve in equity.

2.4 Property, plant and equipment

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.

Depreciation is provided on the straight-line basis over their estimated useful lives as follows:

Freehold buildings	-	50 years
Leasehold land	-	60 years
Leasehold buildings	-	30 years to 42 years
Leasehold improvements	-	shorter of lease terms or 10 years
Network equipment	-	2 to 15 years
Office equipment, computers and furniture and fittings	-	2 to 10 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 land and assets under construction.

2.5 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and joint ventures.

Goodwill arising on the acquisition of subsidiaries is presented separately. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Acquisitions prior to 1 January 2001

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill and negative goodwill on acquisitions were written off against accumulated profits in the year of acquisition.

Goodwill and negative goodwill that have previously been taken to reserves are not taken to the income statement when (a) the business is disposed of or (b) the goodwill is impaired.

Acquisitions occurring between 1 January 2001 and 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of not more than 20 years. On 1 January 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in Note 2.8.

Negative goodwill was derecognised by crediting accumulated profits on 1 January 2005.

Acquisitions occurring between 1 January 2005 and 31 December 2009

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.8. Negative goodwill is recognised immediately in the income statement.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill that arises on the date of acquisition of subsidiaries as the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the 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 (negative goodwill) is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.8.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the income statement on a straight-line basis from the date they are available for use over their estimated useful lives as follows:

Telecommunications licences	-	over the period of the licences of 10 to 21 years
Software	-	2 to 5 years
Branding	-	10 years
Customer contracts and relationships	-	2 to 7 years

No amortisation is provided in respect of software in development.

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.

2.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, debt securities, trade and other receivables, deposits, cash and cash equivalents, contingent consideration, trade and other payables, accruals, balances with related parties and bank and other borrowings.

Non-derivative financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments, except as disclosed below, are measured at amortised cost using the effective interest method, less any impairment losses.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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. The right to set off a financial asset and financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and all counterparties.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

Available-for-sale financial assets

The Group's investment in equity securities is classified as available-for-sale financial asset. Investment in equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Available-for-sale financial asset is recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, available-for-sale financial asset is measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity.

Convertible notes

The debt component of the convertible note ("debt component") is recognised initially at the fair value of a similar debt instrument that does not have an equity conversion option. On initial recognition, any difference between the fair value of the convertible note as a whole and the fair value of the debt component is recognised as a separable embedded derivative. Subsequent to initial recognition, the debt component is measured at amortised cost using the effective interest method.

Financial assets at cost

Investment in equity securities whose fair value cannot be reliably measured is measured at cost less impairment losses. If the fair value of an investment in equity securities measured previously at cost less impairment losses becomes reliably measurable, the investment in equity securities is re-measured at fair value and changes between its carrying amount and fair value, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity.

The cumulative gain or loss in equity is reclassified to the income statement when the financial asset is derecognised or impaired.

Contingent consideration

Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date and initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

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 equity 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.

Economic hedges

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.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the income statement.

Financial guarantee

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option.

Incremental costs directly attributable to the issue of ordinary shares, preference shares and share options are recognised as a deduction from equity.

2.7 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.

2.8 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss 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 a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Available-for-sale financial assets

Impairment losses on available-for-sale equity securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to income statement. The cumulative loss that is reclassified from equity to the income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, 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.

Financial assets at cost

For an equity security measured at cost because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on equity securities are not reversed through the income statement.

Financial assets at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent decrease in impairment loss can be related objectively to an event occurring after the impairment loss was recognised.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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 assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Calculation of recoverable amount

The recoverable amount of an asset or cash generating unit 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

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.

2.9 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.

2.10 Work in progress

Work-in-progress comprises uncompleted contracts.

When the outcome of such contracts can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is assessed by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs include cost of direct materials, direct labour and cost incurred in connection with the project.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Work-in-progress is measured at cost plus attributable profit recognised to date, net of progress billings and allowances for foreseeable losses recognised, and is presented in the balance sheet as work-in-progress (as an asset) or as excess of progress billings over work-in-progress (as a liability), as applicable. The Group reports the net contract position for each contract as either an asset or a liability.

2.11 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Singapore Government bonds that have maturity dates approximating the terms of the Group's obligations.

Any actuarial gains or losses are recognised in the income statement in the period in which they arise.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or Performance Cash Plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

Share Option Plans

The Share Option Plans allows Group employees to acquire shares of the subsidiaries. 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 become unconditionally entitled to the options. At each reporting date, the Group 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.

A subsidiary of the Group has certain cash-settled share-based payments transactions. The fair value of the amount payable to the employees is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in the income statement.

Performance Share Plan and Restricted Stock Plan

The Performance Share Plan and the Restricted Stock Plan 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 Group revises its estimates of the number of shares that the participating employees 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.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Group makes provision for site decommissioning and restoration costs based on management's best estimate of the costs necessary to be incurred to decommission and restore the telecommunications sites.

2.13 Deferred 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.

2.14 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to a business combinations, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 reporting date arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they 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.

2.15 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, cable television services, maintenance and installation, and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the balance sheet as unearned revenue.

- Revenue from sales of pre-paid and phone cards for which services have not been rendered is deferred and presented in the balance sheet as unearned revenue. Upon the expiry of pre-paid and phone cards, any unutilised value of the cards is taken to the income statement.

- Revenue from sale of equipment and goods 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 with the earning process of each element.

- Income on project work-in-progress is recognised using the stage of completion method.

- Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

- Interest income is recognised as it accrues, using the effective interest method.

2.16 Finance costs

Finance costs comprise fair value changes on contingent consideration, interest expense and similar charges. Finance costs are recognised in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.17 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.

2.18 Customer loyalty programme

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.

2.19 Dividends

Dividends to the Company's shareholder are recognised in the financial year in which the dividends are approved by the shareholder.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's executive director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets and liabilities from non-operating investment holding subsidiaries. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 Property, plant and equipment

Group	Freehold land and buildings $'m	Leasehold land, buildings and improvements $'m	Network equipment $'m	Office equipment, computers and furniture and fittings $'m	Motor vehicles $'m	Assets under construction $'m	Total $'m
Cost							
At 1 January 2014	3	97	3,214	180	6	141	3,641
Translation difference	–	–	(5)	(1)	–	(1)	(7)
Additions	–	2	15	3	–	324	344
Transfers	–	2	315	10	–	(327)	–
Disposals/write off	–	(3)	(44)	(13)	–	(5)	(65)
At 31 December 2014	3	98	3,495	179	6	132	3,913
Translation difference	(1)	(1)	(43)	(4)	–	(5)	(54)
Additions	10	1	10	1	1	458	481
Transfers	–	2	307	22	–	(331)	–
Disposals/write off	–	(7)	(113)	(12)	–	–	(132)
At 31 December 2015	12	93	3,656	186	7	254	4,208

Group	Freehold land and buildings $'m	Leasehold land, buildings and improvements $'m	Network equipment $'m	Office equipment, computers and furniture and fittings $'m	Motor vehicles $'m	Assets under construction $'m	Total $'m
Accumulated depreciation and impairment losses							
At 1 January 2014	–	47	2,341	148	5	5	2,546
Translation difference	–	–	(2)	(1)	–	–	(3)
Charge for the year	–	5	227	15	1	–	248
Disposals/write off	–	(3)	(43)	(13)	–	(5)	(64)
At 31 December 2014	–	49	2,523	149	6	–	2,727
Translation difference	–	–	(18)	(4)	–	–	(22)
Charge for the year	–	4	238	15	1	–	258
Impairment loss	–	–	2	–	–	–	2
Disposals/write off	–	(7)	(113)	(11)	–	–	(131)
At 31 December 2015	–	46	2,632	149	7	–	2,834
Carrying amounts							
At 1 January 2014	3	50	873	32	1	136	1,095
At 31 December 2014	3	49	972	30	–	132	1,186
At 31 December 2015	12	47	1,024	37	–	254	1,374

	Group 2015 $'m	Group 2014 $'m
Staff costs capitalised in assets under construction during the year	3	3
Borrowing costs capitalised in assets under construction during the year*	5	–

** The capitalisation rate for the borrowing costs is 3% (2014: Nil).*

4 Intangible assets

Group	Telecommuni-cations licences $'m	Software $'m	Software in development $'m	Branding $'m	Customer contracts and relationships $'m	Total $'m
Cost						
At 1 January 2014	395	491	18	36	21	961
Translation difference	(5)	(1)	–	(1)	–	(7)
Additions	40	20	39	–	–	99
Disposals/write offs	–	(5)	–	–	–	(5)
Transfers	–	43	(43)	–	–	–
At 31 December 2014	430	548	14	35	21	1,048
Translation difference	(37)	(11)	–	(4)	(2)	(54)
Additions	–	18	35	–	–	53
Disposals/write offs	(2)	(4)	–	–	–	(6)
Transfers	–	32	(32)	–	–	–
At 31 December 2015	391	583	17	31	19	1,041

Group	**Telecommuni-cations licences $'m**	**Software $'m**	**Software in development $'m**	**Branding $'m**	**Customer contracts and relationships $'m**	**Total $'m**
Accumulated amortisation						
At 1 January 2014	96	377	–	6	16	495
Translation difference	(1)	(1)	–	–	–	(2)
Disposals/write offs	–	(5)	–	–	–	(5)
Charge for the year	26	56	–	3	4	89
At 31 December 2014	121	427	–	9	20	577
Translation difference	(10)	(7)	–	(1)	(2)	(20)
Disposals/write offs	(2)	(4)	–	–	–	(6)
Charge for the year	25	55	–	3	1	84
At 31 December 2015	134	471	–	11	19	635
Carrying amounts						
At 1 January 2014	299	114	18	30	5	466
At 31 December 2014	309	121	14	26	1	471
At 31 December 2015	257	112	17	20	–	406

	Group 2015 $'m	**Group 2014 $'m**
Staff costs capitalised in software development during the year	2	2

5 Goodwill on consolidation

	Group	
	2015	**2014**
	S'm	**S'm**
Cost		
At 1 January	1,037	1,043
Translation difference	(38)	(6)
At 31 December	999	1,037

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the country of operation of each subsidiary acquired, as follows:

	Group	
	2015	**2014**
	S'm	**S'm**
Singapore	742	742
Malaysia	257	295
	999	1,037

The recoverable amount of a CGU is based on the greater of its fair value less costs to sell and its value-in-use ("VIU").

For goodwill identified to the Singapore CGUs amounting to $742 million (2014: $742 million), the recoverable amounts were determined based on fair value less costs to sell using the market prices of the CGUs which are quoted on the stock exchange and are subject to fluctuations. The fair value measurement was categorised as a Level 1 fair value based on the inputs in the valuation technique used.

Based on the fair value less costs to sell of the CGUs, the recoverable amounts exceeded the carrying amounts of the CGUs including goodwill. Accordingly, no impairment was necessary as at the reporting date. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

For goodwill identified to the Malaysia CGU arising from the acquisition of U Mobile Sdn. Bhd. ("U Mobile"), the recoverable amount as at 31 December 2015 was based on VIU.

U Mobile's VIU was determined by discounting estimated future cash flows generated from the continuing use of the CGU and a terminal value determined using an Enterprise to EBITDA exit multiple. The cash flows projections were based on the five-year business plan for U Mobile which took into consideration management's assessment of anticipated future trends and actual operating results for the year ended 31 December 2015.

The discounted cash flow model was based on the following key assumptions:

	Group	
	2015	**2014**
Discount rate	12.0%	12.0%
Terminal growth rate	n/a	3.0%
Enterprise to EBITDA exit multiple	9.0	n/a

The values assigned to the key assumptions represent management's assessment of developments in the telecommunications industry and were based on both external sources and internal sources (historical data). Based on the above assumptions, the recoverable amount was estimated to be higher than the carrying amount of the CGU, and no impairment was required in 2015. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. Any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount.

6 Interests in subsidiaries

	Company	
	2015	**2014**
	$'m	**$'m**
Unquoted ordinary shares, at cost	1,842	1,842
Unquoted redeemable convertible preferences shares, at cost	365	365
	2,207	2,207

Details of subsidiaries are as follows:

Name of subsidiaries	**Principal place of business**	**Effective equity held by the Group**	
		2015	**2014**
		%	**%**
Held by the Company:			
STT Communications Ltd ("STTC") - ordinary shares - redeemable convertible preference shares	Singapore	100.0	100.0
Held by the STT Communications Ltd:			
STT Communications (Beijing) Co., Ltd	People's Republic of China	100.0	100.0
STT Communications (Shanghai) Co., Ltd	People's Republic of China	100.0	–

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2015 %	2014 %
	Held by the STT Communications Ltd (cont'd):			
	STT inTech Pte. Ltd.	Singapore	100.0	–
(1)	stt Ventures Ltd	Mauritius	–	100.0
	MiNetwork Ltd	British Virgin Islands	100.0	100.0
(2)	Singapore Technologies (China) Paging Pte Ltd	Singapore	100.0	100.0
	STT International Vietnam Pte. Ltd.	Singapore	100.0	100.0
	i-STT Investments Pte. Ltd.	Singapore	100.0	100.0
	Asia Mobile Holding Company Pte. Ltd.	Singapore	100.0	100.0
	TeleChoice International Limited	Singapore	50.4	50.4
	STT Crossing Ltd	Mauritius	100.0	100.0
(3)	Rhapsody Holdings Ltd	Cayman Islands	100.0	100.0
	ST Teleport Pte Ltd	Singapore	100.0	100.0
	Emerald Communications (Singapore) Pte. Ltd. ("ECS")	Singapore	100.0	100.0
	Straits Mobile Investments Pte. Ltd. ("Straits Mobile")	Singapore	100.0	100.0
	Sampaquita Communications Pte. Ltd.	Singapore	100.0	100.0
	STT GDC Pte. Ltd. ("GDC")	Singapore	100.0	100.0
	Held by Asia Mobile Holding Company Pte. Ltd.:			
	Asia Mobile Holdings Pte. Ltd.	Singapore	75.0	75.0
	AMHC I Pte. Ltd.	Singapore	100.0	100.0
	StarHub Ltd	Singapore	41.9	42.0

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2015 %	2014 %
	Held by TeleChoice International Limited:			
	N-Wave Technologies (Malaysia) Sdn Bhd	Malaysia	50.4	50.4
	TeleChoice (Indonesia) Pte Ltd	Singapore	50.4	50.4
	NexWave Technologies Pte Ltd	Singapore	50.4	50.4
	NexWave Telecoms Pte. Ltd.	Singapore	50.4	50.4
	Planet Telecoms (S) Pte Ltd	Singapore	50.4	46.4
	Planet Telecoms Managed Services Sdn. Bhd.	Malaysia	50.4	50.4
	S & I Systems Pte Ltd	Singapore	50.4	50.4
	NxGen Communications Pte Ltd	Singapore	50.4	50.4
	Planet Managed Services Pte. Ltd.	Singapore	50.4	50.4
	Held by TeleChoice (Indonesia) Pte Ltd:			
	PT TeleChoice Indonesia	Indonesia	50.4	50.4
	Held by NexWave Telecoms Pte. Ltd.:			
(4)	SunPage Communications Pte Ltd	Singapore	–	50.4
	Held by NexWave Technologies Pte Ltd:			
	PT NexWave	Indonesia	50.4	50.4
	N-Wave Technologies Philippines, Inc.	Philippines	50.4	50.4
	Held by S & I Systems Pte Ltd:			
	Sunway S&I Systems (Thailand) Ltd	Thailand	25.0	25.0
(5)	U Computing Pte Ltd	Singapore	50.4	47.4
	Sunway S&I Systems Sdn Bhd	Malaysia	25.7	25.7
	Held by NxGen Communications Pte Ltd:			
	NxGen Communications (M) Sdn Bhd	Malaysia	50.4	50.4
	NxGen Inc.	Philippines	50.4	50.4

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2015 %	2014 %
	Held by StarHub Ltd:			
	StarHub Mobile Pte Ltd	Singapore	41.9	42.0
	StarHub Cable Vision Ltd.	Singapore	41.9	42.0
	StarHub Internet Pte Ltd	Singapore	41.9	42.0
	StarHub Shop Pte Ltd	Singapore	41.9	42.0
	StarHub Online Pte Ltd	Singapore	41.9	42.0
	StarHub, Inc.	USA	41.9	42.0
	StarHub (Hong Kong) Limited	Hong Kong	41.9	42.0
	StarHub Mauritius Ltd	Mauritius	41.9	42.0
	Nucleus Connect Pte. Ltd.	Singapore	41.9	42.0
	Held by StarHub Mobile Pte Ltd:			
(6)	Foosti Pte. Ltd.	Singapore	41.9	42.0
	Held by Emerald Communications (Singapore) Pte. Ltd.:			
(7)	Emerald Communications (Cayman) SPC ("ECC")	Cayman Islands	100.0	100.0
(7),(8)	eircom Holdings Pty Ltd	Australia	–	100.0
(7),(9)	ERC Luxembourg Limited Sarl	Luxembourg	100.0	100.0
(7),(8)	Eamon Holdings Pty Ltd	Australia	–	100.0
(7),(8)	eircom Holdings Investments 2 Pty Ltd	Australia	–	100.0
(7),(9)	ERC Ireland Equity SPC	Cayman Islands	100.0	100.0
(7),(10)	Valentia Telecommunications (an unlimited public company)	Ireland	100.0	100.0

Name of subsidiaries	Principal place of business	Effective equity held by the Group 2015 %	2014 %
Held by Straits Mobile:			
U Mobile Sdn. Bhd. ("U Mobile")	Malaysia	49.0	49.0
Held by U Mobile Sdn. Bhd.:			
U Mobile Services Sdn. Bhd.	Malaysia	49.0	49.0
Held by STT GDC Pte. Ltd.:			
STT APDC Pte. Ltd.	Singapore	100.0	100.0
STT UK DC Pte. Ltd.	Singapore	100.0	–
Held by STT APDC Pte. Ltd.:			
STT Singapore DC Pte. Ltd.	Singapore	100.0	100.0
Shine Systems Assets Pte. Ltd.	Singapore	82.6	42.0

(1) This entity has been struck off on 8 September 2015.

(2) This entity has been struck off on 4 April 2016.

(3) This entity is currently being struck off.

(4) This entity has been struck off on 17 September 2015.

(5) During the year, a subsidiary company, S&I Systems Pte Ltd ("S&I"), acquired the remaining share capital of U Computing Pte. Ltd. ("U Computing") for an aggregate consideration of $32,713. Consequently, U Computing became a wholly-owned subsidiary of S&I.

(6) This entity is currently in liquidation pursuant to a winding-up order issued by the High Court of Singapore on 14 January 2011.

(7) In April 2013, eircom ESOP Trustee Limited transferred all of its 136,203,352 ordinary shares in the issued capital of ECC ("the Sales Shares") to ECS at a consideration of Euro 1.1 million ($1.8 million) to ECS. The Sale Shares comprised 50% of the issued capital of ECC and, as a result of the transfer of the Sale Shares, the Group holds 100% of the issued capital of ECC.

(8) These entities have been deregistered on 20 December 2015.

(9) This entity is currently under liquidation.

(10) This entity has been dissolved on 20 January 2016.

Although the Group owns less than half of U Mobile and the voting rights of U Mobile, the Group controls U Mobile as it has the power to appoint majority of the board of directors of U Mobile.

7 Interests in associates

Details of associates are as follows:

		Principal place of business	Effective equity held by the Group 2015 %	2014 %
	Held by Asia Mobile Holdings Pte. Ltd.:			
	Shenington Investments Pte Ltd	Singapore	36.8	36.8
	Held by Shenington Investments Pte Ltd:			
(1)	Mfone Co., Ltd.	Cambodia	36.8	36.8
	Lao Telecommunications Company Limited	Lao People's Democratic Republic	18.0	18.0
	Held by STT Crossing Ltd:			
	Level 3 Communications, Inc. ("Level 3")	USA	18.3	16.3
	Held by STT GDC Pte. Ltd.:			
	GDS Holdings Limited ("GDS")	People's Republic of China	42.1	42.1

(1) The company is currently under voluntary insolvency proceedings.

	2015 $'m	2014 $'m
Fair value of ownership interest *		
Level 3	4,994	3,614

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

GDS

In the prior year, the Group acquired 42.1% interest in GDS, a leading provider of high-availability data centre services in China for a total consideration of US$251 million (equivalent to $313 million). At the acquisition date, based on provisionally determined fair values of the underlying assets and liabilities of GDS, a provisional goodwill of RMB532 million (equivalent to $105 million) was recognised. There was no change to the final goodwill following the completion of the purchase price allocation during the year.

Level 3

During the year, the Group's interest in Level 3 increased from 16.3% to 18.3% as a result of the acquisition of additional shares in February, August and September 2015 for a total consideration of US$456 million (equivalent to $621 million). The increase was partially offset by dilution arising from conversion of third party debt to equity and the exercise of equity instruments granted to Level 3's employees. The gain arising from the dilution of interest amounted to $64 million and is recognised as other income in the income statement.

In the prior year, the Group's interests in Level 3 decreased from 23.7% to 16.3% as a result of dilution arising from the share exchange in the acquisition of tw telecom Inc., conversion of third party debt to equity, and the exercise of equity instruments granted to Level 3's employees. The gain arising from the dilution of interest amounted to $614 million and is recognised as other income in the income statement.

Although the Group has less than 20% ownership in the equity interests of Level 3, the Group has determined that it has significant influence as a result of the Group's representation on the board of directors of Level 3.

The following table summarises the financial information of material associates as included in their own (consolidated) financial statements prepared in accordance with FRS, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these associates.

	Level 3	**GDS**
	$'m	**$'m**
2015		
Revenue	11,268	154
Post-tax profit/(loss) from continuing operations	3,938	(30)
Other comprehensive income	155	7
Total comprehensive income	4,093	(23)
Non-current assets	29,426	927
Current assets	2,433	258
Non-current liabilities	(18,129)	(502)
Current liabilities	(1,984)	(205)
Net assets	11,746[(1)]	478

(1) *Includes equity compensation reserve of $343 million that is not attributable to the Group.*

2015	Level 3 $'m	GDS $'m	Immaterial associates $'m	Total $'m
Group's interest in net assets of investee at beginning of the year	1,061	211	46	1,318
Group's share of:				
- Post-tax profit/(loss) from continuing operations*	707	(13)	6	700
- Other comprehensive income	27	3	(3)	27
- Total comprehensive income	734	(10)	3	727
Group's contribution during the year	183	–	–	183
Effect of Group's dilution of interest	99**	–	–	99
Group's interest in net assets of investee at end of the year*	2,077	201	49	2,327
Goodwill at the beginning of the year	920	113	–	1,033
Effect of Group's dilution of interest	(35)**	–	–	(35)
Group's contribution during the year	438	–	–	438
Translation adjustment***	86	3	–	89
Goodwill at the end of the year	1,409	116	–	1,525
Carrying amount of interest in investee at end of the year	3,486	317	49	3,852

* *An associate of the Group has potential tax benefits arising from unutilised tax losses and other temporary differences, which are available for set off against future taxable profits of the associate. Significant judgment is involved in determining the availability of future taxable profits against which the associate can utilise the tax benefits. Where the financial outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets of the associate in the period in which such determination is made.*

** *Gain arising from dilution of interest amounted to $64 million*

*** *Included in share of other comprehensive income of associates*

	Level 3 $'m	GDS $'m
2014		
Revenue	8,551	97
Post-tax profit/(loss) from continuing operations	312	(61)
Other comprehensive income	(92)	(1)
Total comprehensive income	220	(62)
Non-current assets	23,342	667
Current assets	1,917	170
Non-current liabilities	(16,275)	(144)
Current liabilities	(2,475)	(191)
Net assets	6,509[1]	502

[1] *Includes equity compensation reserve of $137 million that is not attributable to the Group.*

	Level 3 $'m	GDS $'m	Immaterial associates $'m	Total $'m
Group's interest in net assets of investee at beginning of the year/date of acquisition	(18)	208	43	233
Group's share of:				
- Post-tax profit/(loss) from continuing operations	69	(9)	5	65
- Other comprehensive income	(10)	12	1	3
- Total comprehensive income	59	3	6	68
Dividend received during the year	–	–	(3)	(3)
Effect of Group's dilution of interest	1,020*	–	–	1,020
Group's interest in net assets of investee at end of the year	1,061	211	46	1,318
Goodwill at the beginning of the year/date of acquisition	1,288	105	–	1,393
Effect of Group's dilution of interest	(406)*	–	–	(406)
Translation adjustment**	38	8	–	46
Goodwill at the end of the year	920	113	–	1,033
Carrying amount of interest in investee at end of the year	1,981	324	46	2,351

* *Gain arising from dilution of interest amounted to $614 million*
** *Included in share of other comprehensive income of associates*

Impairment tests

When there is an indicator of possible impairment, the investment in the associate is tested to determine if it has suffered any impairment. This determination requires significant judgement. The recoverable amount is determined based on an estimate of the future profitability and cash flows of the associate, taking into account business outlook, including factors such as industry and sector performance. The recoverable amount of the associate could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

No impairment testing was performed in the current and prior years as there were no indicators of further impairment.

8 Interests in joint ventures

Details of joint ventures are as follows:

	Principal place of business	Effective equity held by the Group	
		2015	2014
		%	%
Held by STT Communications Ltd:			
Grid Communications Pte. Ltd.	Singapore	50.0	50.0
Held by TeleChoice International Limited and its subsidiaries:			
PT Sakalaguna Semesta[1]	Indonesia	–	24.7
Held bv STT UK DC Pte. Ltd.:			
Brockton Virtus HoldCo Limited ("Virtus")	United Kingdom	41.5	–

(1) The entity was disposed of during the year. The total consideration and gain from disposal are less than $1 million.

During the year, the Group acquired a total of 41.5% equity interest in Virtus, a leading provider of high-availability data centre services in the United Kingdom, for a total consideration of £72 million (equivalent to $153 million). At the acquisition date, based on provisionally determined fair values of the underlying assets and liabilities of Virtus, a provisional goodwill of £35 million (equivalent to $75 million) has been recognised.

At 31 December 2015, in accordance with the joint venture agreement, the Group has remaining capital contributions amounting to £39 million (equivalent to $82 million), representing up to 49% equity interest in Virtus. This commitment has not been recognised in the Group's consolidated financial statement at the reporting date. In March 2016, the Group invested an additional £8 million (equivalent to $16 million) in Virtus. Subsequent to the additional investment, the uncalled capital commitment in Virtus amounts to £31 million (equivalent to $66 million).

The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these joint ventures that are accounted for using the equity method:

	Group	
	2015	**2014**
	\$'m	**\$'m**
Carrying amount of interests in joint ventures	162	17
Group's share of:		
- Post-tax profit from continuing operations	(3)	2
- Other comprehensive income	(1)	–
Total comprehensive income	(4)	2

The Group's share of the capital commitments of joint ventures is \$5 million (2014: \$1 million).

9 Other financial assets

	Group	
	2015	**2014**
	\$'m	**\$'m**
Unquoted available-for-sale equity securities, at fair value	130	130
Unquoted equity securities, at cost	87	3
	217	133

The unquoted equity securities are carried at cost because the fair value cannot be reliably determined in view of the wide range of possible outcomes in which the probability of the various outcomes cannot be estimated.

10 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during the year are as follows:

Group	**At 1 January 2014 \$'m**	**Recognised in income statement (Note 33) \$'m**	**At 31 December 2014 \$'m**	**Recognised in income statement (Note 33) \$'m**	**At 31 December 2015 \$'m**
Deferred tax liabilities					
Property, plant and equipment and intangibles	(138)	5	(133)	11	(122)
Other items	10	(5)	5	(3)	2
Total	(128)	–	(128)	8	(120)
Deferred tax assets					
Deferred grants	1	–	1	–	1
Total	1	–	1	–	1

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

The following deductible temporary differences have not been recognised:

	Group	
	2015	**2014**
	$'m	**$'m**
Unutilised capital allowances	116	62
Tax losses	548	614
	664	676

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

11 Inventories

	Group	
	2015	**2014**
	$'m	**$'m**
Materials and components	1	1
Inventories held for resale		
- at cost	78	52
- at net realisable value	9	3
	88	56

12 Work-in-progress

	Group	
	2015	**2014**
	$'m	**$'m**
Cost incurred and attributable profits less foreseeable losses	67	68
Progress billings	(41)	(48)
	26	20

13 Loans and receivables

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		$'m	$'m	$'m	$'m
Other non-current financial assets	14	13	13	–	–
Trade receivables	15	223	228	–	–
Other receivables and deposits	16	179	149	1	–
Balances with related parties	17	122	13	–	–
Cash and cash equivalents	18	1,259	2,085	1	1
		1,796	2,488	2	1

14 Other non-current financial assets

	Note	Group 2015	Group 2014
		$'m	$'m
Convertible loan note		6	6
Others		7	7
	13	13	13
Derivative assets		1	1
		14	14

15 Trade receivables

	Note	Group 2015	Group 2014
		$'m	$'m
Trade receivables		292	297
Allowance for doubtful receivables		(69)	(69)
	13	223	228

The Group's primary exposure to credit risk arises through its trade receivables, which include corporate and retail customers. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Allowance for doubtful receivables are estimated based on historical bad debts experienced.

The age analysis of the Group's trade receivables past due but not impaired at the reporting date is as follows:

	2015	**2014**
	$'m	**$'m**
Past due 0 – 30 days	104	119
Past due 31 – 120 days	11	8
Past due 121 – 365 days	5	5
	120	132

The change in allowance for doubtful receivables in respect of trade receivables during the year is as follows:

	Group	
	2015	**2014**
	$'m	**$'m**
At 1 January	69	67
Allowance for doubtful receivables	21	18
Allowance utilised	(15)	(15)
Translation difference	(6)	(1)
At 31 December	69	69

16 Other receivables, deposits and prepayments

		Group		**Company**	
	Note	**2015**	**2014**	**2015**	**2014**
		$'m	**$'m**	**$'m**	**$'m**
Grants receivables		11	7	–	–
Other receivables		152	123	1	–
Deposits		16	19	–	–
	13	179	149	1	–
Prepayments		71	379	–	–
Advance payments to suppliers		1	–	–	–
Derivative assets		6	2	–	–
		257	530	1	–

17 Balances with related parties

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Assets					
Non-current					
Loan to a subsidiary					
- Interest-bearing	(i)	–	–	300	–
Loan to associate					
- Interest-bearing	(ii)	82	–	–	–
		82	–	300	–
Current					
Associates					
- Interest-bearing loan	(iii)	20	10	–	–
- Interest-free loan	(iv)	3	3	–	–
- Current account		1	1	–	–
Related corporations					
- Current account		19	12	–	–
		43	26	–	–
Allowance for doubtful loans and receivables	(v)	(3)	(13)	–	–
		40	13	–	–
	13	122	13	300	–
Liabilities					
Current					
Associates					
- Current account		2	–	–	–
Related corporations					
- Current account		87	39	–	–
	22	89	39	–	–

(i) The non-current loan to a subsidiary is unsecured, bears interest at 4.05% per annum and is repayable in December 2025.

(ii) The non-current loan to associate is unsecured, bears interest at LIBOR + 3.00% per annum and is repayable from 2018 to 2025.

(iii) The short term loan to an associate amounting to $6 million (2014: $10 million) is unsecured, bears interest at the range of LIBOR + 2.50% to LIBOR + 2.75% (2014: LIBOR+2.50% to LIBOR+2.75%) per annum and is repayable on demand.

The short term loan to an associate amounting to $14 million (2014: Nil) is unsecured, bears interest at 10% per annum and was fully settled subsequent to year end.

(iv) The loan to an associate was fully impaired in the prior year owing to the significant financial difficulties experienced by the associate.

(v) The change in the allowance for doubtful loans and receivables during the year is as follows:

	Group	
	2015	**2014**
	$'m	**$'m**
At 1 January	13	14
Written back made during the year	(10)	–
Translation difference	–	(1)
At 31 December	3	13

All the other amounts due from and to related parties are unsecured, interest-free and repayable on demand.

18 Cash and cash equivalents

		Group		Company	
	Note	**2015**	**2014**	**2015**	**2014**
		$'m	**$'m**	**$'m**	**$'m**
Fixed deposits with financial institutions		928	1,590	–	–
Cash at banks and in hand		331	495	1	1
Cash and cash equivalents in the balance sheet	13	1,259	2,085	1	1
Cash collateral placed with financial institutions		(47)	(35)		
Cash and cash equivalents for purposes of the consolidated cash flow statement		1,212	2,050		

At 31 December 2015, the Group has cash and bank balances totalling the equivalent of $8 million (2014: $5 million) which are held in countries with foreign exchange controls.

Cash and cash equivalents totalling $218 million (2014: $302 million) are held in the Group's various publicly-listed subsidiaries which operate under stock exchange regulations which impose restrictions and conditions on related party transactions, including the transfers of cash and the granting of loans to other subsidiaries in the Group.

19 Share capital – Group and Company

	2015		2014	
	No. of shares '000	$'m	No. of shares '000	$'m
Issued and fully paid at 1 January and 31 December:				
Ordinary shares	1,467,210	1,805	1,467,210	1,805
Series A redeemable convertible preference shares ("RCPS")	287	287	287	287
Series B RCPS	1	80	1	80
		2,172		2,172

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Series A RCPS are redeemable at the option of the Company by way of cash or by way of issuance of ordinary shares or a combination of cash and ordinary shares. The Series B RCPS are redeemable at the option of the Company by way of cash. Dividends are non-cumulative and determined at rates to be fixed by the Company from time to time at its absolute discretion. Series A and Series B RCPS do not carry voting rights. The holders of the RCPS are to receive preferential return of accrued dividends and redemption amount equal to the issue price of the RCPS at the Company's discretion.

20 Reserves

	Group		Company	
	2015 $'m	2014 $'m	2015 $'m	2014 $'m
Capital reserve	4	4	–	–
Currency translation reserve	40	(29)	–	–
Fair value reserve	4	(3)	–	–
Hedging reserve	3	1	–	–
Goodwill written off	(488)	(488)	–	–
Accumulated profits	3,019	2,235	36	36
	2,582	1,720	36	36

The capital reserve of the Group arises from bonus issues of shares by a subsidiary and gain arising on other capital transactions with shareholders.

The currency translation reserve of the Group comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;

(b) foreign exchange differences arising from the translation of monetary items forming part of the Company's net investment in foreign operations; and

(c) the Company's share of foreign exchange differences arising from the translation of the financial statements of associates and joint ventures whose functional currencies are different from the functional currency of the Company.

The fair value reserve comprises the share of fair value reserve from associate and cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

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 that have not yet affected the income statement.

Goodwill written off comprises goodwill arising prior to 1 January 2001 on the consolidation of subsidiaries.

Dividends

The following tax-exempt (one-tier) dividends were declared and paid by the Group:

	Group	
	2015	**2014**
	$'m	**$'m**
Paid by subsidiaries to non-controlling interests		
Final dividend of $0.05 per share paid in respect of year 2014 (2014: $0.05 per share paid in respect of 2013)	38	38
Interim dividend of $0.15 (2014: $0.15) per share paid in respect of year ended 31 December	115	113
Final dividend of $0.016 (2014: $0.016) per share paid in respect of year ended 31 December	4	4
Final dividend of $0.41 (2014: $0.35) per share paid in respect of year ended 31 December	50	42
	207	197

21 Non-controlling interests

The following subsidiaries have material non-controlling interests ("NCI").

Name	Principal place of business	Ownership interests held by NCI 2015 %	2014 %
AMH and its subsidiaries ("AMH Group")	Singapore	25.0	25.0
TeleChoice and its subsidiaries ("TeleChoice Group")	Singapore	49.6	49.6
U Mobile and its subsidiaries ("U Mobile Group")	Malaysia	51.0	51.0

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	AMH Group $'m	TeleChoice Group $'m	U Mobile Group $'m
2015			
Revenue	2,444	581	503
Post-tax profit/(loss) from continuing operations	338	10	(148)
Other comprehensive income	1	–	(29)
Total comprehensive income	339	10	(177)
Attributable to NCI:			
- Post-tax profit/(loss) from continuing operations	202	5	(75)
- Other comprehensive income	1	–	(15)
- **Total comprehensive income**	203	5	(90)
Non-current assets	2,789	24	547
Current assets	721	170	134
Non-current liabilities	(1,603)	(10)	(106)
Current liabilities	(1,043)	(110)	(458)
Net assets	864	74	117
Net assets attributable to NCI	575	37	60
Cash flows from/(used in) operating activities	539	25	(6)
Cash flows used in investing activities	(370)	(8)	(105)
Cash flows used in financing activities (dividends to NCI: $207m)	(568)	(10)	80
Net (decrease)/increase in cash and cash equivalents	(399)	7	(31)

	AMH Group $'m	TeleChoice Group $'m	U Mobile Group $'m
2014			
Revenue	2,420	517	488
Post-tax profit/(loss) from continuing operations	372	9	(98)
Other comprehensive income	5	–	(5)
Total comprehensive income	377	9	(103)
Attributable to NCI:			
- Post-tax profit/(loss) from continuing operations	225	4	(50)
- Other comprehensive income	3	–	(3)
- **Total comprehensive income**	228	4	(53)
Non-current assets	2,740	24	541
Current assets	1,091	162	133
Non-current liabilities	(1,748)	(3)	(34)
Current liabilities	(1,208)	(111)	(346)
Net assets	875	72	294
Net assets attributable to NCI	574	36	150
Cash flows from/(used in) operating activities	645	1	(19)
Cash flows used in investing activities	(314)	(4)	(57)
Cash flows (used in)/from financing activities (dividends to NCI: $197m)	(315)	(8)	99
Net increase/(decrease) in cash and cash equivalents	16	(11)	23

22 Financial liabilities at amortised cost

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Trade payables		137	144	–	–
Balances with related parties	17	89	39	–	–
Bank and other borrowings	23	1,935	1,893	300	–
Other non-current liabilities	26	30	22	–	–
Other payables and accruals	27	870	823	1	–
		3,061	2,921	301	–

23 Bank and other borrowings

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Bank loans		1,410	1,663	–	–
Medium term notes		520	220	300	–
Others		5	10	–	–
	22	1,935	1,893	300	–
Comprising:					
Current		155	303	–	–
Non-current					
- secured		12	–	–	–
- unsecured		1,768	1,590	300	–
		1,780	1,590	300	–
		1,935	1,893	300	–

During the year, the Group repaid $200 million of its bank borrowings and extended its remaining bank borrowings by 3 years to September 2019.

The secured bank loan is secured over certain property, plant and equipment with carrying amount of $66 million, cash and cash equivalents of $4 million, other receivables of $1 million, and the shares of a wholly-owned subsidiary.

The unsecured bank loans bear interest at rates ranging from 0.93% to 10.90% (2014: 0.79% to 10.10%) per annum, and are repayable between 2016 to 2020 (2014: 2015 to 2018).

In September 2012, the Group issued a $220 million 10-year medium term note which bears an interest rate of 3.08% per annum and is payable in September 2022.

In December 2015, the Company issued a $300 million 10-year multicurrency medium term note which bears an interest rate of 4.05% per annum and is payable in December 2025.

There is no material difference between the carrying amount and the fair value of the medium term notes as at 31 December 2015.

24 Deferred grants

	Note	Group 2015 $'m	Group 2014 $'m
At 1 January		21	42
Grants receivable		2	–
Amount accreted to income statement		(14)	(21)
At 31 December		9	21

	Note	Group 2015 $'m	Group 2014 $'m
Deferred grants to be accreted:			
- Current	27	8	14
- Non-current			
- After 1 year but within 5 years	26	1	7
		9	21

The deferred grants 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.

25 Derivative liabilities

	Note	Group 2015 $'m	Group 2014 $'m
Derivative liabilities			
- Non-current	26	–	1
- Current	27	–	3
Fair value - hedging instruments		–	4

26 Other non-current liabilities

	Note	Group 2015 $'m	Group 2014 $'m
Derivative liabilities	25	–	1
Deferred grants	24	1	7
Others	22	30	22
Contingent consideration	(i)	8	8
Provision for restoration cost	(ii)	18	16
Unearned revenue		23	22
Cash-settled equity compensation benefits		6	8
Other long-term employee benefits	34	30	32
		116	116

(i) The contingent consideration relates to the additional consideration of RM25 million (equivalent to $10 million) which the Group, through Straits Mobile, has agreed to pay the selling shareholder, U Telemedia Sdn Bhd, upon the achievement of certain performance targets by its subsidiary, U Mobile. The Group has included $8 million as contingent consideration related to the additional consideration. At 31 December 2015, the fair value of the contingent consideration amounted to $8 million (2014: $8 million), based on a discount rate of 6.01% (2014: 6.01%). The change in fair value is not significant.

(ii) The provision for restoration cost was recognised for site decommissioning and restoration calculated using a discount rate of 7% (2014: 7%). The estimates are reassessed on a yearly basis.

The change in provision for restoration cost during the year is as follows:

	Group $'m
At 1 January 2015	16
Capitalised as property, plant and equipment	4
Translation adjustment	(3)
Unwinding of discount	1
At 31 December 2015	18

27 Other payables, accruals and provisions

	Note	Group 2015 $'m	Group 2014 $'m	Company 2015 $'m	Company 2014 $'m
Accruals and other payables		677	690	1	–
Property, plant and equipment vendors		193	133	–	–
	22	870	823	1	–
Deferred grants	24	8	14	–	–
Derivative liabilities	25	–	3	–	–
Contingent consideration	(i)	–	6	–	–
Other long-term employee benefits	34	9	11	–	–
Cash-settled equity compensation benefits		14	28	–	–
Unearned revenue		181	187	–	–
		1,082	1,072	1	–

(i) In 2012, the Group, through TeleChoice International Limited, had agreed to pay the selling shareholders of NxGen Communications Pte Ltd ("NxGen"), a second tranche consideration of up to $6 million for the remaining 45% interest upon the achievement of certain performance targets by NxGen during the assessment period. The amount of $6 million will be adjusted to such proportion if the cumulative profit after tax of NxGen for the 3 years from the date of acquisition of 1 November 2011 falls below $5 million.

In 2015, the second tranche consideration has been finalised and the payment of $6 million has been made to the selling shareholders of NxGen.

28 Profit from operations

The following items have been included in arriving at profit from operations:

	Group	
	2015	**2014**
	$'m	**$'m**
Contributions to defined contribution plans	(34)	(32)
Value of employee services received for issue of equity based compensation	(10)	(10)
Income related grants	45	47
Gain on disposal of property, plant and equipment and intangible assets	2	–

29 Key management personnel compensation

The details of key management personnel compensation are as follows:

	Group	
	2015	**2014**
	$'m	**$'m**
Post-employment benefits	1	1
Short-term employee benefits	22	28
Equity compensation benefits	9	11
Other long-term employee benefits	1	6
	33	46

30 Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'m	**$'m**	**$'m**	**$'m**
Interest expense:				
- bank loans	29	21	–	–
- medium term notes	8	8	1	–
- interest rate swaps	2	6	–	–
- others	10	14	–	–
	49	49	1	–

31 Finance income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'m	**$'m**	**$'m**	**$'m**
Interest income:				
- associates	2	–	–	–
- subsidiary	–	–	1	–
- bank deposits	13	17	–	–
	15	17	1	–

32 Other income

		Group	
	Note	**2015**	**2014**
		$'m	**$'m**
Gain on write-back of impairment on loan due from associate	17(iv)	10	–
Gain on write-back of loan due from associate previously written off		2	–
Exchange gain, net		13	–
Gain on dilution of interest in an associate		64	614
Miscellaneous income		–	1
		89	615

33 Tax expense

Tax recognised in income statement

		Group	
	Note	**2015**	**2014**
		$'m	**$'m**
Current tax expense			
Current year		57	90
Under provision in prior years		22	3
		79	93
Deferred tax expense			
Current year		12	–
Over provision in prior years		(20)	–
	10	(8)	–
		71	93

	Note	Group 2015 $'m	Group 2014 $'m
Reconciliation of effective tax rate			
Profit before taxation		1,008	985
Share of results of associates and joint ventures, net of tax		(697)	(67)
		311	918
Income tax using Singapore tax rate of 17% (2014: 17%)		53	156
Effect of different tax rates in other countries		(11)	(7)
Income not subject to tax		(18)	(104)
Non-deductible expenses		24	24
Tax losses and other deductible temporary differences not recognised		33	33
Utilisation of previously unrecognised deferred tax assets		(10)	(9)
Under provision in prior years, net		2	3
Others		(2)	(3)
		71	93

At each reporting date, the Group makes certain estimates and assumptions to compute the provision for income taxes including allocations of certain transactions to different tax jurisdictions, amounts of permanent and temporary differences, the likelihood of deferred tax assets being recovered and the outcome of contingent tax risks. These estimates and assumptions are revised as new events occur, more experience is acquired and additional information is obtained. The impact of these revisions is recorded in income tax expense in the period in which they become known.

Tax recognised in other comprehensive income

	Group 2015 Before tax $'m	2015 Tax expense $'m	2015 Net of tax $'m	2014 Before tax $'m	2014 Tax expense $'m	2014 Net of tax $'m
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	3	–	3
Translation differences relating to financial statements of foreign operations	(59)	–	(59)	(4)	–	(4)
Effective portion of changes in fair value of cash flow hedges	4	–	4	4	–	4
Share of other comprehensive income of associates	115	–	115	49	–	49
	60	–	60	52	–	52

34 Employee benefits

(a) Other long-term employee benefits

	Note	Group and Company 2015 $'m	2014 $'m
At 1 January		43	12
Expense recognised in staff costs during the year		8	36
Payments during the year		(12)	(5)
At 31 December		39	43
Current	27	9	11
Non-current	26	30	32
		39	43

STT Communications Ltd

STT Communications Ltd other long-term employee benefits

(i) Value-Sharing Incentive Plan ("VSIP")

The STTC Executive Resource and Compensation Committee ("STTC ERCC") approved the VSIP with effective commencement date of 1 January 2005.

A VSIP incentive pool is created based principally on a modified Wealth Added ("WA") concept and framework. WA is a risk adjusted performance measure that establishes whether shareholders earned a return that exceeds a cost of equity on the market value of shareholders' funds.

The VSIP incentive pool is allocated individually or on a group basis depending on the corporate grades of the employees. Each year, a portion of the allocated VSIP incentive, together with a portion of cumulative unpaid VSIP incentive carried forward from the previous year, will be paid out in cash, if the aggregate balance is positive. The remaining balance of the unpaid allocated incentives will be carried forward to be aggregated with future VSIP allocations. To facilitate its introduction in 2005, the initial payout portions were 50% in the first year, 40% in the second year and 1/3 thereafter, or such other percentages as approved by STTC ERCC.

(ii) Special Reserve Account

The STTC ERCC approved the establishment of a Special Reserve Account ("SRA") with a current balance of $11 million (2014: $12 million) from unallocated long-term incentive funds since 2005. Utilisation of amounts in the SRA is subject to the approval of the STTC ERCC.

(b) Equity compensation benefits

STT Communications Ltd Long Term Incentive Plans

The STTC ERCC approved the following long-term incentive plans with effective commencement date of 1 January 2005:

(i) Performance Share Units Plan ("PSUP")

A base number of PSUP units is granted to key management employees each year. Each annual grant will be subjected to performance conditions to be met over 3 years.

The release of the actual number of PSUP units under each grant will be determined based on the extent to which performance conditions are met. This number can vary between 0% to 150% of each base grant and will be paid in cash based on the initial unit value multiplied by the total compounded shareholders' return of STTC's portfolio of significant investments at the end of year 3.

The fair value of services received in return for PSUP units granted are measured by reference to the fair value of PSUP units granted. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation methodology model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2014**	**2015**
Fair value at 31 December 2015	$0.76	$0.40
Portfolio cost of equity	8.26%	8.58%
Portfolio expected volatility	16.13%	16.13%
Portfolio expected dividends	–	–
Risk-free interest rate	0.88%	1.11%

Year of grant	**2013**	**2014**
Fair value at 31 December 2014	$1.12	$0.89
Portfolio cost of equity	7.95%	7.95%
Portfolio expected volatility	16.34%	16.34%
Portfolio expected dividends	–	–
Risk-free interest rate	0.53%	0.70%

(ii) Share Appreciation Units Plan ("SAUP")

SAUP units are granted annually. Each grant vests over 4 years and is exercisable up to 7 years from the start date of each grant during two exercise window periods provided each year.

The initial price for each grant is set at $1.00 per SAUP unit. At each exercise window period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return percentage relative to the initial unit price at the start date of each grant. For any vested SAUP unit exercised, the difference between the determined "final value" for each grant and the initial $1.00 value of each SAUP unit will be payable in cash to the employee.

The fair value of services received in return for SAUPs granted are measured by reference to the fair value of SAUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Fair value at 31 December 2015	$1.69	$1.56	$1.05	$0.62	$0.40	$0.26
Portfolio expected volatility	16.13%	16.13%	16.13%	16.13%	16.13%	16.13%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	0.87%	1.11%	1.43%	1.76%	2.08%	2.27%

Year of grant	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Fair value at 31 December 2014	$2.26	$1.53	$1.42	$0.95	$0.56	$0.36
Portfolio expected volatility	16.34%	16.34%	16.34%	16.34%	16.34%	16.34%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	0.53%	0.70%	0.98%	1.36%	1.70%	1.93%

(iii) Restricted Share Units Plan ("RSUP")

The RSUP units are granted to non-executive directors ("NEDs") each year as part of their director's fees. Each grant is subject to the retention condition of the grant, and is exercisable during the annual two-week exercise period. The retention condition requires 50% of the vested units of each grant to be retained by the NED up to the earlier of 4 years from the start date of each grant or one year after he ceases to be a non-executive director.

The initial price for each grant is set at $1.00 per RSUP unit. During each exercise period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return relative to the initial unit price at the start date of each grant up to the valuation date. For any vested RSUP unit exercised, its "final value" will be payable in cash to the non-executive director.

The fair value of services received in return for RSUPs granted are measured by reference to the fair value of RSUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	2010	2011	2012	2013	2014	2015
Fair value at 31 December 2015	$2.68	$2.54	$2.01	$1.55	$1.27	$1.06
Portfolio expected volatility	16.13%	16.13%	16.13%	16.13%	16.13%	16.13%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	0.87%	1.11%	1.43%	1.76%	2.08%	2.27%

Year of grant	2009	2010	2011	2012	2013	2014
Fair value at 31 December 2014	$3.25	$2.52	$2.39	$1.89	$1.46	$1.19
Portfolio expected volatility	16.34%	16.34%	16.34%	16.34%	16.34%	16.34%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	0.53%	0.70%	0.98%	1.36%	1.70%	1.93%

StarHub Ltd ("StarHub")

Under the StarHub Share Option Plan 2004, the exercise price for each ordinary share in respect of which an option is exercisable shall be determined by StarHub's Executive Resource and Compensation Committee ("StarHub ERCC") in its absolute discretion on the date of grant to be either:

(i) a price which is equal to the volume-weighted average price for the StarHub's shares on the Singapore Exchange Securities Trading Limited ("SGX") over the three consecutive trading days immediately preceding the date of grant of that option ("Market Price"), or such higher price as may be determined by the StarHub ERCC in its absolute discretion; or

(ii) a price which is set, at the absolute discretion of the StarHub ERCC, at a discount to the Market Price so long as the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

At 31 December 2015, there were 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**
	'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**
	'000	**'000**
<u>Exercise price</u>		
$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 StarHub ERCC 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 StarHub. 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 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**
25.05.2012	872	–	(872)	–	–
31.05.2013	432	–	–	(3)	429
10.03.2014	645	–	–	(75)	570
16.03.2015	–	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**
31.03.2011	858	–	(858)	–	–
25.05.2012	872	–	–	–	872
31.05.2013	432	–	–	–	432
10.03.2014	–	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 StarHub'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%

StarHub Restricted Stock Plans

Under the StarHub RSP and StarHub RSP 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 StarHub. 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 StarHub 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 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**
25.05.2012	912	–	(912)	–	–
31.05.2013	1,407	–	(699)	(16)	692
10.03.2014	2,454	–	(15)	(99)	2,340
16.03.2015	–	2,271	–	(5)	2,266
03.06.2015	–	129	(113)	(16)	–
08.07.2015	–	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**
17.05.2010	474	–	(472)	(2)	–
31.03.2011	849	–	(849)	–	–
25.05.2012	1,877	–	(936)	(29)	912
31.05.2013	1,459	–	–	(52)	1,407
10.03.2014	–	2,518	–	(64)	2,454
14.05.2014	–	127	(111)	(16)	–
Total	4,659	2,645	(2,368)	(163)	4,773

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 StarHub'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%

TeleChoice International Limited ("TeleChoice")

TeleChoice Share Options

The TeleChoice Pre-IPO Share Option Scheme (the "TeleChoice Pre-IPO Scheme") and the TeleChoice Post-IPO Employee Share Option Scheme (the "TeleChoice Post-IPO Scheme") (collectively referred to as the "TeleChoice Schemes"), were approved and adopted by TeleChoice's members at an Extraordinary General Meeting of TeleChoice held on 7 May 2004.

TeleChoice Pre-IPO Scheme

Information regarding the TeleChoice Pre-IPO Scheme is set out below:

(i) The TeleChoice Pre-IPO Scheme is administered by TeleChoice's Remuneration Committee comprising three directors, namely Bertie Cheng, Ronald Seah Lim Siang and Sio Tat Hiang (the "TeleChoice RC").

(ii) On 18 May 2004, TeleChoice granted share options to management and employees of TeleChoice, STTC and the subsidiaries of STTC and certain non-executive directors of TeleChoice (collectively referred to as the "Eligible Participants") to subscribe for an aggregate of 20,000,000 shares of TeleChoice.

(iii) The Eligible Participants are entitled to exercise the share options subject to the following vesting periods:

Vesting schedule	**Percentage of shares over which an option is exercisable (%)**
On the date falling twelve months from 18 May 2004	25
On the date falling twenty-four months from 18 May 2004	25
On the date falling thirty-six months from 18 May 2004	25
On the date falling forty-eight months from 18 May 2004	25

(iv) The exercise price for each option is \$0.2079. Options granted to non-executive directors (including independent directors) of TeleChoice have a life span of five years. Options granted to the Eligible Participants (other than the non-executive directors of TeleChoice) have a life span of ten years.

(v) The TeleChoice Pre-IPO Scheme expired on 17 May 2014.

TeleChoice Post-IPO Scheme

Information regarding the TeleChoice Post-IPO Scheme is set out below:

(i) The TeleChoice Post-IPO Scheme is administered by the TeleChoice RC.

(ii) The eligible participants of the TeleChoice Post-IPO Scheme are:
- executive and non-executive directors and employees of TeleChoice and its subsidiaries and associated companies;
- executive and non-executive directors and employees of STTC and its subsidiaries; and
- controlling shareholders of TeleChoice and the associates of the controlling shareholders.

(iii) The nominal amount of the aggregate number of shares over which the TeleChoice RC may grant options on any date, when aggregated with the nominal amount of the number of shares issued and issuable in respect of all options granted under the TeleChoice Post-IPO Scheme and other share option schemes of TeleChoice, shall not exceed 15% of the issued and paid-up share capital of TeleChoice on the day preceding the date of the relevant grant.

(iv) Under the TeleChoice Post-IPO Scheme, the exercise price for each ordinary share in respect of which an option is exercisable is determined by the TeleChoice RC in its absolute discretion on the date of grant at a maximum discount of 20% to market price determined to be the average of the last dealt prices for TeleChoice's shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive market days immediately preceding the relevant date of grant of the relevant option.

(v) The vesting period of the options granted under the TeleChoice Post-IPO Scheme is between one and two years.

(vi) The exercise price of the options granted under the TeleChoice Post-IPO Scheme shall not be less than $0.02.

(vii) The TeleChoice Post-IPO Scheme expired on 6 May 2014.

Movements in the number of share options and its related exercise price are as follows:

	Number of options		**Exercise price**	
	2015	**2014**	**2015**	**2014**
	'000	**'000**	**$**	**$**
At 1 January	–	368	–	0.2079
Exercised	–	368	–	0.2079
At 31 December	–	–	–	–
Exercisable at 1 January	–	368		
Exercisable at 31 December	–	–		

During 2014, options exercised resulted in 368,000 shares being issued at an exercise price of $0.2079 each. The total amount received from the issue of these shares was $77,000. Options were exercised on a regular basis throughout the year. The weighted average share price during the dates when the share options were exercised was $0.25 per share.

There are no share options outstanding at the end of the year (2014: Nil).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Date of grant	**18 May 2004**	**18 May 2004**	**18 May 2004**	**18 May 2004**
Vesting date	18 May 2005	18 May 2006	18 May 2007	18 May 2008
Fair value at measurement date	$0.059	$0.053	$0.048	$0.044
Share price	$0.29	$0.29	$0.29	$0.29
Exercise price	$0.2079	$0.2079	$0.2079	$0.2079
Expected volatility	20%	20%	20%	20%
Expected option life	2 years	3 years	4 years	5 years
Expected dividends	6.9%	6.9%	6.9%	6.9%
Risk-free interest rate	1.50%	1.75%	1.75%	2.07%

The expected volatility is based on the historic valuation of shares based on net assets values, adjusted for any expected changes to future volatility to those net assets values.

There are no market conditions associated with the share option grants.

TeleChoice Restricted Share Plan and Performance Share Plan

The TeleChoice Restricted Share Plan (the "TeleChoice RSP") and TeleChoice Performance Share Plan (the "TeleChoice PSP") (collectively referred to as the "TeleChoice Plans"), were approved and adopted by TeleChoice's members at an Extraordinary General Meeting of TeleChoice held on 27 April 2007.

Information regarding the TeleChoice Plans is set out below:

(i) The TeleChoice Plans were established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for TeleChoice.

(ii) The TeleChoice Plans are administered by the TeleChoice RC.

(iii) The eligible participants of the TeleChoice Plans, at the absolute discretion of the TeleChoice RC, are employees and non-executive directors of TeleChoice and/or any of its subsidiaries; employees and non-executive directors of STTC and its subsidiaries, who may be seconded to render services and contribute to the success of TeleChoice Group; and employees of associated companies of TeleChoice.

(iv) Under the TeleChoice PSP, conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets set based on corporate objectives aimed at sustaining longer-term growth. After the awards vest, and the shares comprised in the awards are issued at the end of the performance and/or service period once the TeleChoice RC is, at its sole discretion, satisfied that the prescribed performance targets have been achieved.

The actual number of share given will depend on the level of achievement of the prescribed performance targets over the performance period, currently prescribed to be a three-year period. 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.

(v) Under the TeleChoice RSP, 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), once TeleChoice RC is, at its sole discretion, satisfied that the performance and extended service conditions are attained. The total number of shares to be awarded depends on the level of attainment of the performance targets. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(vi) The vesting period of the shares granted under the TeleChoice Plans is between one to three years.

(vii) As at 31 December 2015, the initial awards of 8,227,890 (2014: 7,355,570) shares under the TeleChoice PSP and the initial awards of 16,598,920 (2014: 14,277,760) shares under the TeleChoice RSP were made to Eligible Persons. As at 31 December 2015, awards of 2,043,890 (2014: 1,923,570) shares under the TeleChoice PSP and 5,702,600 (2014: 5,055,280) shares under the TeleChoice RSP were outstanding.

The key assumptions applied in estimating the fair values under the TeleChoice PSP are as follows:

Date of grant of shares	**3 June 2015**	**2 June 2014**	**1 June 2013**	**1 June 2012**
Fair value at grant date	$0.179	$0.173	$0.147	$0.141
Assumptions under Monte-Carlo Model				
Expected Volatility				
TeleChoice International Limited	12.89%	14.90%	15.22%	14.57%
Straits Times Index	8.76%	14.72%	14.47%	17.78%
Risk-free interest rates	2.00%	1.32%	0.98%	0.57%

The key assumptions applied in estimating the fair values under TeleChoice RSP are as follows:

Date of grant of shares	3 June 2015	2 June 2014	1 June 2013	1 June 2012
Fair value at grant date:				
For RSP vested 24 months from grant date	$0.233	$0.215	$0.198	$0.182
For RSP vested 36 months from grant date	$0.218	$0.199	$0.181	$0.165
For RSP vested 48 months from grant date	$0.204	$0.185	$0.166	$0.150
Assumptions under Monte-Carlo Model				
Expected Volatility				
TeleChoice International Limited	12.89%	14.90%	15.22%	14.57%
Risk-free interest rates				
Singapore 2-year Government Bond yield	1.13%	0.39%	0.36%	0.21%
Singapore 3-year Government Bond yield	1.40%	0.56%	0.51%	0.31%
Singapore 4-year Government Bond yield	1.71%	0.88%	0.73%	0.38%

The fair value of the shares is estimated using the Monte-Carlo simulation methodology at the measurement dates, which are grant dates of these share awards. The accrual for the share expenses under the Plans has been estimated on the basis that TeleChoice Group will be on target in respect of the performance conditions.

35 Significant related party transactions

In addition to the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions during the financial year:

	Group	
	2015	2014
	$'m	$'m
Related corporations		
Purchase of property, plant and equipment	(5)	(5)
Rental expenses	(84)	(83)
Revenue	50	55
Service expenses	(139)	(94)

36 Financial risk management

Wholly-owned operating subsidiaries adopt the Company's financial risk management framework and guidelines; non-wholly-owned operating subsidiaries will be supervised by their respective boards, being subject to the legal and statutory governance required of the entities. Financial risk management at the operating companies that are not subsidiaries are reviewed and managed by their respective management and supervised by the respective Boards.

The Company has board representations in the operating companies. Management of each operating company is responsible and accountable for the risk management processes of its company. The financial risk management disclosures relating to the Company and certain significant operating companies as extracted from the financial risk management section in their respective financial statements are disclosed below.

(a) The Company, STTC and Asia Mobile Holdings Pte. Ltd. (the "holding companies")

Financial risk management objectives and policies

The Company (including its wholly-owned investment holding subsidiaries ("STT entities")), STTC and Asia Mobile Holdings Pte. Ltd. ("Asia Mobile Holdings"), have principal activities of that of an investment holding company that owns and manages its operating subsidiaries and affiliates on an arm's length and commercial basis. In general, the holding companies do not guarantee the financial obligations of their operating companies.

The holding companies have risk guidelines for approval authorities, reporting requirements and procedures for managing their financial risks. The holding companies' management teams operate the risk management framework within the risk guidelines established and approved by the holding companies' Board of Directors.

Exposures to credit, liquidity, market, interest rate and currency risks arise in the normal course of the holding companies' business. The holding companies have risk management guidelines which set out their tolerance of risk and their general risk management philosophy, and have a framework to monitor the exposures and ensure appropriate measures are implemented in a timely and effective manner. The management of these risks is discussed below:

Credit risk

A credit guideline is in place and the exposure to credit risk is monitored on an ongoing basis. Limits are set for counterparties of different credit standing and also vary with the type of transaction. These limits will cap the credit risk exposure to any single counterparty.

The carrying amount of financial assets represents the holding companies' maximum exposure to credit risk. Cash and fixed deposits are placed with financial institutions which are regulated. The holding companies do not hold any collateral in respect of their financial assets.

The allowance account in respect of balances with related parties is used to record impairment losses unless the holding companies are satisfied that no recovery of the amount owing is possible. At the point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written against the carrying amount of the impaired financial asset.

Liquidity risk

The holding companies monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance their operations and to mitigate the effects of fluctuations in cash flows. As far as possible, the holding companies will always raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The following are the expected contractual undiscounted cash outflows of non-derivative financial liabilities and derivative assets:

	2015				2014		
	Within 1 year S'm	2 to 5 years S'm	After 5 years S'm	Total S'm	Within 1 year S'm	2 to 5 years S'm	Total S'm
Company							
Non-derivative financial liabilities							
Other payables and accruals	1	–	–	1	–	–	–
Bank and other borrowings	12	49	360	421	–	–	–
	13	49	360	422	–	–	–
STTC							
Non-derivative financial liabilities							
Other payables and accruals	17	–	–	17	19	–	19
Balances with related parties	56	49	360	465	199	–	199
	73	49	360	482	218	–	218
Asia Mobile Holdings							
Non-derivative financial liabilities							
Bank loans	18	975	–	993	15	1,119	1,134
Other payables and accruals	2	–	–	2	3	–	3
Balances with related parties	14	–	–	14	13	–	13
Derivative financial assets							
Interest rate swaps used for hedging	(4)	–	–	(4)	(2)	–	(2)
	30	975	–	1,005	29	1,119	1,148

The maturity analyses show the undiscounted cash flows of the holding companies' financial liabilities on the basis of their earliest possible contractual maturity.

For derivative financial instruments, the cash inflows represent the contractual undiscounted cash flows relating to these instruments. The amounts are compiled on a net basis for derivatives that are net-settled. Gross inflows and outflows are included for derivatives that are gross-settled on a simultaneous basis. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the holding companies' floating rate loans.

Market risk

The holding companies are exposed to investment risks from their investment portfolio, which is largely long term investments. These investments are concentrated in the telecommunication sector. The market value of the listed portfolio is subject to fluctuations due to volatility of the stock markets.

The holding companies mitigate these investment risks through stringent selection of investment opportunities and proper structuring of the investment transactions. Changes in the share prices of the listed investments are monitored for divestment decision-making as well as provision for any potential impairment loss.

Interest rate risk

The holding companies' exposure to market risk for changes in interest rates relates primarily to its debt obligations. The holding companies' policy is to manage interest rates through a combination of fixed and floating rate debt. Derivative financial instruments such as interest rate swaps may also be used, when appropriate and based on market conditions, to reduce exposure to floating interest rate risk.

At 31 December, the holding companies' have outstanding interest rate swap contracts for hedging of floating rate interest obligations by swapping them for fixed rate interest obligations with notional principal amounts as follows:

	Asia Mobile Holdings	
	2015	**2014**
	$'m	**$'m**
Interest rate swap contracts	533	526

Sensitivity analysis

Asia Mobile Holdings' borrowings at variable rates are denominated in Singapore dollars and US dollars. An increase/(decrease) in the interest rates by 100 basis points (2014: 100 basis points) with all other variables remaining constant, will result in Asia Mobile Holdings' profit before taxation to be lower/(higher) by $2 million (2014: $4 million). The analysis is performed on the same basis for 2014.

At 31 December 2015, the Company does not have any floating interest bearing borrowings (2014: Nil).

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice.

	Effective interest rate %	Total $'m	Floating interest $'m	Fixed interest rate maturing within 1 year $'m	Fixed interest rate maturing in 2 to 5 years $'m
STTC					
2015					
Financial assets					
Fixed deposits	0.19 – 1.55	652	652	–	–
2014					
Financial assets					
Fixed deposits	0.06 – 2.85	1,015	1,015	–	–
Asia Mobile Holdings					
2015					
Financial assets					
Fixed deposits	0.20 – 0.92	102	102	–	–
Financial liabilities					
Unsecured long-term bank loans:					
- Fixed rate	1.76	170	–	170	–
- Floating rate	1.30 – 2.34	739	739	–	–
- Effect of interest rate swap	0.63 – 2.20	–	(533)	263	270
		909	206	433	270
2014					
Financial assets					
Fixed deposits	0.15 – 0.80	413	413	–	–
Financial liabilities					
Unsecured long-term bank loans:					
- Fixed rate	1.76	169	–	–	169
- Floating rate	0.95 – 1.40	934	934	–	–
- Effect of interest rate swap	0.61 – 1.02	–	(526)	–	526
		1,103	408	–	695

Currency risk

The holding companies are exposed to foreign currency risk on transactions that are denominated primarily in currencies other than the functional currency of the holding companies. It is the holding companies' policy to hedge these risks as they arise whenever possible. The holding companies may use currency swaps and forward exchange contracts to hedge the foreign currency risk on committed currency exposures. At the reporting date, the currencies giving rise to this risk are primarily the US dollar.

The holding companies do not hedge the foreign exchange exposure with respect to their venture and long term strategic capital investments made in various countries as forecasts of the timing and quantum of the realisable proceeds cannot be reasonably determined. This exposure is regarded as an integral part of the holding companies' investment risks and any gain or loss forms part of the holding companies' investment returns.

At 31 December 2015 and 2014, the holding companies do not have outstanding currency swaps contracts for hedging purposes.

The holding companies incur foreign exchange risk on cash and cash equivalents, loans and balances with related parties that are denominated in currencies other than the functional currency. The currency giving rise to this risk is primarily the US dollar.

The holding companies' exposure to US dollar are as follows:

	STTC		**Asia Mobile Holdings**	
	2015	**2014**	**2015**	**2014**
	$'m	**$'m**	**$'m**	**$'m**
Amounts due from related parties	219	294	88	–
Cash and cash equivalents	185	441	49	122
Bank loans	–	–	(233)	(218)
Net exposure	404	735	(96)	(96)

Sensitivity analysis

At 31 December, a 1% (2014: 1%) strengthening of Singapore dollar against the US dollar would increase (decrease) profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	STTC		**Asia Mobile Holdings**	
	2015	**2014**	**2015**	**2014**
	$'m	**$'m**	**$'m**	**$'m**
Profit before taxation				
US dollar	(4)	(7)	1	1

A 1% weakening of Singapore dollar against the US dollar would have had the equal but opposite effect.

Fair values

Floating interest bearing loans and balances with related parties

No fair value is calculated as the holding companies believe that the carrying amounts of floating interest bearing loans and balances with related parties which are repriced within 3 to 6 months from the reporting date, reflect the corresponding fair values.

Fixed interest bearing borrowings and balance with related party

The fair value of fixed interest bearing borrowings and balance with related party are calculated using discounted cash flow model based on the present value of future principal and interest cash flow, discounted at the market rate at the reporting date. The carrying amounts of the loans approximate their fair value.

Fixed interest bearing medium term notes

The fair value of fixed interest bearing medium term notes are based on the quoted market price at the reporting date. The carrying amounts of the medium term notes approximate their fair value.

Derivatives

Marked to market valuations of the interest rate swaps are provided by the banks. These quotes are independently tested using alternate 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.

Cash and cash equivalents, other receivables, other payables and accruals, and current balances with related parties

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

Investments in equity securities held by wholly-owned investment holding subsidiaries

The fair values of available-for-sale financial assets that are indirectly held through wholly-owned investment holding subsidiaries of the holding companies are determined by using valuation techniques.

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 the reporting date:

	Asia Mobile Holdings	
	2015	**2014**
	$'m	**$'m**
Mark-to-market derivative assets		
- Interest rate swaps	4	2

The following table represents the assets and liabilities measured at fair value, using Level 3 valuation method, at the reporting date:

	STT entities	
	2015	**2014**
	$'m	**$'m**
Derivative asset	1	1
Available-for-sale financial asset	130	130
Contingent consideration	8	8

Available-for-sale financial asset and derivative asset

Management has assessed that the costs of the available-for-sale financial asset and derivative asset are appropriate estimations of their fair value as there has been no significant change since acquisition in the financial performance of the investee compared with management's original budget; and in the economic environment in which the investee operates. Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The key input and assumption used in the models include:

EBITDA multiple

The expected EBITDA multiple is determined by using the average of the EBITDA multiples based on comparable cable television companies in the region at the reporting date.

The fair value of the available-for-sale financial asset and derivative asset will increase/(decrease) if the expected EBITDA multiple is higher/(lower).

An increase of 0.5 (2014: 0.5) in the EBITDA multiple would result in an increase of the Group's equity of $7 million (2014: $9 million). A decrease of 0.5 (2014: 0.5) in the EBITDA multiple would result in a decrease in the Group's equity of $7 million (2014: $8 million). The change in the EBITBA multiple would not have a significant impact in the profit before taxation.

The changes in fair value of the available-for-sale financial asset and derivative asset are not significant in 2014 and 2015.

Contingent consideration

The fair value of the contingent consideration is calculated based on the expected payment amount and its associated probabilities (i.e. probability-weighted). Since the contingent consideration is long-term in nature, it is discounted to present value. Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Key inputs and assumptions used in the models include:

Discount rate

The discount rate applied is based on the long term borrowing rate of 6.01% (2014: 6.01%) in the relevant market.

Budgeted EBITDA

Budgeted EBITDA has been based on the forecasts provided by management based on the five-year business plan of U Mobile.

The fair value of the contingent consideration will increase if the discount rate is lower or the budgeted EBITDA is higher.

Changing one or more of the significant unobservable inputs used to reasonably estimate possible alternative assumptions would have no significant impact on the fair value of the contingent consideration.

The change in fair value is not significant in 2014 and 2015.

(b) Operating companies in the Group

StarHub Ltd and its subsidiaries ("StarHub Group")

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and foreign currency risk arises in the normal course of StarHub Group's business. StarHub 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.

Credit risk

StarHub Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit reviews and counterparty credit limits are practised.

StarHub 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.

StarHub 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 balance sheet.

Liquidity risk

StarHub Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. StarHub Group also 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.

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

	2015 Contractual cash flows				**2014 Contractual cash flows**			
	Within 1 year $'m	**2 to 5 years $'m**	**After 5 years $'m**	**Total $'m**	**Within 1 year $'m**	**2 to 5 years $'m**	**After 5 years $'m**	**Total $'m**
Non-derivative financial liabilities								
Bank and other borrowings	152	388	234	774	212	306	240	758
Trade and other payables	548	–	–	548	643	–	–	643
Balances with related parties	123	–	–	123	99	–	–	99
Derivative financial liabilities								
Interest rate swaps used for hedging	–	–	–	–	3	–	–	3
Total	823	388	234	1,445	957	306	240	1,503

The following table indicates the periods in which the cash flow hedges are expected to affect the income statement:

		2015			2014	
	Within 1 year $'m	**2 to 5 years $'m**	**Total $'m**	**Within 1 year $'m**	**2 to 5 years $'m**	**Total $'m**
Interest rate swaps						
- Assets/(liabilities)	1	–	1	(2)	–	(2)

Interest rate risk

StarHub Group's exposure to market risk for changes in interest rates relates primarily to StarHub Group's debt obligations.

StarHub 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, StarHub Group had outstanding interest rate swap agreements with notional principal amounts totalling $145 million (2014: $335 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

StarHub Group's borrowings are denominated in Singapore dollars. An increase/decrease in the interest rates by 100 basis points (2014: 100 basis points) with all other variables remaining constant, does not have a material impact in the Group's profit before taxation.

Foreign currency risk

StarHub 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 US dollar.

StarHub Group's exposures to US dollar are as follows:

	2015 $'m	**2014 $'m**
Trade and other receivables	63	32
Cash and cash equivalents	108	39
Trade and other payables	(132)	(145)
	39	(74)

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, StarHub Group has outstanding forward exchange contracts with notional principal amounts of approximately $105 million (2014: Nil).

In respect of other monetary liabilities held in foreign currencies, StarHub 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

Starhub Group has assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's results.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of StarHub Group.

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 StarHub's 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.

Bank and other borrowings

The fair value 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.

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

StarHub Group uses 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); and

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 the reporting date:

	2015 $'m	2014 $'m
Financial assets/(liabilities)		
Mark-to market financial instruments		
- Forward exchange contracts	1	–
- Interest rate swaps	1	(2)

TeleChoice International Limited and its subsidiaries ("TeleChoice Group")

Financial risk management objectives and policies

TeleChoice Group's activities expose it to credit risk, liquidity risk and market risk (including interest rate risk and currency risk). TeleChoice Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. TeleChoice Group's management continually monitors TeleChoice Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and TeleChoice Group's activities.

Credit risk

Credit risk is the risk of financial loss to TeleChoice Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from TeleChoice Group's receivables from customers.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Trade and other receivables

TeleChoice Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2015, the TeleChoice Group has 38% (2014: 63%) of total receivables due from two (2014: two) major customers, and approximately 37% (2014: 42%) of TeleChoice Group's revenue is attributable to sales transactions with these two (2014: two) customers.

TeleChoice Group has a credit policy under which each new customer is analysed individually for creditworthiness before TeleChoice Group's standard payment and delivery terms and conditions are offered. TeleChoice Group's review includes external ratings, where available, and in some cases bank references. Otherwise, the credit quality of customers is assessed after taking account its financial position and past experience with the customers. Credit exposure to customers is restricted by credit limits that are approved by TeleChoice Group Credit Control Committee at the entity level and the continuous monitoring by the Committee.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a multinational corporations, wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to TeleChoice Group's related parties and multinational corporations.

TeleChoice Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

There are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

TeleChoice Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance TeleChoice Group's operations and to mitigate the effects of fluctuations in cash flows. TeleChoice Group maintains sufficient level of cash and cash equivalent to meet its working capital. When required, TeleChoice Group also obtains short-term bridging arrangement with banks to pay for their purchases of equipment.

The management of TeleChoice Group monitors cash flow requirements through regular cash flow forecast carried out at the operating companies' level in accordance with the working capital requirement. TeleChoice Group sets asset productivity targets which vary by entity and location taking into consideration the business environment that the entity operates in. Asset productivity targets used are debtor and inventory turnover days.

In addition, TeleChoice Group maintains total lines of credit of $136 million (2014: $115 million) for revolving credit and working capital line facilities, at a margin over cost of funds.

The following are the expected contractual undiscounted cash outflows of financial liabilities:

Group	**Carrying amount $'m**	**Contractual cash flows $'m**	**Less than 12 months $'m**	**1 to 5 years $'m**
2015				
Variable interest rate loans	15	15	15	–
Fixed interest rate loans	5	5	–	5
Trade and other payables	94	94	89	5
	114	114	104	10
2014				
Variable interest rate loans	20	20	20	–
Accrued contingent consideration	6	6	6	–
Trade and other payables*	82	82	79	3
	108	108	105	3

* Exclude accrued contingent consideration

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. TeleChoice Group's exposure to cash flow interest rate risks arises mainly from short-term floating rate borrowings. TeleChoice Group does not use derivative financial instruments to hedge its interest rate risk.

Effective interest rate and repricing analysis

In respect of the interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice:

	2015		2014	
	Effective interest rate %	**Floating interest $'m**	**Effective interest rate %**	**Floating interest $'m**
Financial assets				
Bank deposits	0.03 – 5.10	6	2.85 – 13.00	3
Financial liabilities				
Unsecured bank loans	2.29 – 10.90	19	1.62 – 10.10	20

Sensitivity analysis

TeleChoice Group's borrowings and short-term deposits at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars. The fluctuation in interest rates does not have a material impact to the financial statements.

Foreign currency risk

TeleChoice Group is exposed to foreign currency risk in respect of bank deposits as well as sales and purchases that are denominated in a currency other than TeleChoice Group entities' functional currencies. The currencies giving rise to this risk are primarily the Malaysia Ringgit and US dollars. The risk arises mainly from timing mismatches between such sales and purchases denominated in these currencies. TeleChoice Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

TeleChoice Group's investments and long-term loan to its subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

The TeleChoice Group's exposure to the Malaysia Ringgit and US dollars is as follows:

	Malaysia Ringgit		**US Dollars**	
	2015 $'m	**2014 $'m**	**2015 $'m**	**2014 $'m**
Trade and other receivables	–	–	7	8
Cash and cash equivalents	1	2	5	5
Trade and other payables	–	–	(9)	(9)
Net exposure	1	2	3	4

Sensitivity analysis

A 10% strengthening/weakening of Malaysia Ringgit and US dollars against the Singapore dollars do not have a material impact to the financial statements.

Estimation of fair values

As at 31 December 2015, the fair value of non-current other receivables, other payables and unsecured bank loans amounted to $7 million (2014: $6 million), $5 million (2014: $3 million) and $5 million (2014: nil) respectively.

The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and other financial liabilities) are assumed to approximate their fair values because of the short period to maturity.

U Mobile Sdn. Bhd. and its subsidiary ("U Mobile Group")

Financial risk management objectives and policies

U Mobile Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors of U Mobile Group reviewed and agreed on the policies and procedures for the management of these risks, which are executed by the Head of Finance of U Mobile Group. U Mobile Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the businesses whilst managing its interest rate risk, liquidity risk, credit risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. U Mobile Group has no significant interest-bearing financial assets, however its interest bearing loans are exposed to interest rate risk. U Mobile Group's income and operating cash flows are substantially independent of changes in market interest rates.

U Mobile Group's exposure to interest rate risk arises primarily from its fixed deposits, hire purchase facilities and loans and borrowings. U Mobile Group manages its exposure by entering into short term contracts which allows for flexibility to manage the portfolio.

Liquidity risk

Liquidity risk is the risk that U Mobile Group will encounter difficulties in meeting financial obligations due to shortage of funds. U Mobile Group manages its liquidity risk by closely monitoring the maturity profile of its debt. Where there are anticipated funding requirements, U Mobile Group discusses them with the shareholders with the view of considering available financing options to meet its current financial obligation. As part of its overall liquidity management, U Mobile Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The table below summarises the maturity profile of U Mobile Group's financial liabilities at the reporting date based on the contractual undiscounted repayment obligations.

	2015			2014		
	Within 1 year $'m	After 1 year but within 5 years $'m	Total $'m	Within 1 year $'m	After 1 year but within 5 years $'m	Total $'m
Trade and other payables	396	23	419	207	13	220
Loans and borrowings	20	77	97	95	–	95
Other undiscounted financial liabilities	2	2	4	3	5	8
	418	102	520	305	18	323

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty defaults on its obligations. U Mobile Group's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. Credit risk is managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting U Mobile Group's associations only to business partners with high creditworthiness. Deposits are placed only with reputable licensed financial institutions.

The maximum credit exposure on trade receivables is limited to the carrying amount of the receivables less allowance for impairment, whereas the maximum exposure for other receivables and cash and cash equivalents are the reported carrying amounts in the financial statements.

U Mobile Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

U Mobile Group has transactional currency exposures arising from services performed or purchases that are denominated in a currency other than the functional currency of U Mobile Group. The foreign currencies in which these transactions are denominated are mainly US dollars, Singapore dollars, Euro dollars, and Special Drawing Right. Special Drawing Right is a basket of currencies which is used to denominate international roaming transactions.

U Mobile Group has a loan denominated in a currency other than the functional currency of U Mobile Group. To mitigate its exposure in foreign currency risk arising from the loan, U Mobile Group has entered into a Cross Currency Rate Swap.

Approximately 19% (2014: 17%) of costs are denominated in foreign currencies. 52% (2014: 53%) of U Mobile Group's trade payables are denominated in foreign currencies at the reporting date, while 3% (2014: 5%) of U Mobile Group's trade receivables are denominated in foreign currencies as at the reporting date. U Mobile Group's trade receivables and trade payables balances at the reporting date have similar exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Sensitivity analysis

At 31 December 2015, a 5% (2014: 5%) strengthening/weakening of Malaysia Ringgit against the US dollars, Singapore dollars, Euro dollars and Special Drawing Right does not have a material impact to the financial statements. This analysis assumes that all other variables remain constant.

Estimation of fair values

The carrying amounts of cash and cash equivalents, short term receivables, payables and short term borrowing approximate fair value due to the relatively short term nature of these financial instruments.

Loans and borrowings

The carrying amounts of the current and non-current portion of loans and borrowings other than RCPS are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2015 Level 2 $'m	**2014 Level 2 $'m**
Derivative liability	–	2

37 Capital management

The Company regularly reviews its balance sheet structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns and proper strategic positioning.

From time to time, the related parties, excluding operating companies, may purchase the shares of its subsidiaries and associates on the market; the timing of these purchases depends on market prices, amongst other factors. Such share purchases are intended to maintain the Group's shareholding in its subsidiaries and affiliates.

The capital employed by the Company consists of equity attributable to shareholders. There were no changes in the Company's approach to capital management during the year.

Certain companies in the Group are subject to certain financial covenants including tangible net worth, net debt and security value under its loan facility. Management of these companies in the Group monitors these covenants on a regular basis to ensure compliance.

38 Commitments

On 30 December 2015, the Company, through its wholly-owned subsidiary, entered into a subscription agreement with its associate for the subscription of up to US$100 million (equivalent to $141 million) of convertible and redeemable bonds in two tranches, with maturity in 2019. The bond is convertible into fully-paid ordinary shares of the associate at a conversion price of US$1.675262 per share. The bond bears an interest of 10% per annum of which 5% per annum is payable semi-annually and the remaining 5% per annum is to be repaid on maturity. Subsequent to year end, the wholly-owned subsidiary subscribed for US$50 million ($71 million) of convertible and redeemable bonds issued by the associate on 29 January 2016.

Operating leases

Commitments for future minimum lease payments at the reporting date in respect of non-cancellable operating leases are as follows:

	Group	
	2015	**2014**
	$'m	**$'m**
Within 1 year	187	181
After 1 year but within 5 years	322	378
After 5 years	112	140
	621	699

The operating leases include leases of premises and network infrastructures. The leases have varying terms and renewal rights.

	Group	
	2015	**2014**
	$'m	**$'m**
Capital commitments		
Capital expenditure	478	480

39 Contingent liabilities

In the prior year, a wholly-owned subsidiary of the Group had assumed a contingent liability of RM93 million (equivalent to $35 million) for the guarantee provided to U Mobile for the purpose of securing a banking facility. The guarantee terminated in the current year.

During the year, the Company, through Straits Mobile, acquired from Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") the rights of TSVT and his affiliates (including U Telemedia Sdn Bhd) to subscribe to the Series B RCPS ("RCPS") issued by U Mobile. As part of the consideration, an amount up to RM53 million (equivalent to $18 million) is payable to TVST subject to the fulfilment of certain conditions by TSVT. As the obligation will only arise upon the fulfilment of the conditions, no liability is recognised at the reporting date. In February 2016, as a result of the fulfilment of some conditions by TSVT as set out in the sales and purchase agreement, Straits Mobile paid an amount of RM30 million (equivalent to $10 million) to TSVT in regards to the rights purchase.

40 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic operating subsidiaries. The strategic operating subsidiaries offer similar products and services but they are managed separately by different boards of directors. For each of the strategic operating subsidiaries, the Group's executive director reviews internal management reports on at least a quarterly basis. The principal activities of these strategic operating subsidiaries are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communication industry.

Group	StarHub 2015	StarHub 2014	TeleChoice 2015	TeleChoice 2014	U Mobile 2015	U Mobile 2014	Others 2015	Others 2014	Eliminations 2015	Eliminations 2014	Unallocated 2015	Unallocated 2014	Consolidated 2015	Consolidated 2014
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Revenue and expense														
External revenue	2,437	2,382	354	304	502	481	17	18	–	–	–	33	3,310	3,218
Inter-segment revenue	7	5	227	213	1	7	1	1	(236)	(226)	–	–	–	–
Segment profit/(loss) before tax	441	459	12	11	(148)	(98)	758	680	–	–	(55)	(67)	1,008	985
Income tax expense	(68)	(86)	(2)	(2)	–	–	–	–	–	–	(1)	(5)	(71)	(93)
Segment profit/(loss) after tax	373	373	10	9	(148)	(98)	758	680	–	–	(56)	(72)	937	892
Depreciation, amortisation and impairment	(274)	(269)	(3)	(3)	(64)	(61)	(3)	(3)	–	–	–	(1)	(344)	(337)
Share of results of associates and joint ventures	–	–	–	–	–	–	697*	67*	–	–	–	–	697	67
Assets and liabilities														
Segment assets	2,392	2,497	194	186	938	969	416	159	(34)	(52)	1,080	2,015	4,986	5,774
Interests in associates and joint ventures	–	–	–	–	–	–	4,014*	2,368*	–	–	–	–	4,014	2,368
Total segment assets	2,392	2,497	194	186	938	969	4,430	2,527	(34)	(52)	1,080	2,015	9,000	8,142
Capital expenditure	273	350	2	3	137	80	122	10	–	–	–	–	534	443
Segment liabilities	1,722	1,838	120	114	564	380	76	12	(34)	(52)	1,113	1,198	3,561	3,490

**Includes share of results and interest in Level 3. Level 3 is a separate reportable operating segment and the financial information of Level 3 has been disclosed in Note 7.*

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical locations of the primary place of operations of the investments.

	Group	
	2015	**2014**
	\$'m	**\$'m**
Revenue		
Singapore	2,740	2,661
Malaysia	515	506
Others	55	51
	3,310	3,218
Non-current assets*		
Singapore	1,979	1,874
Malaysia	804	836
United States	3,486	1,981
Others	524	371
	6,793	5,062

**excludes financial instruments and deferred tax assets*

41 Subsequent events

Additional multicurrency medium term note issued

In January 2016, the Company issued an additional $150 million multicurrency medium term note ("MTN"). The MTN is unsecured, bears interest at 4.05% per annum and is repayable in December 2025.

Spectrum reallocation to U Mobile

On 1 February 2016, U Mobile received notices of spectrum reallocation from Malaysian Communications and Multimedia Commission ("MCMC") for both the 900 megahertz (MHz) and 1800MHz bands. Based on the notices from MCMC, U Mobile has been allocated with 15 years spectrum assignment of 2x5MHz of 900MHz band and 2x15MHz of 1800MHz band for full implementation nationwide. This is in line with the Malaysian Government's decision to optimise the use of spectrum resources. The spectrum assignment fee is yet to be determined by MCMC. U Mobile management is currently reviewing and assessing the impact of the above.

Dividend to Temasek

In March 2016, the Company declared and paid an interim dividend of approximately $0.03 per share, tax exempt (one tier), totalling $50 million in respect of the financial year ending 31 December 2016.

Dividend from StarHub

In April 2016, the directors of StarHub proposed a final dividend of $0.05 per share, tax exempt (one tier), totalling $86 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 StarHub in 2016. The proposed final dividend, once approved and paid, is estimated to reduce the Group's cash and cash equivalents and non-controlling interests by approximately $38 million.

Additional bank loan drawdown by Shine Systems Assets Pte. Ltd. ("Shine")

Subsequent to year end, the Group's subsidiary, Shine, drew down on its bank loan facility, totalling $64 million. The bank loan is secured over certain property, plant and equipment, cash and cash equivalents, other receivables, deposits and the shares of Shine.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SINGAPORE TECHNOLOGIES TELEMEDIA PTE LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The information in this Appendix III has been extracted from the annual report of Singapore Technologies Telemedia Pte Ltd and its subsidiaries for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

Singapore Technologies Telemedia Pte Ltd
and its subsidiaries
Registration Number: 199500279W

Annual Report
Year ended 31 December 2016

Directors' statement

We are pleased to submit this annual report to the member 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 FS1 to FS110 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 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Tan Guong Ching	(Chairman)
Stephen Geoffrey Miller	(Appointed on 1 January 2017)
Sum Soon Lim	
Lim Ming Seong	
Chang See Hiang	
Justin Weaver Lilley	
Sir Michael Perry, GBE	
Vicente S. Perez, Jr.	

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), 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 and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Related Corporations		
Mapletree Logistics Trust Management Ltd. Unit holdings in Mapletree Logistics Trust		
Sum Soon Lim	1,700,000	1,700,000

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Singapore Airlines Limited		
Ordinary shares		
Tan Guong Ching	2,000	2,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Tan Guong Ching	72,475	72,475
Lim Ming Seong	98,336	98,336
Singapore Telecommunications Limited		
Ordinary shares		
Tan Guong Ching	2,840	2,840
Sum Soon Lim	3,230	3,230
Chang See Hiang	190	190
StarHub Ltd		
Ordinary shares		
Tan Guong Ching	149,341	160,741
Sio Tat Hiang*	25,600	39,300
Lim Ming Seong	222,036	137,136
- Held in the name of Citibank Nominees Singapore Pte Ltd	–	100,000
TeleChoice International Limited		
Ordinary shares		
Sio Tat Hiang*	253,000	325,000
Lim Ming Seong	60,000	60,000

* Sio Tat Hiang has resigned as a Director of the Company on 1 April 2017.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Except as disclosed under the "Share Options" 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 options

StarHub Ltd ("StarHub") has in place the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014 (collectively, "StarHub Share Plans 2014", and each, "StarHub PSP 2014" and "StarHub RSP 2014" respectively).

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting of StarHub ("StarHub EGM") 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 StarHub 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 StarHub EGM held on 14 April 2014. StarHub 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, "StarHub Plans") are administered by StarHub's Executive Resource and Compensation Committee ("StarHub ERCC") comprising three directors, namely Teo Ek Tor, Stephen Geoffrey Miller, and Lim Ming Seong.

StarHub designates the Company as its parent company for purposes of StarHub 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 StarHub 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 StarHub ERCC:

(1) employees (including executive directors) and non-executive directors of StarHub Group;

(2) employees (including executive directors) and non-executive directors of StarHub's parent company and its subsidiaries ("StarHub Parent Group") who meet the relevant age and rank criteria and whose services have been seconded to a company within StarHub Group and who shall be regarded as an employee of StarHub Group for the purposes of the StarHub Share Plans; and

(3) employees and non-executive directors of StarHub's associated companies, who in the opinion of StarHub ERCC, have contributed or will contribute to the success of StarHub 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 StarHub 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 StarHub'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 StarHub'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 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 StarHub's TSR measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of StarHub's TSR against shareholders' expected returns using cost of equity as a benchmark.

Share awards granted and vested, during the financial year, and share awards outstanding at the end of the financial year, under the StarHub PSP 2004 and StarHub PSP 2014, are as follows:

Date of grant	Balance outstanding at 1 January 2016	Number of performance shares granted	Number of performance shares vested	Number of performance shares forfeited	Balance outstanding at 31 December 2016
	'000	'000	'000	'000	'000
31.05.2013	429	–	(86)	(343)	–
10.03.2014	570	–	–	–	570
16.03.2015	535	–	–	–	535
22.03.2016	–	656	–	–	656
	1,534	656	(86)	(343)	1,761

(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.

(vi) 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 StarHub'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 ROIC and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

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 StarHub 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 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 granted to non-executive directors of StarHub 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.

(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 awards granted and vested during the financial year, and share awards outstanding at the end of the financial year, under the StarHub RSP 2004 and the StarHub RSP 2014, are as follows:

Date of grant	Balance outstanding at 1 January 2016	Number of restricted shares granted	Number of restricted shares vested	Number of restricted shares forfeited	Balance outstanding at 31 December 2016
	'000	'000	'000	'000	'000
31.05.2013	692	–	(672)	(20)	–
10.03.2014	2,340	–	(764)	(863)	713
16.03.2015	2,266	–	–	(160)	2,106
08.07.2015	32	–	(16)	–	16
22.03.2016	–	2,460	–	(80)	2,380
20.05.2016	–	267	(120)	–	147
23.05.2016	–	157	(141)	(16)	–
	5,330	2,884	(1,713)	(1,139)	5,362

During the financial year, a total of 1,856,315 ordinary shares fully paid in StarHub were issued pursuant to the StarHub Share Plans.

As at 31 December 2016, 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.

TeleChoice International Limited ("TeleChoice")

Long Term Incentive Plans

The TeleChoice Restricted Share Plan (the "TeleChoice RSP") and TeleChoice Performance Share Plan (the "TeleChoice PSP") (collectively referred to as the "TeleChoice Plans"), were approved and adopted by TeleChoice's members at an Extraordinary General Meeting of TeleChoice held on 27 April 2007.

Information regarding the TeleChoice Plans is set out below:

(i) The TeleChoice Plans were established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for TeleChoice.

(ii) The TeleChoice Plans are administered by the TeleChoice's Remuneration Committee comprising three directors, namely Bertie Cheng, Ronald Seah Lim Siang and Stephen Geoffrey Miller (the "TeleChoice RC").

(iii) The following persons (collectively referred to as the "Eligible Persons") shall be eligible to participate in the TeleChoice Plans, at the absolute discretion of the TeleChoice RC:

- employees and non-executive directors of TeleChoice and/or any of its subsidiaries;
- employees and non-executive directors of STT Communications Ltd ("STTC") and its subsidiaries, who may be seconded to render services and contribute to the success of the TeleChoice Group; and
- employees of associated companies of TeleChoice.

(iv) Under the TeleChoice PSP, conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets which are set based on corporate objectives aimed at sustaining longer-term growth. The vesting period of the awards granted under the Plans is between one to three years. After the awards vest, the shares comprised in the awards are issued at the end of the performance and/or service period once the TeleChoice RC, at its sole discretion, 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, currently prescribed to be a three-year period. 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.

(v) Under the TeleChoice RSP, conditional awards vest over a two-year period, once the TeleChoice RC is, at its sole discretion, satisfied that the performance and extended service conditions are attained. The total number of shares to be awarded depends on the level of attainment of the performance targets. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(vi) Since the commencement of the TeleChoice Plans to the financial year ended 31 December 2016, conditional awards aggregating 29,344,810 (2015: 25,334,810) shares have been granted under the aforesaid TeleChoice Plans, representing the number of shares to be delivered if the performance targets are achieved at "on-target" level. 1,984,260 shares under the TeleChoice Plans were released during the financial year ended 31 December 2016 (2015: 2,449,720 shares).

(vii) During the financial year ended 31 December 2016, conditional awards aggregating 3,476,000 (2015: 3,193,480) shares have been granted under the TeleChoice Plans, representing the number of shares to be delivered if certain performance targets are achieved at "on-target" level. An aggregate 8,973,778 shares under the TeleChoice Plans were outstanding as at 31 December 2016 (2015: 7,746,490 shares).

(viii) During the financial year ended 31 December 2016, restricted share awards aggregating 534,000 (2015: 508,000) shares were also granted under the TeleChoice RSP. These share awards formed 30% (2015: 30%) of the TeleChoice Directors' remuneration for the financial year ended 31 December 2015 (2015: 31 December 2014) and were granted without any performance or vesting conditions attached, but subject to a selling moratorium and other terms and conditions.

(ix) Since commencement of the TeleChoice Plans, no share awards were granted under the TeleChoice Plans at a discount.

Except as disclosed above, there were no options granted during the financial year by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Guong Ching
Chairman

Stephen Geoffrey Miller
Director

27 April 2017

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Singapore Technologies Telemedia Pte Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Technologies Telemedia Pte Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2016, the income statements, statements of comprehensive income, statements of changes in equity of the Group and the Company and consolidated cash flows statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS110.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity 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 financial position of the Group and of the Company as at 31 December 2016 and the financial performance and changes in equity of the Group and of the Company and the consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill arising from consolidation of U Mobile Sdn Bhd ("U Mobile") ($252 million)
(Refer to note 2.9 – Accounting policies of impairment in non-financial assets and note 5 – Goodwill on consolidation)

The key audit matter	*How the matter was addressed in our audit*
At 31 December 2016, the carrying amount of the goodwill arising from the Group's acquisition of U Mobile in 2012 amounted to $252 million. Goodwill is subject to annual impairment testing and the Group uses the discounted cash flow technique to determine the value in use ("VIU") as the recoverable amount of U Mobile. There is a risk of impairment due to the highly competitive environment that U Mobile operates in which increases the level of judgement and estimation uncertainties within management's cash flow forecast.	Our procedures included, among others: • We assessed the key assumptions used in the VIU calculations, namely the revenue growth rates, enterprise to earnings before interest, taxes, depreciation and amortisation ("EBITDA") margin, EBITDA exit multiple and discount rate, by comparing them to externally derived data and historical performance where available. • We assessed the reliability of the forecast through a review of actual performance against previous forecasts. • We performed stress tests on the VIU computation. • We reviewed the sufficiency of the related disclosures in note 5 to the financial statements.

Findings

We found the key assumptions to be supported by approved budget and are based on the Group's expectation of positive business conditions. Considering the highly competitive environment, we have re-computed the recoverable amount using lower growth estimates and agree with management that no impairment charge is needed.

The Group's disclosure in the financial statements is compliant with the financial reporting standards.

Revenue recognition ($3,347 million)
(Refer to Income Statement and note 2.16 - Accounting policies of revenue recognition)

The key audit matter	*How the matter was addressed in our audit*
The Group mainly derives its revenue from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sale of equipment through its significant subsidiaries, StarHub Ltd ("StarHub") and U Mobile. The Group provides its services from its integrated fixed, mobile, cable and broadband operations through its fixed and wireless networks. The information used to recognise revenue is based on data captured in the network switches which are interfaced with management IT reporting systems. Complexities in the telecommunication systems and the related configurations of the system generated information give rise to a 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 procedures included, among others: • We tested the design and implementation of the operating effectiveness of the IT environment over systems in which billings, ratings and other relevant support activities reside. • We evaluated 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. • We tested the design and implementation, and effectiveness of controls over the initiation, authorisation, recording and processing of revenue transactions. • We tested key reconciliations used by management to assess the completeness, existence and accuracy of revenue. • We assessed the suitability of revenue recognition policy for the products and services offered by the Group. • We performed analytical procedures on revenue by corroborating with non-financial data and test of details.

Findings

We noted no significant issues on the completeness, existence and accuracy of revenue recorded in the year, except for the recognition of revenue from the sale and usage of prepaid phone cards mentioned below:

a) StarHub identified errors in the data of the prepaid mobile rating and accounting systems used for the recognition of revenue from the sale and usage of prepaid phone cards, and is in the process of reconciling the differences between the prepaid and accounting systems. The effect of the errors and the unreconciled differences is not material to the Group's financial statements.

b) We also noted that the revenue recognition policies relating to some of the prepaid card programmes in StarHub were not in accordance with the requirements of the financial reporting standards. The effect of these deviations is not material to the Group's financial statements.

Business combination ($368 million)
(Refer to note 2.2 – Accounting policies of business combinations and note 38 – Business Combination)

The key audit matter	*How the matter was addressed in our audit*
During the year, the Group acquired Tata Communications Data Centers Private Limited ("TCDC") for a total consideration of $368 million. There are judgement and estimates used in ascertaining the preliminary fair values of assets and liabilities acquired.	Our procedures over the preliminary acquisition accounting included, among others: • We checked the computations to allocate the purchase price to the different assets and liabilities acquired in the business combination. • We involved our valuation specialist in assessing the reasonableness of the methodologies and key assumptions used in deriving the allocated values using market data and our experience of similar assets in other comparable situations. • We assessed the adequacy of the disclosure for the business combination in the financial statements.

Findings

We found the estimates used to allocate the purchase price to assets and liabilities acquired in the preliminary acquisition accounting to be fair.

We also found the Group's disclosure for the business combination in note 38 of the financial statements to be appropriate.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

KPMG

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 Koh Wei Peng.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 April 2017

Balance sheets
As at 31 December 2016

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Non-current assets					
Property, plant and equipment	3	1,771	1,374	–	–
Intangible assets	4	711	406	–	–
Goodwill on consolidation	5	1,315	999	–	–
Interests in:					
- subsidiaries	6	–	–	2,207	2,207
- associates	7	4,058	3,852	–	–
- joint ventures	8	157	162	–	–
Other financial assets	9	275	217	–	–
Deferred tax assets	10	1	1	–	–
Other non-current assets	14	28	14	–	–
Balances with related parties	17	159	82	451	300
		8,475	7,107	2,658	2,507
Current assets					
Inventories	11	67	88	–	–
Work-in-progress	12	25	26	–	–
Trade receivables	15	305	223	–	–
Other financial assets	9	13	–	–	–
Other receivables, deposits and prepayments	16	325	257	1	1
Balances with related parties	17	15	40	–	–
Cash and cash equivalents	18	895	1,259	1	1
		1,645	1,893	2	2
Total assets		10,120	9,000	2,660	2,509

The accompanying notes form an integral part of these financial statements.

Balance sheets (cont'd)
As at 31 December 2016

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Equity attributable to equity holder of the Company					
Share capital	19	2,172	2,172	2,172	2,172
Reserves	20	2,701	2,582	35	36
		4,873	4,754	2,207	2,208
Non-controlling interests	21	624	685	–	–
Total equity		5,497	5,439	2,207	2,208
Non-current liabilities					
Bank and other borrowings	23	2,672	1,780	451	300
Deferred tax liabilities	10	170	120	–	–
Other non-current liabilities	26	273	116	–	–
		3,115	2,016	451	300
Current liabilities					
Trade payables	22	180	137	–	–
Other payables, accruals and provisions	27	1,207	1,082	2	1
Balances with related parties	17	31	89	–	–
Bank and other borrowings	23	18	155	–	–
Current tax payable		72	82	–	–
		1,508	1,545	2	1
Total liabilities		4,623	3,561	453	301
Total equity and liabilities		10,120	9,000	2,660	2,509

The accompanying notes form an integral part of these financial statements.

Income statements
Year ended 31 December 2016

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Revenue					
Dividend income		–	–	50	–
Sale of equipment		426	515	–	–
Mobile revenue		1,802	1,723	–	–
Pay TV revenue		378	391	–	–
Broadband revenue		217	200	–	–
Fixed network services		406	398	–	–
Maintenance and installation services		90	83	–	–
Data centres co-location services		28	–	–	–
		3,347	3,310	50	–
Less: Operating expenses					
Cost of equipment sold		671	758	–	–
Cost of telecommunication services		991	959	–	–
Cost of co-location services		10	–	–	–
Doubtful debts		24	21	–	–
Depreciation, amortisation and impairment		379	344	–	–
Marketing and promotion expenses		150	165	–	–
Staff costs		409	404	–	–
Rental expenses		222	204	–	–
Other operating expenses		260	199	1	–
		3,116	3,054	1	–
Profit from operations	28	231	256	49	–
Finance costs	30	(82)	(49)	(18)	(1)
Finance income	31	21	15	18	1
Share of results of associates and joint ventures, net of tax	7,8	55	697	–	–
Other income	32	75	89	–	–
Profit before taxation carried forward		300	1,008	49	–

The accompanying notes form an integral part of these financial statements.

Income statements (cont'd)
Year ended 31 December 2016

		Group		Company	
	Note	2016	2015	2016	2015
		$'m	$'m	$'m	$'m
Profit before taxation brought forward		300	1,008	49	–
Tax expense	33	(72)	(71)	–	–
Profit for the year		228	937	49	–
Attributable to:					
Equity holder of the Company		125	805	49	–
Non-controlling interests		103	132	–	–
Profit for the year		228	937	49	–

The accompanying notes form an integral part of these financial statements.

Statements of comprehensive income
Year ended 31 December 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'m	**$'m**	**$'m**	**$'m**
Profit for the year	228	937	49	–
Other comprehensive income				
Items that are or may be reclassified subsequently to income statement:				
Translation differences relating to:				
- financial statements of foreign operations	11	(59)	–	–
- disposal of subsidiaries	(11)	–	–	–
- monetary items forming part of net investments in foreign operations	(6)	–	–	–
Effective portion of changes in fair value of cash flow hedges	(1)	4	–	–
Net change in fair value of available-for-sale financial asset	13	–	–	–
Share of other comprehensive income of associates and joint ventures, net of tax	67	115	–	–
Other comprehensive income for the year, net of tax	73	60	–	–
Total comprehensive income for the year	301	997	49	–
Attributable to:				
Equity holder of the Company	186	879	49	–
Non-controlling interests	115	118	–	–
Total comprehensive income for the year	301	997	49	–

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2016

Group	Note	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
At 1 January 2015		2,172	4	(29)	(3)	1	(488)	2,235	3,892	760	4,652
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	805	805	132	937
Other comprehensive income											
Translation differences relating to financial statements of foreign operations		–	–	(44)	–	–	–	–	(44)	(15)	(59)
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	2	–	–	2	2	4
Share of other comprehensive income of associates and joint ventures, net of tax		–	–	113	7	–	–	(4)	116	(1)	115
Total other comprehensive income, net of tax		–	–	69	7	2	–	(4)	74	(14)	60
Total comprehensive income for the year		–	–	69	7	2	–	801	879	118	997
Brought forward		2,172	4	40	4	3	(488)	3,036	4,771	878	5,649

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2016

Group	Note	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
Carried forward		2,172	4	40	4	3	(488)	3,036	4,771	878	5,649
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends to non-controlling interests of subsidiaries	20	–	–	–	–	–	–	–	–	(207)	(207)
Share-based payment transactions		–	–	–	–	–	–	–	–	10	10
Total contributions by and distributions to owners		–	–	–	–	–	–	–	–	(197)	(197)
Changes in ownership interests in subsidiaries											
Changes in ownership interests without a change of control		–	–	–	–	–	–	(17)	(17)	4	(13)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	(17)	(17)	4	(13)
Total transactions with owners		–	–	–	–	–	–	(17)	(17)	(193)	(210)
At 31 December 2015		2,172	4	40	4	3	(488)	3,019	4,754	685	5,439

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2016

Group	Note	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
At 1 January 2016		2,172	4	40	4	3	(488)	3,019	4,754	685	5,439
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	125	125	103	228
Other comprehensive income											
Translation differences relating to:											
- financial statements of foreign operations		–	–	8	–	–	–	–	8	3	11
- disposal of subsidiaries		–	–	(11)	–	–	–	–	(11)	–	(11)
- monetary items forming part of net investments in foreign operations		–	–	(6)	–	–	–	–	(6)	–	(6)
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	(2)	–	–	(2)	1	(1)
Net change in fair value of available-for-sale financial asset		–	–	–	5	–	–	–	5	8	13
Share of other comprehensive income of associates and joint ventures, net of tax		–	–	69	(2)	–	–	–	67	–	67
Total other comprehensive income, net of tax		–	–	60	3	(2)	–	–	61	12	73
Total comprehensive income for the year		–	–	60	3	(2)	–	125	186	115	301
Brought forward		2,172	4	100	7	1	(488)	3,144	4,940	800	5,740

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2016

Group	Note	Share capital S'm	Capital reserve S'm	Currency translation reserve S'm	Fair value reserve S'm	Hedging reserve S'm	Goodwill written off S'm	Accumulated profits S'm	Total attributable to equity holder of the Company S'm	Non-controlling interests S'm	Total equity S'm
Carried forward		2,172	4	100	7	1	(488)	3,144	4,940	800	5,740
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Capital contribution from non-controlling interests of subsidiaries		–	–	–	–	–	–	–	–	3	3
Dividends to owner of the Company	20	–	–	–	–	–	–	(50)	(50)	–	(50)
Dividends to non-controlling interests of subsidiaries	20	–	–	–	–	–	–	–	–	(197)	(197)
Share-based payment transactions		–	–	–	–	–	–	–	–	7	7
Total contributions by and distributions to owners		–	–	–	–	–	–	(50)	(50)	(187)	(237)
Changes in ownership interests in subsidiaries											
Acquisition of subsidiary with non-controlling interests	38	–	–	–	–	–	–	–	–	21	21
Changes in ownership interests without a change of control		–	–	–	–	–	–	(17)	(17)	(10)	(27)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	(17)	(17)	11	(6)
Total transactions with owners		–	–	–	–	–	–	(67)	(67)	(176)	(243)
At 31 December 2016		2,172	4	100	7	1	(488)	3,077	4,873	624	5,497

The accompanying notes form an integral part of these financial statements.

Company	**Note**	**Share capital $'m**	**Accumulated profits $'m**	**Total $'m**
At 1 January 2015		2,172	36	2,208
Profit for the year/Total comprehensive income for the year		–	–	–
At 31 December 2015		2,172	36	2,208
At 1 January 2016		2,172	36	2,208
Profit for the year/Total comprehensive income for the year		–	49	49
Transactions with owner, recorded directly in equity				
Contributions by and distribution to owner				
Dividends to equity holder	20	–	(50)	(50)
Total transactions with owner		–	(1)	(1)
At 31 December 2016		2,172	35	2,207

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement
Year ended 31 December 2016

	2016 $'m	2015 $'m
Cash flows from operating activities		
Profit for the year	228	937
Adjustments for:		
Income related grants	(32)	(45)
Changes in fair value of financial assets	–	(4)
Depreciation, amortisation and impairment	379	344
Finance costs	82	49
Gain on disposal of property, plant and equipment and intangible assets	–	(2)
Gain on dilution of interest in an associate	(46)	(64)
Gain on deconsolidation of subsidiaries	(21)	–
Fair value gain on initial recognition of available-for-sale financial assets	(9)	–
Write back of impairment on loan from associate	–	(10)
Write back of impairment on loan from associate previously written off	–	(2)
Income tax expense	72	71
Interest income	(21)	(15)
Share of results of associate and joint venture entities	(55)	(697)
Value of employee services received for issue of equity based compensation	7	10
Exchange differences from investing and financing activities	(5)	11
	579	583
Changes in:		
Balances from related parties	5	(7)
Balances to related parties	(58)	50
Inventories	21	(33)
Payables and accruals	111	(31)
Receivables, deposits and prepayments	(129)	295
Cash generated from operations	529	857
Income taxes paid	(57)	(95)
Net cash from operating activities carried forward	472	762

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement (cont'd)
Year ended 31 December 2016

	Note	2016 $'m	2015 $'m
Cash flows from operating activities brought forward		472	762
Cash flows from investing activities			
Dividends received from associates and joint ventures		2	4
Interest received		24	12
Investment in mutual funds		(10)	–
Proceeds from disposal of mutual funds		12	–
Acquisition of subsidiary, net of cash acquired	38	(360)	–
Additional loans to associates		(69)	(92)
Repayment of loan from associate		20	6
Purchase of intangible assets		(141)	(53)
Payment of contingent consideration		–	(6)
Purchase of other financial assets		(33)	(84)
Proceeds from disposal of property, plant and equipment		3	3
Purchase of property, plant and equipment		(508)	(417)
Payment for investments in associates and joint ventures		(35)	(774)
Net cash used in investing activities		(1,095)	(1,401)
Cash flows from financing activities			
Proceeds from issuance of medium term notes		451	300
Extension fee for bank loans		–	(12)
Bank and borrowings:			
- proceeds		160	36
- repayment		(30)	(286)
Payment for spectrum licence		(23)	–
Proceeds from deconsolidation of subsidiary		19	–
Proceeds from disposal of interests in subsidiary without loss of control		–	8
Treasury shares acquired by a subsidiary		(12)	–
Dividends paid to non-controlling interests of subsidiaries		(197)	(207)
Dividends paid to equity holder of the Company		(50)	–
Capital contribution from non-controlling interests		1	–
Grants received		34	29
Interest paid		(78)	(48)
Cash pledged as security		–	(12)
Premium paid for redeemable preference shares		(15)	(21)
Net cash from/(used in) financing activities		260	(213)

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement (cont'd)
Year ended 31 December 2016

	Note	2016 $'m	2015 $'m
Net decrease in cash and cash equivalents		(363)	(852)
Cash and cash equivalents at beginning of the year		1,212	2,050
Effect of exchange rate changes on balances held in foreign currency		(1)	14
Cash and cash equivalents at end of the year	18	848	1,212

Significant non-cash transactions

During the year, U Mobile Sdn. Bhd. ("U Mobile"), a wholly-owned subsidiary, accepted an offer from Malaysian Communications and Multimedia Commission on allocation of bands spectrum and capitalised the cost of spectrum licence amounting to MYR 503 million (equivalent to $162 million) under intangible asset. The licence is payable via instalments to the industry regulator for the spectrum reallocation which happened during the year.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 April 2017.

1 Domicile and activities

Singapore Technologies Telemedia Pte Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 1 Temasek Avenue, #33-01 Millenia Tower, Singapore 039192.

The Company is principally engaged in the provision of info-communications services and investment holding. Through its subsidiaries, associates and joint ventures, the Group offers a wide array of communications and information services, including fixed and mobile communications, global IP network and services, cable television services, data centre co-location, managed hosting and managed cloud services.

The immediate and ultimate holding company is Temasek Holdings (Private) Limited ("Temasek"), a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

The historical cost basis is used except for certain financial assets and financial liabilities which are stated at fair value.

These 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 preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may 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 particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are as follows:

- Note 3 – Useful lives of property, plant and equipment
- Note 5 – Assumptions of recoverable amounts relating to impairment of goodwill
- Note 7 – Recognition of deferred tax assets by an associate
- Note 15 – Impairment of trade receivables
- Note 27 – Adequacy of accruals
- Note 34 – Assumptions underlying the measurement of share-based payments
- Note 36 – Valuation of financial instruments
- Note 38 – Business combination: fair value measured on a provisional basis

The accounting polices 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 the annual period beginning on 1 January 2016. The adoption did not result in substantial changes to the Group's accounting policies and had 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.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, management has assessed the transition options and are gathering the detailed analysis and potential impact on its financial statements. 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 announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange 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.

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers*	During 2016, the Group performed an initial assessment of the impact on the Group's financial statements.
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.	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.
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*.	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.
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.	**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.

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.	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, except for available-for-sale financial assets which are currently carried at cost. 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. Currently, certain available-for-sale financial assets are carried at cost because the fair value cannot be reliably determined in view of uncertainties in the estimates. Under FRS 109, the available-for-sale financial assets that were previously accounted at cost are measured at fair value at the date of initial application. Any difference between the carrying amount and the fair value shall be recognised in the opening retained earnings (or other components of equity, as appropriate). Any subsequent fair value changes are recognised in profit or loss or other comprehensive income, depending on the election made. **Impairment** - The Group intends to adopt the simplified approach and is currently assessing the impact of impairment loss allowance under the new standard.

New standards Summary of the requirements	**Potential impact on the financial statements**
	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.

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.	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.

New standards Summary of the requirements	**Potential impact on the financial statements**
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.	

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests 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. If the Group retains any interest in the previous subsidiary, then such interest is measured at 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.

Equity-accounted investees

Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control 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.

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.

Accounting for subsidiary in the separate financial statements

Investment in subsidiary is stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated 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 retranslated to the functional currency at the exchange rate at the date 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 retranslation are recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the 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 operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss 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. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

Net investment in a foreign operation

When the settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation are recognised in other comprehensive income of the Group, and are presented in the currency translation reserve in equity.

2.4 Property, plant and equipment

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.

Depreciation is provided on the straight-line basis over their estimated useful lives as follows:

Freehold buildings	-	50 years
Leasehold land	-	shorter of remaining lease term or 60 years
Leasehold buildings	-	shorter of remaining lease term or 60 years
Leasehold improvements	-	shorter of remaining lease terms or 20 years
Network equipment	-	2 to 20 years
Office equipment, computers and furniture and fittings	-	2 to 10 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 land and assets under construction.

2.5 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and joint ventures.

Goodwill arising on the acquisition of subsidiaries is presented separately. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Acquisitions prior to 1 January 2001

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill and negative goodwill on acquisitions were written off against accumulated profits in the year of acquisition.

Goodwill and negative goodwill that have previously been taken to reserves are not taken to the income statement when (a) the business is disposed of or (b) the goodwill is impaired.

Acquisitions occurring between 1 January 2001 and 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of not more than 20 years. On 1 January 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in Note 2.9.

Negative goodwill was derecognised by crediting accumulated profits on 1 January 2005.

Acquisitions occurring between 1 January 2005 and 31 December 2009

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.9. Negative goodwill is recognised immediately in the income statement.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill that arises on the date of acquisition of subsidiaries as the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the 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 (negative goodwill) is recognised immediately in the income statement.

Goodwill arising on the acquisition of subsidiaries is presented separately. Goodwill arising on the acquisition of an associate is presented together with interests in the associate.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.9.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the income statement on a straight-line basis from the date they are available for use over their estimated useful lives as follows:

Telecommunications licences	-	over the period of the licences of 10 to 21 years
Software	-	2 to 5 years
Branding	-	10 years
Customer contracts and relationships	-	2 to 11 years

No amortisation is provided in respect of software in development.

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.

2.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, debt securities, trade and other receivables, deposits, cash and cash equivalents, contingent consideration, trade and other payables, accruals, balances with related parties and bank and other borrowings.

Non-derivative financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments, except as disclosed below, are measured at amortised cost using the effective interest method, less any impairment losses.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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. The right to set off a financial asset and financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and all counterparties.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

Available-for-sale financial assets

The Group's investment in equity securities is classified as available-for-sale financial asset. Investment in equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Available-for-sale financial asset is recognised initially at fair value 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.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses, 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.

Convertible notes

The debt component of the convertible note ("debt component") is recognised initially at the fair value of a similar debt instrument that does not have an equity conversion option. On initial recognition, any difference between the fair value of the convertible note as a whole and the fair value of the debt component is recognised as a separable embedded derivative. Subsequent to initial recognition, the debt component is measured at amortised cost using the effective interest method.

Financial assets at cost

Investment in equity securities whose fair value cannot be reliably measured is measured at cost less impairment losses. If the fair value of an investment in equity securities measured previously at cost less impairment losses becomes reliably measurable, the investment in equity securities is re-measured at fair value and changes between its carrying amount and fair value, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity.

The cumulative gain or loss in equity is reclassified to the income statement when the financial asset is derecognised or impaired.

Contingent consideration

Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date and initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

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 equity 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.

Economic hedges

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.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the income statement.

Financial guarantee

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Group will be required to make payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option.

Incremental costs directly attributable to the issue of ordinary shares, preference shares and share options are recognised as a deduction from equity.

2.7 Finance leases

As lessee

Finance leases are those leasing agreements, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the lease items. Assets financed under such leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Assets acquired on finance lease arrangements are depreciated in accordance with the policy set out in Note 2.4 above.

As lessor

Leases where the Group transferred substantially all the risks and rewards incidental to legal ownership of the leased assets, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivables (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet. The difference between the gross receivables and the present value of the lease receivables is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivables to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivables.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the leased income.

2.8 Operating leases

As lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item are classified as 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.

As lessor

Leases where the Group retains substantially all risks and rewards of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss 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 a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Available-for-sale financial assets

Impairment losses on available-for-sale equity securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to income statement. The cumulative loss that is reclassified from equity to the income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, 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.

Financial assets at cost

For an equity security measured at cost because its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on equity securities are not reversed through the income statement.

Financial assets at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent decrease in impairment loss can be related objectively to an event occurring after the impairment loss was recognised.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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 assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Calculation of recoverable amount

The recoverable amount of an asset or cash generating unit 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

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.

2.10 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.

2.11 Work in progress

Work-in-progress comprises uncompleted contracts.

When the outcome of such contracts can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is assessed by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs include cost of direct materials, direct labour and cost incurred in connection with the project.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Work-in-progress is measured at cost plus attributable profit recognised to date, net of progress billings and allowances for foreseeable losses recognised, and is presented in the balance sheet as work-in-progress (as an asset) or as excess of progress billings over work-in-progress (as a liability), as applicable. The Group reports the net contract position for each contract as either an asset or a liability.

2.12 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Singapore Government bonds that have maturity dates approximating the terms of the Group's obligations.

Any actuarial gains or losses are recognised in the income statement in the period in which they arise.

Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or Performance Cash Plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

Share Option Plans

The Share Option Plans allows Group employees to acquire shares of the subsidiaries. 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 become unconditionally entitled to the options. At each reporting date, the Group 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.

The Group has certain cash-settled share-based payments transactions. The fair value of the amount payable to the employees is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in the income statement.

Performance Share Plan and Restricted Stock Plan

The Performance Share Plan and the Restricted Stock Plan 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 Group revises its estimates of the number of shares that the participating employees 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.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting date.

2.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Group makes provision for site decommissioning and restoration costs based on management's best estimate of the costs necessary to be incurred to decommission and restore the telecommunications sites.

2.14 Deferred 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.

2.15 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to a business combinations, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 reporting date arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they 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.

2.16 Revenue recognition

Revenue comprises fees earned from telecommunications services, broadband access, Pay TV, related advertising space, sale of equipment and provision of data centre co-location services. 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, cable television services, maintenance and installation services, and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the balance sheet as unearned revenue.

- Revenue from sales of pre-paid and phone cards for which services have not been rendered is deferred and presented in the balance sheet as unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.

- Revenue from sale of equipment and goods 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 with the earning process of each element.

- Revenue arising from the provision of data centre co-location services and facility services are recognised in profit or loss on a straight-line basis over the period of the contracts. Amounts received in advance from customers prior to the delivery of the co-location services are recorded as unearned revenue.

- Revenue from other services is recognised when the service is provided.

- Income on project work-in-progress is recognised using the stage of completion method.

- Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

- Interest income is recognised as it accrues, using the effective interest method.

2.17 Finance costs

Finance costs comprise fair value changes on contingent consideration, interest expense and similar charges. Finance costs are recognised in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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 Customer loyalty programme

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.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's executive director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets and liabilities from non-operating investment holding subsidiaries. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 Property, plant and equipment

Group	Freehold land and buildings $'m	Leasehold land, buildings and improvements $'m	Network equipment $'m	Office equipment, computers and furniture and fittings $'m	Motor vehicles $'m	Assets under construction $'m	Total $'m
Cost							
At 1 January 2015	3	98	3,495	179	6	132	3,913
Translation difference	(1)	(1)	(43)	(4)	–	(5)	(54)
Additions	10	1	10	1	1	458	481
Transfers	–	2	307	22	–	(331)	–
Disposals/write off	–	(7)	(113)	(12)	–	–	(132)
At 31 December 2015	12	93	3,656	186	7	254	4,208
Translation difference	–	–	(1)	–	–	(2)	(3)
Additions	–	–	11	28	2	517	558
Acquisition through business combination (Note 38)	–	13	115	19	–	11	158
Transfers	–	162	440	1	–	(603)	–
Disposals/write off	–	(5)	(155)	(15)	–	–	(175)
At 31 December 2016	12	263	4,066	219	9	177	4,746

Group	Freehold land and buildings $'m	Leasehold land, buildings and improvements $'m	Network equipment $'m	Office equipment, computers and furniture and fittings $'m	Motor vehicles $'m	Assets under construction $'m	Total $'m
Accumulated depreciation and impairment losses							
At 1 January 2015	*	49	2,523	149	6	–	2,727
Translation difference	–	–	(18)	(4)	–	–	(22)
Charge for the year	*	4	238	15	1	–	258
Impairment loss	–	–	2	–	–	–	2
Disposals/write off	–	(7)	(113)	(11)	–	–	(131)
At 31 December 2015	*	46	2,632	149	7	–	2,834
Translation difference	–	–	(2)	–	–	–	(2)
Charge for the year	*	6	257	18	*	–	281
Impairment loss	–	–	22	–	–	2	24
Disposals/write off	–	(3)	(145)	(14)	–	–	(162)
At 31 December 2016	*	49	2,764	153	7	2	2,975
Carrying amounts							
At 1 January 2015	3	49	972	30	–	132	1,186
At 31 December 2015	12	47	1,024	37	–	254	1,374
At 31 December 2016	12	214	1,302	66	2	175	1,771

* *Amount less than $1 million*

	Group	
	2016	**2015**
	$'m	**$'m**
Staff costs capitalised in assets under construction during the year	3	3
Borrowing costs capitalised in assets under construction during the year*	2	5

* *The capitalisation rate for the borrowing costs is 2.4%-2.5% (2015: 3%).*

Leasehold improvements and network equipment are depreciated on a straight-line basis over their estimated useful lives. The Group estimates the useful lives of these assets to be within 2 to 20 years. Changes in the expected level of usage and technological developments could impact the useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

4 Intangible assets

Group	Telecommunications licences $'m	Software $'m	Software in development $'m	Branding $'m	Customer contracts and relationships $'m	Total $'m
Cost						
At 1 January 2015	430	548	14	35	21	1,048
Translation difference	(37)	(11)	–	(4)	(2)	(54)
Additions	–	18	35	–	–	53
Disposals/write offs	(2)	(4)	–	–	–	(6)
Transfers	–	32	(32)	–	–	–
At 31 December 2015	391	583	17	31	19	1,041
Translation difference	(5)	(1)	–	(1)	2	(5)
Additions	243	25	35	–	–	303
Acquisitions through business combinations (Note 38)	–	–	–	–	78	78
Disposals/write offs	–	(5)	–	–	–	(5)
Transfers	–	35	(35)	–	–	–
At 31 December 2016	629	637	17	30	99	1,412

Group	Telecommunications licences $'m	Software $'m	Software in development $'m	Branding $'m	Customer contracts and relationships $'m	Total $'m
Accumulated amortisation						
At 1 January 2015	121	427	–	9	20	577
Translation difference	(10)	(7)	–	(1)	(2)	(20)
Disposals/write offs	(2)	(4)	–	–	–	(6)
Charge for the year	25	55	–	3	1	84
At 31 December 2015	134	471	–	11	19	635
Translation difference	(1)	(2)	–	–	–	(3)
Disposals/write offs	–	(5)	–	–	–	(5)
Charge for the year	25	44	–	3	2	74
At 31 December 2016	158	508	–	14	21	701
Carrying amounts						
At 1 January 2015	309	121	14	26	1	471
At 31 December 2015	257	112	17	20	–	406
At 31 December 2016	471	129	17	16	78	711

	Group 2016 $'m	Group 2015 $'m
Staff costs capitalised in software development during the year.	2	2

5 Goodwill on consolidation

	Note	Group 2016 $'m	Group 2015 $'m
Cost			
At 1 January		999	1,037
Acquisition through business combinations	38	310	–
Translation difference		6	(38)
At 31 December		1,315	999

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the country of operation of each subsidiary acquired, as follows:

	Group 2016 $'m	Group 2015 $'m
Singapore	742	742
India	321	–
Malaysia	252	257
	1,315	999

The recoverable amount of a CGU is based on the greater of its fair value less costs to sell and its value-in-use ("VIU").

For goodwill identified to the Singapore CGUs amounting to $742 million (2015: $742 million), the recoverable amounts were determined based on fair value less costs to sell using the market prices of the CGUs which are quoted on the stock exchange and are subject to fluctuations. The fair value measurement was categorised as a Level 1 fair value based on the inputs in the valuation technique used.

For goodwill identified to the India CGU amounting to $321 million (2015: Nil), management was of the view that the acquisition price amounting to $368 million was representative of the fair value less costs to sell, given that there were no significant events since their date of acquisition to 31 December 2016.

Based on the fair value less costs to sell of the Singapore and India CGUs, the recoverable amount exceeded the respective carrying amount of the CGU including goodwill. Accordingly, no impairment was necessary as at the reporting date. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

For goodwill identified to the Malaysia CGU arising from the acquisition of U Mobile, the recoverable amount as at 31 December 2016 was based on VIU.

U Mobile's VIU was determined by discounting estimated future cash flows generated from the continuing use of the CGU and a terminal value determined using an Enterprise to EBITDA exit multiple. The 5-year cash flows projections were based on management's assessment of anticipated future trends and actual operating results for the year ended 31 December 2016.

The discounted cash flow model was based on the following key assumptions:

	Group	
	2016	**2015**
Discount rate	12.0%	12.0%
Terminal growth rate	n/a	n/a
Enterprise to EBITDA exit multiple	10.0	9.0

The values assigned to the key assumptions represent management's assessment of developments in the telecommunications industry and were based on both external sources and internal sources (historical data). Based on the above assumptions, the recoverable amount was estimated to be higher than the carrying amount of the CGU, and no impairment was required in 2016. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. Any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount.

6 Interests in subsidiaries

Details of subsidiaries are as follows:

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2016 %	2015 %
	Held by the Company:			
	STT Communications Ltd ("STTC") - ordinary shares - redeemable convertible preference shares	Singapore	100.0	100.0
	Held by STT Communications Ltd:			
(1)	STT Communications (Beijing) Co., Ltd	People's Republic of China	–	100.0
	STT Communications (Shanghai) Co., Ltd	People's Republic of China	100.0	100.0
	STT inTech Pte. Ltd.	Singapore	100.0	100.0

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2016 %	2015 %
	Held by STT Communications Ltd (cont'd):			
(2)	MiNetwork Ltd	British Virgin Islands	–	100.0
(2)	Singapore Technologies (China) Paging Pte Ltd	Singapore	–	100.0
	STT International Vietnam Pte. Ltd.	Singapore	100.0	100.0
	i-STT Investments Pte. Ltd.	Singapore	100.0	100.0
	Asia Mobile Holding Company Pte. Ltd.	Singapore	100.0	100.0
	TeleChoice International Limited	Singapore	50.4	50.4
	STT Crossing Ltd	Mauritius	100.0	100.0
(2)	Rhapsody Holdings Ltd	Cayman Islands	–	100.0
(3)	ST Teleport Pte Ltd	Singapore	–	100.0
	Emerald Communications (Singapore) Pte. Ltd. ("ECS")	Singapore	100.0	100.0
	Straits Mobile Investments Pte. Ltd. ("Straits Mobile")	Singapore	100.0	100.0
	Sampaquita Communications Pte. Ltd.	Singapore	100.0	100.0
	STT GDC Pte. Ltd. ("GDC")	Singapore	100.0	100.0
	Held by Asia Mobile Holding Company Pte. Ltd.:			
	Asia Mobile Holdings Pte. Ltd.	Singapore	75.0	75.0
	AMHC I Pte. Ltd.	Singapore	100.0	100.0
	Held by Asia Mobile Holdings Pte. Ltd.:			
	StarHub Ltd	Singapore	41.9	41.9

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2016 %	2015 %
	Held by TeleChoice International Limited:			
	N-Wave Technologies (Malaysia) Sdn Bhd	Malaysia	50.4	50.4
	TeleChoice (Indonesia) Pte Ltd	Singapore	50.4	50.4
	NexWave Technologies Pte Ltd	Singapore	50.4	50.4
	NexWave Telecoms Pte. Ltd.	Singapore	50.4	50.4
	Planet Telecoms (S) Pte Ltd	Singapore	50.4	50.4
	Planet Telecoms Managed Services Sdn. Bhd.	Malaysia	50.4	50.4
	S & I Systems Pte Ltd	Singapore	50.4	50.4
	NxGen Communications Pte Ltd	Singapore	50.4	50.4
	Planet Managed Services Pte. Ltd.	Singapore	50.4	50.4
	Planet Smart Services Pte. Ltd	Singapore	25.7	–
	Held by TeleChoice (Indonesia) Pte Ltd:			
	PT TeleChoice Indonesia	Indonesia	50.4	50.4
	Held by NexWave Technologies Pte Ltd:			
	PT NexWave	Indonesia	50.4	50.4
	N-Wave Technologies Philippines, Inc.	Philippines	50.4	50.4
	Held by S & I Systems Pte Ltd:			
	Sunway S&I Systems (Thailand) Ltd	Thailand	25.0	25.0
(2)	U Computing Pte Ltd	Singapore	–	50.4
	Sunway S&I Systems Sdn Bhd	Malaysia	25.7	25.7
	Held by NxGen Communications Pte Ltd:			
	NxGen Communications (M) Sdn Bhd	Malaysia	50.4	50.4
	NxGen Inc.	Philippines	50.4	50.4

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2016 %	2015 %
	Held by StarHub Ltd:			
	StarHub Mobile Pte Ltd	Singapore	41.9	41.9
	StarHub Cable Vision Ltd.	Singapore	41.9	41.9
	StarHub Internet Pte Ltd	Singapore	41.9	41.9
	StarHub Shop Pte Ltd	Singapore	41.9	41.9
	StarHub Online Pte Ltd	Singapore	41.9	41.9
	StarHub, Inc.	USA	41.9	41.9
	StarHub (Hong Kong) Limited	Hong Kong	41.9	41.9
	StarHub (Mauritius) Ltd	Mauritius	41.9	41.9
	Nucleus Connect Pte. Ltd.	Singapore	41.9	41.9
	Held by StarHub Mobile Pte Ltd:			
(4)	Foosti Pte. Ltd.	Singapore	–	41.9
	Held by Emerald Communications (Singapore) Pte. Ltd.:			
(5)	Emerald Communications (Cayman) SPC ("ECC")	Cayman Islands	100.0	100.0
(5),(6)	ERC Luxembourg Limited Sarl	Luxembourg	100.0	100.0
(5),(7)	ERC Ireland Equity SPC	Cayman Islands	100.0	100.0
(4)	Valentia Telecommunications (an unlimited public company)	Ireland	–	100.0

	Name of subsidiaries	Principal place of business	Effective equity held by the Group 2016 %	2015 %
	Held by Straits Mobile:			
	U Mobile Sdn. Bhd.	Malaysia	49.0	49.0
	Held by U Mobile Sdn. Bhd.:			
	U Mobile Services Sdn. Bhd.	Malaysia	49.0	49.0
	Held by STT GDC Pte. Ltd.:			
	STT APDC Pte. Ltd.	Singapore	100.0	100.0
	STT UK DC Pte. Ltd.	Singapore	100.0	100.0
	STT India DC Pte. Ltd.	Singapore	100.0	–
	STT Connect Pte. Ltd.	Singapore	70.0	–
	Held by STT APDC Pte. Ltd.:			
	STT Singapore DC Pte. Ltd.	Singapore	100.0	100.0
	Shine Systems Assets Pte. Ltd.	Singapore	82.6	82.6
	STT Defu 2 Pte. Ltd.	Singapore	100.0	–
	STT Tai Seng Pte. Ltd.	Singapore	74.0	–
	Held by STT India DC Pte. Ltd:			
(8)	Tata Communications Data Centers Private Limited ("TCDC")	India	74.0	–

(1) This entity has been liquidated during the year.

(2) These entities have been struck off during the year.

(3) This entity has been disposed during the year.

(4) These entities have been dissolved during the year.

(5) In April 2013, eircom ESOP Trustee Limited transferred all of its 136,203,352 ordinary shares in the issued capital of ECC ("the Sales Shares") to ECS at a consideration of Euro 1.1 million ($1.8 million) to ECS. The Sale Shares comprised 50% of the issued capital of ECC and, as a result of the transfer of the Sale Shares, the Group holds 100% of the issued capital of ECC.

(6) This entity is currently under liquidation.

(7) This entity has been dissolved on 11 April 2017.

(8) The subsidiary changed its name to STT Global Data Centres India Private Limited on 11 April 2017.

Although the Group owns less than half of U Mobile and the voting rights of U Mobile, the Group controls U Mobile as it has the power to appoint majority of the board of directors of U Mobile.

7 Interests in associates

Details of associates are as follows:

	Principal place of business	Effective equity held by the Group 2016 %	2015 %
Held by Asia Mobile Holdings Pte. Ltd.:			
Shenington Investments Pte Ltd	Singapore	36.8	36.8
Held by Shenington Investments Pte Ltd:			
(1) Mfone Co., Ltd.	Cambodia	36.8	36.8
Lao Telecommunications Company Limited	Lao People's Democratic Republic	18.0	18.0
Held by STT Crossing Ltd:			
Level 3 Communications, Inc. ("Level 3")	USA	18.1	18.3
Held by STT GDC Pte. Ltd.:			
GDS Holdings Limited ("GDS")	People's Republic of China	34.8	42.1

(1) The company is currently under voluntary insolvency proceedings.

	2016 $'m	2015 $'m
Fair value of ownership interest *		
GDS	411	–
Level 3	5,294	4,994

* *Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

GDS

In November 2016, GDS was listed on the NASDAQ Global Market with an initial public offering of 19,250,000 American depositary shares ("ADSs"), each representing eight Class A ordinary shares of GDS.

Level 3

During the year, the Group's interest in Level 3 decreased from 18.3% to 18.1% as a result of exercise of equity instruments granted to Level 3's employees. The gain arising from the dilution of interest amounted to $9 million and is recognised as other income in the income statement.

In the prior year, the Group's interest in Level 3 increased from 16.3% to 18.3% as a result of the acquisition of additional shares in February, August and September 2015 for a total consideration of US$456 million (equivalent to $621 million). The increase was partially offset by dilution arising from conversion of third party debt to equity and the exercise of equity instruments granted to Level 3's employees. The gain arising from the dilution of interest amounted to $64 million and is recognised as other income in the income statement.

Although the Group has less than 20% ownership in the equity interests of Level 3, the Group has determined that it has significant influence as a result of the Group's representation on the board of directors of Level 3.

The following table summarises the financial information of material associates as included in their own (consolidated) financial statements prepared in accordance with FRS, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these associates.

	Level 3 $'m	GDS $'m
2016		
Revenue	11,251	220
Post-tax profit/(loss) from continuing operations	536	(65)
Other comprehensive income	83	(24)
Total comprehensive income	619	(89)
Non-current assets	30,075	1,304
Current assets	3,821	459
Non-current liabilities	(18,877)	(814)
Current liabilities	(2,109)	(309)
Net assets	12,910[1]	640 [2]

[1] *Includes equity compensation reserve of $362 million that is not attributable to the Group.*
[2] *Includes equity compensation reserve of $20 million that is not attributable to the Group.*

	Level 3 $'m	GDS $'m
Dividends received	–	47

	Level 3 $'m	GDS $'m	Immaterial associates $'m	Total $'m
2016				
Group's interest in net assets of investee at beginning of the year	2,077	201	49	2,327
Group's share of:				
- Post-tax profit/(loss) from continuing operations*	98	(36)	7	69
- Other comprehensive income	66	(5)	2	63
- Total comprehensive income	164	(41)	9	132
Group's contribution during the year	–	–	2	2
Effect of Group's dilution of interest	24	56	–	80**
Group's interest in net assets of investee at end of the year*	2,265	216	60	2,541
Goodwill at the beginning of the year	1,409	116	–	1,525
Effect of Group's dilution of interest	(15)	(19)	–	(34)**
Translation adjustment***	31	(5)	–	26
Goodwill at the end of the year	1,425	92	–	1,517
Carrying amount of interest in investee at end of the year	3,690	308	60	4,058

* *An associate of the Group has potential tax benefits arising from unutilised tax losses and other temporary differences, which are available for set off against future taxable profits of the associate. Significant judgment is involved in determining the availability of future taxable profits against which the associate can utilise the tax benefits. Where the financial outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets of the associate in the period in which such determination is made.*

** *Gain arising from dilution of interest amounted to $46 million*

*** *Included in share of other comprehensive income of associates*

2015	Level 3 $'m	GDS $'m	Immaterial associates $'m	Total $'m
Revenue	11,268	154		
Post-tax profit/(loss) from continuing operations	3,938	(30)		
Other comprehensive income	155	7		
Total comprehensive income	4,093	(23)		
Non-current assets	29,426	927		
Current assets	2,433	258		
Non-current liabilities	(18,129)	(502)		
Current liabilities	(1,984)	(205)		
Net assets	11,746[1]	478[2]		

[1] *Includes equity compensation reserve of $343 million that is not attributable to the Group.*

[2] *Includes equity compensation reserve of $7 million that is not attributable to the Group.*

	Level 3 $'m	GDS $'m	Immaterial associates $'m	Total $'m
Group's interest in net assets of investee at beginning of the year	1,061	211	46	1,318
Group's share of:				
- Post-tax profit/(loss) from continuing operations*	707	(13)	6	700
- Other comprehensive income	27	3	(3)	27
- Total comprehensive income	734	(10)	3	727
Group's contribution during the year	183	–	–	183
Effect of Group's dilution of interest	99**	–	–	99
Group's interest in net assets of investee at end of the year	2,077	201	49	2,327
Goodwill at the beginning of the year	920	113	–	1,033
Effect of Group's dilution of interest	(35)**	–	–	(35)
Group's contribution during the year	438	–	–	438
Translation adjustment***	86	3	–	89
Goodwill at the end of the year	1,409	116	–	1,525
Carrying amount of interest in investee at end of the year	3,486	317	49	3,852

* *An associate of the Group has potential tax benefits arising from unutilised tax losses and other temporary differences, which are available for set off against future taxable profits of the associate. Significant judgment is involved in determining the availability of future taxable profits against which the associate can utilise the tax benefits. Where the financial outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets of the associate in the period in which such determination is made.*

** *Gain arising from dilution of interest amounted to $64 million*

*** *Included in share of other comprehensive income of associates*

Impairment tests

When there is an indicator of possible impairment, investment in the associate is tested to determine if it has suffered any impairment. This determination requires significant judgement. The recoverable amount is determined based on an estimate of the future profitability and cash flows of the associate, taking into account business outlook, including factors such as industry and sector performance. The recoverable amount of the associate could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

No impairment testing was performed in the current and prior years as there were no indicators of further impairment.

8 Interests in joint ventures

Details of joint ventures are as follows:

	Country of incorporation/ Principal place of business	Effective equity held by the Group 2016 %	2015 %
Held by STT Communications Ltd:			
Grid Communications Pte. Ltd. ("GRID")	Singapore	50.0	50.0
Held by STT UK DC Pte. Ltd.:			
Brockton Virtus HoldCo Limited ("Virtus")	British Virgin Islands/ United Kingdom	47.1	41.5

In the prior year, the Group acquired a total of 41.5% equity interest in Virtus, a leading provider of high-availability data centre services in the United Kingdom, for a total consideration of £71 million (equivalent to $153 million). The investment was by way of 90% interest-free shareholder loan and 10% equity. A goodwill of £37 million (equivalent to $78 million) was recognised.

During the year, the Group invested an additional £18 million (equivalent to $33 million) in Virtus, by way of 90% interest-free shareholder loan and 10% equity. A goodwill of £13 million (equivalent to $23 million) was recognised.

At 31 December 2016, in accordance with the joint venture agreement, the Group has remaining capital contributions amounting to £21 million (equivalent to $38 million), representing up to 49.0% equity interest in Virtus. This commitment has not been recognised in the Group's consolidated financial statement at the reporting date.

The following table summarises the financial information of material joint ventures as included in its own (consolidated) financial statements prepared in accordance with FRS, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

2016	**Virtus $'m**	**GRID $'m**	**Total $'m**
Revenue	44		
Post-tax loss from continuing operations [1]	(34)		
Other comprehensive income	(30)		
Total comprehensive income	(64)		

[1] *Includes:*
- *Depreciation and amortisation expense of $15 million*
- *Interest expense of $22 million*
- *Income tax credit of $5 million*

Non-current assets	429		
Current assets [2]	61		
Non-current liabilities [3]	(278)		
Current liabilities [4]	(40)		
Net assets	172		
Attributable to non-controlling interests	3		
Attributable to investee's shareholders	169		

[2] *Includes cash and cash equivalents of $27 million*
[3] *Includes non-current financial liabilities (excluding trade and other payables and provisions) of $271 million*
[4] *Includes current financial liabilities (excluding trade and other payables and provisions) of $2 million*

Group's interest in net assets of investee at beginning of the year	69	16	85
Interest in net assets of investee acquired during the year	10	–	10
Dividends received during the year	–	(2)	(2)
Group's share of:			
- Post-tax loss from continuing operations	(15)	1	(14)
- Other comprehensive income *	(10)	–	(10)
- Total comprehensive income	(25)	1	(24)
Group's interest in net assets of investee at end of the year	54	15	69
Goodwill at the beginning of the year	77	–	77
Goodwill acquired during the year	23	–	23
Translation adjustment *	(12)	–	(12)
Goodwill at the end of the year	88	–	88
Carrying amount of interest in investee at end of the year	142	15	157

2015	**Virtus S'm**
Revenue	14
Post-tax loss from continuing operations [1]	(15)
Other comprehensive income	(2)
Total comprehensive income	(17)

[1] *Includes:*
- *Depreciation and amortisation expense of $5 million*
- *Interest expense of $6 million*
- *Interest income of $1 million*
- *Income tax credit of $1 million*

	Virtus S'm
Non-current assets	438
Current assets [2]	53
Non-current liabilities [3]	(260)
Current liabilities [4]	(28)
Net assets	203
Attributable to non-controlling interests	3
Attributable to investee's shareholders	200

[2] *Includes cash and cash equivalents of $35 million*
[3] *Includes non-current financial liabilities (excluding trade and other payables and provisions) of $252 million*
[4] *Includes current financial liabilities (excluding trade and other payables and provisions) of $2 million*

	Virtus S'm	**GRID S'm**	**Total S'm**
Group's interest in net assets of investee at beginning of the year/date of acquisition	–	17	17
Interest in net assets of investee acquired during the year	75	–	75
Dividends received during the year	–	(3)	(3)
Group's share of:			
- Post-tax (loss)/profit from continuing operations	(5)	2	(3)
- Other comprehensive income *	(1)	–	(1)
- Total comprehensive income	(6)	2	(4)
Group's interest in net assets of investee at end of the year	69	16	85
Goodwill at the beginning of the year	–	–	–
Goodwill acquired during the year	78	–	78
Translation adjustment *	(1)	–	(1)
Goodwill at the end of the year	77	–	77
Carrying amount of interest in investee at end of the year	146	16	162

* *Included in share of other comprehensive income of joint venture*

The Group's share of the capital commitments of joint ventures is $1 million (2015: $5 million).

9 Other financial assets

	Group	
	2016	**2015**
	$'m	**$'m**
Non-current		
Available-for-sale equity securities, at fair value:		
- Unquoted	130	130
- Quoted	40	–
Unquoted equity securities, at cost	105	87
	275	217
Current		
Financial asset designated at fair value through profit or loss	13	–

The unquoted equity securities are carried at cost because the fair value cannot be reliably determined in view of the wide range of possible outcomes in which the probability of the various outcomes cannot be estimated.

Included in available-for-sale quoted financial asset was a day one fair value gain arising on initial acquisition of $9 million (2015: Nil) (Note 32).

10 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during the year are as follows:

Group	**At 1 January 2015 $'m**	**Recognised in income statement (Note 33) $'m**	**At 31 December 2015 $'m**	**Acquisition through business combination (Note 38) $'m**	**Recognised in income statement (Note 33) $'m**	**At 31 December 2016 $'m**
Deferred tax liabilities						
Property, plant and equipment and intangibles	(133)	11	(122)	(27)	(27)	(176)
Other items	5	(3)	2	–	2	4
Total	(128)	8	(120)	(27)	(25)	(172)
Deferred tax assets						
Provisions	1	–	1	–	–	1
Employee benefits	–	–	–	2	–	2
Total	1	–	1	2	–	3

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follow:

	Group	
	2016	**2015**
	$'m	**$'m**
Deferred tax assets	1	1
Deferred tax liabilities	(170)	(120)

Deferred tax assets on the following deductible temporary differences have not been recognised:

	Group	
	2016	**2015**
	$'m	**$'m**
Deductible temporary differences	3	–
Unutilised capital allowances	161	116
Unutilised tax losses and tax incentives	586	548
	750	664

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses, tax incentives and deductible temporary differences do not expire under current legislation.

11 Inventories

	Group	
	2016	**2015**
	$'m	**$'m**
Materials and components	1	1
Inventories held for resale		
- at cost	65	78
- at net realisable value	1	9
	67	88

12 Work-in-progress

	Group	
	2016	**2015**
	$'m	**$'m**
Cost incurred and attributable profits less foreseeable losses	86	67
Progress billings	(61)	(41)
	25	26

13 Loans and receivables

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Other non-current assets	14	10	13	–	–
Trade receivables	15	305	223	–	–
Other receivables and deposits	16	192	179	1	1
Balances with related parties	17	174	122	451	300
Cash and cash equivalents	18	895	1,259	1	1
		1,576	1,796	453	302

14 Other non-current assets

	Note	Group 2016 $'m	Group 2015 $'m
Convertible loan note		6	6
Others		4	7
	13	10	13
Other receivables, deposits and prepayments	16	18	1
		28	14

15 Trade receivables

	Note	Group 2016 $'m	Group 2015 $'m
Trade receivables		386	292
Allowance for doubtful receivables		(81)	(69)
	13	305	223

The Group's primary exposure to credit risk arises through its trade receivables, which include corporate and retail customers. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Allowance for doubtful receivables are estimated based on historical bad debts experienced.

The age analysis of the Group's trade receivables past due but not impaired at the reporting date is as follows:

	2016 S'm	2015 S'm
Past due 0 – 30 days	119	104
Past due 31 – 120 days	18	11
Past due 121 – 365 days	18	5
	155	120

The change in allowance for doubtful receivables in respect of trade receivables during the year is as follows:

	Group	
	2016 S'm	2015 S'm
At 1 January	69	69
Allowance for doubtful receivables	24	21
Allowance utilised	(13)	(15)
Translation difference	1	(6)
At 31 December	81	69

16 Other receivables, deposits and prepayments

		Group		Company	
	Note	2016 S'm	2015 S'm	2016 S'm	2015 S'm
Grants receivables		6	11	–	–
Other receivables		162	152	1	1
Deposits		24	16	–	–
	13	192	179	1	1
Prepayments		133	71	–	–
Tax advances		10	–	–	–
Advance payments to suppliers		1	1	–	–
Derivative assets		7	7	–	–
		343	258	1	1
Current		325	257	1	1
Non-current	14	18	1	–	–
		343	258	1	1

17 Balances with related parties

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Assets					
Non-current					
Subsidiary					
- Interest-bearing loan	(i)	–	–	451	300
Associate					
- Interest-bearing loan	(ii)	156	82	–	–
- Current account		3	–	–	–
		159	82	451	300
Current					
Associates					
- Interest-bearing loan	(iii)	1	20	–	–
- Interest-free loan		–	3	–	–
- Current account		5	1	–	–
Related corporations					
- Current account		9	19	–	–
		15	43	–	–
Allowance for doubtful debts	(iv)	–	(3)	–	–
		15	40	–	–
	13	174	122	451	300
Liabilities					
Current					
Associates					
- Current account		–	2	–	–
Related corporations					
- Current account		31	87	–	–
	22	31	89	–	–

(i) The non-current interest bearing loan to a subsidiary is unsecured, bears interest at 4.05% and is repayable in December 2025.

(ii) On 30 December 2015, the Group entered into a subscription agreement with its associate for a subscription of up to US$100 million (equivalent to $141 million) of convertible and redeemable bonds in two tranches and matures on 31 December 2019. On 29 January 2016, the Group subscribed for US$50 million (equivalent to $72 million) of the convertible and redeemable bonds. The bond is convertible into fully-paid ordinary shares of the associate at a conversion price of US$1.675262 per share. The bond bears interest of 10% per annum of which 5% per annum is payable semi-annually and the remaining 5% per annum is accrued and paid on maturity.

The remaining non-current loan to an associate amounting to $84 million (2015: $82 million) is unsecured, bears interest at LIBOR + 3.00% per annum and is repayable from 2018 to 2025.

(iii) The short term loan to an associate amounting to $1 million (2015: $6 million) is unsecured, bears interest at the range of LIBOR + 2.50% to LIBOR + 2.75% (2015: LIBOR+2.50% to LIBOR+2.75%) per annum and is repayable on demand.

In the prior year, the short term loan to an associate amounting to $14 million was fully settled in 2016.

(iv) The change in the allowance for doubtful debts during the year is as follows:

	Group	
	2016	2015
	$'m	$'m
At 1 January	3	13
Written back during the year	–	(10)
Allowance utilised	(3)	–
At 31 December	–	3

All the other amounts due from and to related parties are unsecured, interest-free and repayable on demand.

18 Cash and cash equivalents

		Group		Company	
	Note	2016	2015	2016	2015
		$'m	$'m	$'m	$'m
Fixed deposits with financial institutions		412	928	–	–
Cash at banks and in hand		483	331	1	1
Cash and cash equivalents in the balance sheet	13	895	1,259	1	1
Cash collateral placed with financial institutions		(47)	(47)		
Cash and cash equivalents for purposes of the consolidated cash flow statement		848	1,212		

At 31 December 2016, the Group has cash and bank balances totalling the equivalent of $14 million (2015: $8 million) which are held in countries with foreign exchange controls.

Cash and cash equivalents totalling $334 million (2015: $218 million) are held in the Group's various publicly-listed subsidiaries which operate under stock exchange regulations which impose restrictions and conditions on related party transactions, including the transfers of cash and the granting of loans to other subsidiaries in the Group.

19 Share capital – Group and Company

	2016		2015	
	No. of shares '000	$'m	No. of shares '000	$'m
Issued and fully paid at 1 January and 31 December:				
Ordinary shares	1,467,210	1,805	1,467,210	1,805
Series A redeemable convertible preference shares ("RCPS")	287	287	287	287
Series B RCPS	1	80	1	80
		2,172		2,172

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Series A RCPS are redeemable at the option of the Company by way of cash or by way of issuance of ordinary shares or a combination of cash and ordinary shares. The Series B RCPS are redeemable at the option of the Company by way of cash. Dividends are non-cumulative and determined at rates to be fixed by the Company from time to time at its absolute discretion. Series A and Series B RCPS do not carry voting rights. The holders of the RCPS are to receive preferential return of accrued dividends and redemption amount equal to the issue price of the RCPS at the Company's discretion.

20 Reserves

	Group		Company	
	2016 $'m	2015 $'m	2016 $'m	2015 $'m
Capital reserve	4	4	–	–
Currency translation reserve	100	40	–	–
Fair value reserve	7	4	–	–
Hedging reserve	1	3	–	–
Goodwill written off	(488)	(488)	–	–
Accumulated profits	3,077	3,019	35	36
	2,701	2,582	35	36

The capital reserve of the Group arises from bonus issues of shares by a subsidiary and gain arising on other capital transactions with shareholders.

The currency translation reserve of the Group comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;

(b) foreign exchange differences arising from the translation of monetary items forming part of the Company's net investment in foreign operations; and

(c) the Company's share of foreign exchange differences arising from the translation of the financial statements of associates and joint ventures whose functional currencies are different from the functional currency of the Company.

The fair value reserve comprises the share of fair value reserve from associate and cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

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 that have not yet affected the income statement.

Goodwill written off comprises goodwill arising prior to 1 January 2001 on the consolidation of subsidiaries.

Dividends

The following tax-exempt (one-tier) dividends were declared and paid by the Group and Company:

	Company	
	2016	**2015**
	\$'m	**\$'m**
Paid by the Company to owner of the Company		
Interim dividend of \$0.03 per qualifying ordinary share paid in respect of the year ended 31 December	50	–
Interim dividend of \$0.03 per qualifying Series A RCPS paid in respect of the year ended 31 December	*	–
Interim dividend of \$0.03 per qualifying Series B RCPS paid in respect of the year ended 31 December	*	–
	50	–

**Amount is less than \$1 million*

	Group	
	2016	**2015**
	$'m	**$'m**
Paid by subsidiaries to non-controlling interests		
Final dividend of $0.05 per share paid in respect of year 2015 (2015: $0.05 per share paid in respect of 2014)	38	38
Interim dividend of $0.15 (2015: $0.15) per share paid in respect of year ended 31 December	115	115
Final dividend of $0.016 (2015: $0.016) per share paid in respect of year ended 31 December	4	4
Interim dividend of $0.33 (2015: $0.41) per share paid in respect of year ended 31 December	40	50
	197	207

21 Non-controlling interests

The following subsidiaries have material non-controlling interests ("NCI").

Name	Principal place of business	Ownership interests held by NCI	
		2016	**2015**
		%	**%**
AMH and its subsidiaries ("AMH Group")	Singapore	25.0	25.0
TeleChoice and its subsidiaries ("TeleChoice Group")	Singapore	49.6	49.6
U Mobile and its subsidiaries ("U Mobile Group")	Malaysia	51.0	51.0
Tata Communications Data Centers Private Limited ("TCDC")	India	26.0	–

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	AMH Group $'m	TeleChoice Group $'m	U Mobile Group $'m	TCDC $'m
2016				
Revenue	2,397	504	610	26
Post-tax profit/(loss) from continuing operations	314	8	(179)	(1)
Other comprehensive income	13	–	(5)	2
Total comprehensive income	327	8	(184)	1
Attributable to NCI:				
- Post-tax profit/(loss) from continuing operations	192	4	(91)	–
- Other comprehensive income	8	–	(3)	–
- **Total comprehensive income**	200	4	(94)	–
Non-current assets	2,971	23	733	266
Current assets	859	149	220	63
Non-current liabilities	(2,063)	(8)	(280)	(203)
Current liabilities	(873)	(88)	(737)	(46)
Net assets/(liability)	894	76	(64)	80
Net assets attributable to NCI	583	38	(33)	21
Cash flows from operating activities	534	25	134	11
Cash flows used in investing activities	(380)	(5)	(225)	(7)
Cash flows (used in)/from financing activities (dividends to NCI: $197m)	(37)	(16)	100	(3)
Net increase in cash and cash equivalents	117	4	9	1

	AMH Group $'m	TeleChoice Group $'m	U Mobile Group $'m
2015			
Revenue	2,444	581	503
Post-tax profit/(loss) from continuing operations	338	10	(148)
Other comprehensive income	1	–	(29)
Total comprehensive income	339	10	(177)
Attributable to NCI:			
- Post-tax profit/(loss) from continuing operations	202	5	(75)
- Other comprehensive income	1	–	(15)
- **Total comprehensive income**	203	5	(90)
Non-current assets	2,789	24	547
Current assets	721	170	134
Non-current liabilities	(1,603)	(10)	(106)
Current liabilities	(1,043)	(110)	(458)
Net assets	864	74	117
Net assets attributable to NCI	575	37	60
Cash flows from/(used in) operating activities	539	25	(6)
Cash flows used in investing activities	(370)	(8)	(105)
Cash flows (used in)/from financing activities (dividends to NCI: $207m)	(568)	(10)	80
Net (decrease)/increase in cash and cash equivalents	(399)	7	(31)

22 Financial liabilities at amortised cost

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Trade payables		180	137	–	–
Balances with related parties	17	31	89	–	–
Bank and other borrowings	23	2,690	1,935	451	300
Other non-current liabilities	26	202	30	–	–
Other payables and accruals	27	977	870	2	1
		4,080	3,061	453	301

23 Bank and other borrowings

	Note	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Bank loans		1,714	1,410	–	–
Medium term notes		971	520	451	300
Others		5	5	–	–
	22	2,690	1,935	451	300
Comprising:					
Current					
- unsecured		18	155	–	–
Non-current					
- secured		317	12	–	–
- unsecured		2,355	1,768	451	300
		2,672	1,780	451	300
		2,690	1,935	451	300

In the prior year, the Group repaid $200 million of its bank borrowings and extended its remaining bank borrowings by 3 years to September 2019.

The secured bank loans are secured over certain property, plant and equipment with carrying amount of $454 million (2015: $66 million), cash and cash equivalents of $25 million (2015: $4 million), trade and other receivables of $7 million (2015: $1 million), and the shares of some wholly-owned subsidiaries.

The unsecured bank loans bear interest at rates ranging from 1.30% to 9.20% (2015: 0.93% to 10.90%) per annum, and are repayable between 2017 to 2020 (2015: 2016 to 2020).

Medium term notes

A subsidiary of the Group has established a multicurrency medium term note programme with a maximum aggregate principal amount of $1,000 million in September 2011. In September 2012, a subsidiary of the Group issued a $220 million 10-year medium term note which bears interest rate of 3.08% per annum and is repayable in September 2022.

In June 2016, a subsidiary of the Group issued a $300 million 10-year medium term note which bears interest of 3.55% per annum and is repayable in June 2026.

In December 2015, the Company issued a $300 million 10-year multicurrency medium term note which bears an interest rate of 4.05% per annum and is repayable in December 2025. In January 2016, the Company issued an additional $150 million medium term note with the same interest rate and repayment date.

The fair value of the medium term notes was $1,008 million (2015: $525 million).

24 Deferred grants

		Group 2016 $'m	Group 2015 $'m
At 1 January		9	21
Grants receivable		2	2
Amount accreted to income statement		(9)	(14)
At 31 December		2	9
Deferred grants to be accreted:			
- Current	27	1	8
- Non-current			
- After 1 year but within 5 years	26	1	1
		2	9

The deferred grants 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.

25 Derivative liabilities

	Note	Group 2016 $'m	Group 2015 $'m
Interest rate swaps			
- Current	27	2	–
		2	–

26 Other non-current liabilities

	Note	Group 2016 $'m	Group 2015 $'m
Spectrum licence liability		140	2
Others		62	28
	22	202	30
Deferred grants	24	1	1
Contingent consideration	(i)	7	8
Provision for restoration cost	(ii)	22	18
Unearned revenue		26	23
Cash-settled equity compensation benefits		4	6
Other long-term employee benefits	34	11	30
		273	116

(i) The contingent consideration relates to the additional consideration of RM25 million which the Group, through Straits Mobile, has agreed to pay the selling shareholder, U Telemedia Sdn Bhd, upon the achievement of certain performance targets by its subsidiary, U Mobile. The acquisition date fair value of the contingent consideration amounted to $8 million. At 31 December 2016, the fair value of the contingent consideration amounted to $7 million (2015: $8 million), based on a discount rate of 6.66% (2015: 6.01%). The change in fair value of the contingent consideration is recognised as finance income in profit or loss.

(ii) The provision for restoration cost was recognised for site decommissioning and restoration calculated using a discount rate of 7% (2015: 7%). The estimates are reassessed on a yearly basis.

The change in provision for restoration cost during the year is as follows:

	Group	
	2016	**2015**
	$'m	**$'m**
At 1 January	18	16
Capitalised as property, plant and equipment	3	4
Translation adjustment	–	(3)
Unwinding of discount	1	1
At 31 December	22	18

27 Other payables, accruals and provisions

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'m	**$'m**	**$'m**	**$'m**
Accruals and other payables		761	675	2	1
Spectrum licence liability		5	2	–	–
Property, plant and equipment vendors		211	193	–	–
	22	977	870	2	1
Deferred grants	24	1	8	–	–
Derivative liabilities	25	2	–	–	–
Other long-term employee benefits	34	6	9	–	–
Cash-settled equity compensation benefits		9	14	–	–
Unearned revenue		212	181	–	–
		1,207	1,082	2	1

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.

28 Profit from operations

The following items have been included in arriving at profit from operations:

	Group	
	2016	**2015**
	$'m	**$'m**
Contributions to defined contribution plans	(38)	(34)
Value of employee services received for issue of equity based compensation	(7)	(10)
Income related grants	32	45
Gain on disposal of property, plant and equipment and intangible assets	–	2

29 Key management personnel compensation

The details of key management personnel compensation are as follows:

	Group	
	2016	**2015**
	$'m	**$'m**
Post-employment benefits	1	1
Short-term employee benefits	27	22
Equity compensation benefits	5	9
Other long-term employee benefits	3	1
	36	33

30 Finance costs

	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Interest expense:				
- bank loans	34	29	–	–
- medium term notes	31	8	18	1
- interest rate swaps	2	2	–	–
- others	15	10	–	–
	82	49	18	1

31 Finance income

	Group 2016 $'m	Group 2015 $'m	Company 2016 $'m	Company 2015 $'m
Interest income:				
- associates	10	2	–	–
- subsidiary	–	–	18	1
- bank deposits	11	13	–	–
	21	15	18	1

32 Other income

	Note	Group 2016 $'m	Group 2015 $'m
Write-back of impairment on loan due from associate	17(iv)	–	10
Write-back of loan due from associate previously written off		–	2
Exchange (loss)/gain, net		(4)	13
Fair value gain on initial recognition of available-for-sale financial asset		9	–
Gain on dilution of interest in associates		46	64
Gain on deconsolidation of subsidiaries		21	–
Miscellaneous income		3	–
		75	89

33 Tax expense

Tax recognised in income statement

		Group		Company	
	Note	2016	2015	2016	2015
		$'m	$'m	$'m	$'m
Current tax expense					
Current year		56	57	–	–
(Over)/under provision in prior years		(9)	22	–	–
		47	79	–	–
Deferred tax expense					
Current year		17	12	–	–
Under/(over) provision in prior years		8	(20)	–	–
	10	25	(8)	–	–
		72	71	–	–
Reconciliation of effective tax rate					
Profit before taxation		300	1,008	49	–
Share of results of associates and joint ventures, net of tax		(55)	(697)	–	–
		245	311	49	–
Income tax using Singapore tax rate of 17% (2015: 17%)		42	53	8	–
Effect of different tax rates in other countries		(12)	(11)	–	–
Income not subject to tax		(4)	(18)	(8)	–
Non-deductible expenses		19	24	–	–
Tax losses and other deductible temporary differences not recognised		30	33	–	–
Utilisation of previously unrecognised deferred tax assets		–	(10)	–	–
(Over)/under provision in prior years, net		(1)	2	–	–
Others		(2)	(2)	–	–
		72	71	–	–

At each reporting date, the Group makes certain estimates and assumptions to compute the provision for income taxes including allocations of certain transactions to different tax jurisdictions, amounts of permanent and temporary differences, the likelihood of deferred tax assets being recovered and the outcome of contingent tax risks. These estimates and assumptions are revised as new events occur, more experience is acquired and additional information is obtained. The impact of these revisions is recorded in income tax expense in the period in which they become known.

Tax recognised in other comprehensive income

	Group					
		2016			2015	
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	$'m	$'m	$'m	$'m	$'m	$'m
Translation differences relating to:						
- financial statements of foreign operations	11	–	11	(59)	–	(59)
- disposal of subsidiaries	(11)	–	(11)	–	–	–
- monetary items forming part of net investments in foreign operations	(6)	–	(6)	–	–	–
Effective portion of changes in fair value of cash flow hedges	(1)	–	(1)	4	–	4
Net change in fair value change of available-for-sale financial asset	13	–	13	–	–	–
Share of other comprehensive income of associates	67	–	67	115	–	115
	73	–	73	60	–	60

34 Employee benefits

(a) Other long-term employee benefits

		Group	
	Note	2016	2015
		$'m	$'m
At 1 January		39	43
Write-back of provision during the year		(16)	–
Expense recognised in staff costs during the year		5	8
Payments during the year		(11)	(12)
At 31 December		17	39
Current	27	6	9
Non-current	26	11	30
		17	39

STT Communications Ltd

STT Communications Ltd other long-term employee benefits

(i) Value-Sharing Incentive Plan ("VSIP")

STTC's Executive Resource and Compensation Committee ("STTC ERCC") approved the VSIP with effective commencement date of 1 January 2005.

A VSIP incentive pool is created based principally on a modified Wealth Added ("WA") concept and framework. WA is a risk adjusted performance measure that establishes whether shareholders earned a return that exceeds a cost of equity on the market value of shareholders' funds.

The VSIP incentive pool is allocated individually or on a group basis depending on the corporate grades of the employees. Each year, a portion of the allocated VSIP incentive, together with a portion of cumulative unpaid VSIP incentive carried forward from the previous year, will be paid out in cash, if the aggregate balance is positive. The remaining balance of the unpaid allocated incentives will be carried forward to be aggregated with future VSIP allocations. To facilitate its introduction in 2005, the initial payout portions were 50% in the first year, 40% in the second year and 1/3 thereafter, or such other percentages as approved by STTC ERCC.

(ii) Special Reserve Account

The STTC ERCC approved the establishment of a Special Reserve Account ("SRA") with a current balance of nil (2015: $11 million) from unallocated long-term incentive funds since 2005. Utilisation of amounts in the SRA is subject to the approval of the STTC ERCC.

(b) ***Equity compensation benefits***

STT Communications Ltd Long Term Incentive Plans

The STTC ERCC approved the following long-term incentive plans with effective commencement date of 1 January 2005:

(i) Performance Share Units Plan ("PSUP")

A base number of PSUP units is granted to key management employees each year. Each annual grant will be subjected to performance conditions to be met over 3 years.

The release of the actual number of PSUP units under each grant will be determined based on the extent to which performance conditions are met. This number can vary between 0% to 150% of each base grant and will be paid in cash based on the initial unit value multiplied by the total compounded shareholders' return of STTC's portfolio of significant investments at the end of year 3.

The fair value of services received in return for PSUP units granted are measured by reference to the fair value of PSUP units granted. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation methodology model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2015**	**2016**
Fair value at 31 December 2016	$0.21	$0.50
Portfolio cost of equity	7.48%	7.48%
Portfolio expected volatility	16.89%	16.89%
Portfolio expected dividends	–	–
Risk-free interest rate	1.10%	1.38%

Year of grant	**2014**	**2015**
Fair value at 31 December 2015	$0.76	$0.40
Portfolio cost of equity	8.26%	8.58%
Portfolio expected volatility	16.13%	16.13%
Portfolio expected dividends	–	–
Risk-free interest rate	0.88%	1.11%

(ii) Share Appreciation Units Plan ("SAUP")

SAUP units are granted annually. Each grant vests over 4 years and is exercisable up to 7 years from the start date of each grant during two exercise window periods provided each year.

The initial price for each grant is set at $1.00 per SAUP unit. At each exercise window period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return percentage relative to the initial unit price at the start date of each grant. For any vested SAUP unit exercised, the difference between the determined "final value" for each grant and the initial $1.00 value of each SAUP unit will be payable in cash to the employee.

The fair value of services received in return for SAUPs granted are measured by reference to the fair value of SAUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Fair value at 31 December 2016	$1.50	$0.99	$0.57	$0.35	$0.22	$0.21
Portfolio expected volatility	16.89%	16.89%	16.89%	16.89%	16.89%	16.89%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	1.10%	1.38%	1.58%	1.73%	1.89%	2.11%

Year of grant	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Fair value at 31 December 2015	$1.69	$1.56	$1.05	$0.62	$0.40	$0.26
Portfolio expected volatility	16.13%	16.13%	16.13%	16.13%	16.13%	16.13%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	0.87%	1.11%	1.43%	1.76%	2.08%	2.27%

(iii) Restricted Share Units Plan ("RSUP")

The RSUP units are granted to non-executive directors ("NEDs") each year as part of their director's fees. Each grant is subject to the retention condition of the grant, and is exercisable during the annual two-week exercise period. The retention condition requires 50% of the vested units of each grant to be retained by the NED up to the earlier of 4 years from the start date of each grant or one year after he ceases to be a non-executive director.

The initial price for each grant is set at $1.00 per RSUP unit. During each exercise period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return relative to the initial unit price at the start date of each grant up to the valuation date. For any vested RSUP unit exercised, its "final value" will be payable in cash to the non-executive director.

The fair value of services received in return for RSUPs granted are measured by reference to the fair value of RSUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	2011	2012	2013	2014	2015	2016
Fair value at 31 December 2016	$2.49	$1.97	$1.52	$1.24	$1.04	$0.98
Portfolio expected volatility	16.89%	16.89%	16.89%	16.89%	16.89%	16.89%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	1.10%	1.38%	1.58%	1.73%	1.89%	2.11%

Year of grant	2010	2011	2012	2013	2014	2015
Fair value at 31 December 2015	$2.68	$2.54	$2.01	$1.55	$1.27	$1.06
Portfolio expected volatility	16.13%	16.13%	16.13%	16.13%	16.13%	16.13%
Portfolio expected dividends	–	–	–	–	–	–
Expected remaining life	1	2	3	4	5	6
Risk-free interest rate	0.87%	1.11%	1.43%	1.76%	2.08%	2.27%

StarHub Ltd ("StarHub")

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 StarHub ERCC 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 2016, the conditional grants of 656,300 (2015: 534,700) shares under the StarHub Performance Share Plans were made to the key employees of StarHub. 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 are as follows:

2016 **Date of grant**	**Balance outstanding at 1.1.2016** **'000**	**Number of performance shares granted** **'000**	**Number of performance shares vested** **'000**	**Number of performance shares forfeited** **'000**	**Balance outstanding at 31.12.2016** **'000**
31.05.2013	429	–	(86)	(343)	–
10.03.2014	570	–	–	–	570
16.03.2015	535	–	–	–	535
22.03.2016	–	656	–	–	656
Total	1,534	656	(86)	(343)	1,761

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**
25.05.2012	872	–	(872)	–	–
31.05.2013	432	–	–	(3)	429
10.03.2014	645	–	–	(75)	570
16.03.2015	–	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 StarHub'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%

StarHub Restricted Stock Plans

Under the StarHub RSP and StarHub RSP 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 StarHub. 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 StarHub 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 are as follows:

2016	**Balance outstanding at 1.1.2016**	**Number of restricted shares granted**	**Number of restricted shares vested**	**Number of restricted shares forfeited**	**Balance outstanding at 31.12.2016**
Date of grant	**'000**	**'000**	**'000**	**'000**	**'000**
31.05.2013	692	–	(672)	(20)	–
10.03.2014	2,340	–	(764)	(863)	713
16.03.2015	2,266	–	–	(160)	2,106
08.07.2015	32	–	(16)	–	16
22.03.2016	–	2,460	–	(80)	2,380
20.05.2016	–	267	(120)	–	147
23.05.2016	–	157	(141)	(16)	–
Total	5,330	2,884	(1,713)	(1,139)	5,362

2015	**Balance outstanding at 1.1.2015**	**Number of restricted shares granted**	**Number of restricted shares vested**	**Number of restricted shares forfeited**	**Balance outstanding at 31.12.2015**
Date of grant	**'000**	**'000**	**'000**	**'000**	**'000**
25.05.2012	912	–	(912)	–	–
31.05.2013	1,407	–	(699)	(16)	692
10.03.2014	2,454	–	(15)	(99)	2,340
16.03.2015	–	2,271	–	(5)	2,266
03.06.2015	–	129	(113)	(16)	–
08.07.2015	–	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.

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 StarHub'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%

TeleChoice International Limited ("TeleChoice")

TeleChoice Restricted Share Plan and Performance Share Plan

The TeleChoice Restricted Share Plan (the "TeleChoice RSP") and TeleChoice Performance Share Plan (the "TeleChoice PSP") (collectively referred to as the "TeleChoice Plans"), were approved and adopted by TeleChoice's members at an Extraordinary General Meeting of TeleChoice held on 27 April 2007.

Information regarding the TeleChoice Plans is set out below:

(i) The TeleChoice Plans were established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for TeleChoice.

(ii) The TeleChoice Plans are administered by TeleChoice's Remuneration Committee comprising three directors, namely Bertie Cheng, Ronald Seah Lim Siang and Stephen Geoffrey Miller (the "TeleChoice RC").

(iii) The following persons (collectively referred to as the "Eligible Persons") shall be eligible to participate in the TeleChoice Plans at the absolute discretion of the TeleChoice RC:
- employees and non-executive directors of TeleChoice and/or any of its subsidiaries;
- employees and non-executive directors of STTC and its subsidiaries, who may be seconded to render services and contribute to the success of TeleChoice Group; and
- employees of associated companies of TeleChoice.

(iv) Under the TeleChoice PSP, conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets set based on corporate objectives aimed at sustaining longer-term growth. After the awards vest, and the shares comprised in the awards are issued at the end of the performance and/or service period once the TeleChoice RC is, at its sole discretion, satisfied that the prescribed performance targets have been achieved.

The actual number of share given will depend on the level of achievement of the prescribed performance targets over the performance period, currently prescribed to be a three-year period. 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.

(v) Under the TeleChoice RSP, 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), once TeleChoice RC is, at its sole discretion, satisfied that the performance and extended service conditions are attained. The total number of shares to be awarded depends on the level of attainment of the performance targets. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(vi) The vesting period of the shares granted under the TeleChoice Plans is between one to three years.

(vii) As at 31 December 2016, the initial awards of 9,215,890 (2015: 8,227,890) shares under the TeleChoice PSP and the initial awards of 20,128,920 (2015: 17,106,920) shares under the TeleChoice RSP were made to Eligible Persons. As at 31 December 2016, awards of 2,732,640 (2015: 2,043,890) shares under the TeleChoice PSP and 6,241,138 (2015: 5,702,600) shares under the TeleChoice RSP were outstanding.

The key assumptions applied in estimating the fair values under the TeleChoice PSP are as follows:

Date of grant of shares	**1 June 2016**	**3 June 2015**	**2 June 2014**	**1 June 2013**
Fair value at grant date	$0.175	$0.179	$0.173	$0.147
Assumptions under Monte-Carlo Model				
Expected Volatility				
TeleChoice International Limited	16.02%	12.89%	14.90%	15.22%
Straits Times Index	11.85%	8.76%	14.72%	14.47%
Risk-free interest rates	1.77%	2.00%	1.32%	0.98%

The key assumptions applied in estimating the fair values under TeleChoice RSP are as follows:

Date of grant of shares	**1 June 2016**	**3 June 2015**	**2 June 2014**	**1 June 2013**
Fair value at grant date:				
For RSP vested 24 months from grant date	$0.220	$0.233	$0.215	$0.198
For RSP vested 36 months from grant date	$0.205	$0.218	$0.199	$0.181
For RSP vested 48 months from grant date	$0.190	$0.204	$0.185	$0.166
Assumptions under Monte-Carlo Model				
Expected Volatility				
TeleChoice International Limited	16.02%	12.89%	14.90%	15.22%
Risk-free interest rates				
Singapore 2-year Government Bond yield	1.09%	1.13%	0.39%	0.36%
Singapore 3-year Government Bond yield	1.28%	1.40%	0.56%	0.51%
Singapore 4-year Government Bond yield	1.50%	1.71%	0.88%	0.73%

The fair value of the shares is estimated using the Monte-Carlo simulation methodology at the measurement dates, which are grant dates of these share awards. The accrual for the share expenses under the Plans has been estimated on the basis that TeleChoice Group will be on target in respect of the performance conditions.

STT GDC Pte. Ltd. ("STT GDC")

STT GDC Pte. Ltd. Long Term Incentive Plans

The STT GDC RC approved the following long-term incentive plans with effective commencement date of 1 January 2016:

(i) Value-Sharing Incentive Plan ("VSIP")

A VSIP incentive pool is created based principally on a modified Wealth Added ("WA") concept and framework. WA is a risk adjusted performance measure that establishes whether shareholders earned a return that exceeds a cost of equity on the market value of shareholders' funds.

The VSIP incentive pool is allocated individually or on a group basis depending on the corporate grades of the employees. Each year, a portion of the allocated VSIP incentive, together with a portion of cumulative unpaid VSIP incentive carried forward, will be paid out in cash, if the aggregate balance is positive. The remaining balance of the unpaid allocated incentives will be carried forward to be aggregated with future VSIP allocations. The steady state payout portions will be 33% each year, or such other percentages as approved by STT GDC RC.

(ii) Defined benefit obligation

One of the subsidiaries under STT GDC Group has a gratuity plan which provides for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The cost of providing this benefits is determined using the Project Unit Credit method, with actuarial valuations being carried out at each reporting date.

(iii) Investee Performance Units Plan ("IPUP")

A base number of IPUP units is granted to key management employees each year. Each annual grant will be subjected to performance conditions to be met over 3-5 years.

The release of the actual number of IPUP units under each grant will be determined based on the extent to which performance conditions are met. This number can vary between 0% to 150% of each base grant and will be paid in cash based on the initial unit value multiplied by the total compounded shareholders' return of STT GDC's portfolio of significant investments at the end of the performance period which can range from 3-5 years.

The fair value of services received in return for IPUP units granted are measured by reference to the fair value of IPUP units granted. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation methodology model.

The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2016**	**2015**
Fair value at 31 December 2016		–
Portfolio cost of equity	$0.957	–
Portfolio expected volatility	10.33%	–
Portfolio expected dividends	22.44%	–
Risk-free interest rate	1.38%	–

(iv) Investee Appreciation Units Plan ("IAUP")

IAUP units are granted annually. Each grant vests over 4 years and is exercisable up to 7 years from the start date of each grant during two exercise window periods provided each year.

The initial price for each grant is set at $1.00 per IAUP unit. At each exercise window period, a "final value" will be determined for each unit of the respective grant based on $1.00 adjusted by the compounded portfolio shareholders' return percentage relative to the initial unit price at the start date of each grant. For any vested IAUP unit exercised, the difference between the determined "final value" for each grant and the initial $1.00 value of each IAUP unit will be payable in cash to the employee.

The fair value of services received in return for IAUPs granted are measured by reference to the fair value of IAUPs granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The key assumptions applied in the estimate of fair values are as follows:

Year of grant	**2016**	**2015**
		–
Fair value at 31 December 2016	$0.39	–
Portfolio expected volatility	22.44%	–
Portfolio expected dividends	–	–
Expected remaining life	6	–
Risk-free interest rate	2.11%	–

35 Significant related party transactions

In addition to the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions during the financial year:

	Group	
	2016	**2015**
	$'m	**$'m**
Related corporations		
Purchase of property, plant and equipment	(5)	(5)
Rental expenses	(81)	(84)
Revenue	44	50
Service expenses	(100)	(139)

36 Financial risk management

Wholly-owned operating subsidiaries adopt the Company's financial risk management framework and guidelines; non-wholly-owned operating subsidiaries will be supervised by their respective boards, being subject to the legal and statutory governance required of the entities. Financial risk management at the operating companies that are not subsidiaries are reviewed and managed by their respective management and supervised by the respective Boards.

The Company has board representations in the operating companies. Management of each operating company is responsible and accountable for the risk management processes of its company. The financial risk management disclosures relating to the Company and certain significant operating companies as extracted from the financial risk management section in their respective financial statements are disclosed below.

(a) The Company, STTC and Asia Mobile Holdings Pte. Ltd. (the "holding companies")

Financial risk management objectives and policies

The Company (including its wholly-owned investment holding subsidiaries ("STT entities")), STTC and Asia Mobile Holdings Pte. Ltd. ("Asia Mobile Holdings"), have principal activities of that of an investment holding company that owns and manages its operating subsidiaries and affiliates on an arm's length and commercial basis. In general, the holding companies do not guarantee the financial obligations of their operating companies.

The holding companies have risk guidelines for approval authorities, reporting requirements and procedures for managing their financial risks. The holding companies' management teams operate the risk management framework within the risk guidelines established and approved by the holding companies' Board of Directors.

Exposures to credit, liquidity, market, interest rate and currency risks arise in the normal course of the holding companies' business. The holding companies have risk management guidelines which set out their tolerance of risk and their general risk management philosophy, and have a framework to monitor the exposures and ensure appropriate measures are implemented in a timely and effective manner. The management of these risks is discussed below:

Credit risk

A credit guideline is in place and the exposure to credit risk is monitored on an ongoing basis. Limits are set for counterparties of different credit standing and also vary with the type of transaction. These limits will cap the credit risk exposure to any single counterparty.

The carrying amount of financial assets represents the holding companies' maximum exposure to credit risk. Cash and fixed deposits are placed with financial institutions which are regulated. The holding companies do not hold any collateral in respect of their financial assets.

The allowance account in respect of balances with related parties is used to record impairment losses unless the holding companies are satisfied that no recovery of the amount owing is possible. At the point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written against the carrying amount of the impaired financial asset.

Liquidity risk

The holding companies monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance their operations and to mitigate the effects of fluctuations in cash flows. As far as possible, the holding companies will always raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The following are the expected contractual undiscounted cash outflows of non-derivative financial liabilities and derivative assets:

	2016				2015			
	Within 1 year $'m	**2 to 5 years $'m**	**After 5 years $'m**	**Total $'m**	**Within 1 year $'m**	**2 to 5 years $'m**	**After 5 years $'m**	**Total $'m**
Company								
Non-derivative financial liabilities								
Other payables and accruals	2	–	–	2	1	–	–	1
Bank and other borrowings	18	73	521	612	12	49	360	421
	20	73	521	614	13	49	360	422
STTC								
Non-derivative financial liabilities								
Other payables and accruals	13	–	–	13	17	–	–	17
Balances with related parties	64	73	521	658	56	49	360	465
	77	73	521	671	73	49	360	482

	2016			2015		
	Within 1 year $'m	**After 5 years $'m**	**Total $'m**	**Within 1 year $'m**	**After 5 years $'m**	**Total $'m**
Asia Mobile Holdings						
Non-derivative financial liabilities						
Bank loans	18	960	978	18	975	993
Other payables and accruals	3	–	3	2	–	2
Balances with related parties	13	–	13	14	–	14
Interest rate swap used for hedging	2	–	2	–	–	–
Derivative financial assets						
Interest rate swaps used for hedging	–	–	–	(4)	–	(4)
	36	960	996	30	975	1,005

The maturity analyses show the undiscounted cash flows of the holding companies' financial liabilities on the basis of their earliest possible contractual maturity.

For derivative financial instruments, the cash inflows represent the contractual undiscounted cash flows relating to these instruments. The amounts are compiled on a net basis for derivatives that are net-settled. Gross inflows and outflows are included for derivatives that are gross-settled on a simultaneous basis. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the holding companies' floating rate loans.

Market risk

The holding companies are exposed to investment risks from their investment portfolio, which is largely long term investments. These investments are concentrated in the telecommunication sector. The market value of the listed portfolio is subject to fluctuations due to volatility of the stock markets.

The holding companies mitigate these investment risks through stringent selection of investment opportunities and proper structuring of the investment transactions. Changes in the share prices of the listed investments are monitored for divestment decision-making as well as provision for any potential impairment loss.

Interest rate risk

The holding companies' exposure to market risk for changes in interest rates relates primarily to its debt obligations. The holding companies' policy is to manage interest rates through a combination of fixed and floating rate debt. Derivative financial instruments such as interest rate swaps may also be used, when appropriate and based on market conditions, to reduce exposure to floating interest rate risk.

At 31 December, the holding companies' have outstanding interest rate swap contracts for hedging of floating rate interest obligations by swapping them for fixed rate interest obligations with notional principal amounts as follows:

	Asia Mobile Holdings	
	2016	**2015**
	$'m	**$'m**
Interest rate swap contracts	718	533

Sensitivity analysis

Asia Mobile Holdings' borrowings at variable rates are denominated in Singapore dollars and US dollars. An increase/(decrease) in the interest rates by 100 basis points (2015: 100 basis points) with all other variables remaining constant, will result in Asia Mobile Holdings' profit before taxation to be lower/(higher) by $2 million (2015: $2 million). The analysis is performed on the same basis for 2015.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice.

	Effective interest rate %	Total $'m	Floating interest $'m	Fixed interest rate maturing within 1 year $'m	Fixed interest rate maturing in 2 to 5 years $'m
STTC					
2016					
Financial assets					
Fixed deposits	0.15 – 2.80	28	28	–	–
2015					
Financial assets					
Fixed deposits	0.19 – 1.55	652	652	–	–
Asia Mobile Holdings					
2016					
Financial assets					
Fixed deposits	0.40 - 0.82	111	111	–	–
Financial liabilities					
Unsecured long-term bank loans:					
- Floating rate	1.96 - 2.02	917	917	–	–
- Effect of interest rate swap	1.82 - 2.20	–	(718)	–	718
		917	199	–	718
2015					
Financial assets					
Fixed deposits	0.20 – 0.92	102	102	–	–
Financial liabilities					
Unsecured long-term bank loans:					
- Fixed rate	1.76	170	–	170	–
- Floating rate	1.30 – 2.34	739	739	–	–
- Effect of interest rate swap	0.63 – 2.20	–	(533)	263	270
		909	206	433	270

Currency risk

The holding companies are exposed to foreign currency risk on transactions that are denominated primarily in currencies other than the functional currency of the holding companies. It is the holding companies' policy to hedge these risks as they arise whenever possible. The holding companies may use currency swaps and forward exchange contracts to hedge the foreign currency risk on committed currency exposures. At the reporting date, the currencies giving rise to this risk are primarily the US dollar.
The holding companies do not hedge the foreign exchange exposure with respect to their venture and long term strategic capital investments made in various countries as forecasts of the timing and quantum of the realisable proceeds cannot be reasonably determined. This exposure is regarded as an integral part of the holding companies' investment risks and any gain or loss forms part of the holding companies' investment returns.

At 31 December 2016 and 2015, the holding companies do not have outstanding currency swaps contracts for hedging purposes.

The holding companies incur foreign exchange risk on cash and cash equivalents, loans and balances with related parties that are denominated in currencies other than the functional currency. The currency giving rise to this risk is primarily the US dollar.

The holding companies' exposure to US dollar are as follows:

	STTC		**Asia Mobile Holdings**	
	2016	**2015**	**2016**	**2015**
	\$'m	**\$'m**	**\$'m**	**\$'m**
Amounts due from related parties	299	219	88	88
Cash and cash equivalents	88	185	53	49
Bank loans	–	–	(238)	(233)
Net exposure	387	404	(97)	(96)

Sensitivity analysis

At 31 December, a 1% (2015: 1%) strengthening of Singapore dollar against the US dollar would increase/(decrease) profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	STTC		**Asia Mobile Holdings**	
	2016	**2015**	**2016**	**2015**
	\$'m	**\$'m**	**\$'m**	**\$'m**
Profit before taxation				
US dollar	(4)	(4)	1	1

A 1% weakening of Singapore dollar against the US dollar would have had the equal but opposite effect.

Fair values

Floating interest bearing loans and balances with related parties

No fair value is calculated as the holding companies believe that the carrying amounts of floating interest bearing loans and balances with related parties which are repriced within 3 to 6 months from the reporting date, reflect the corresponding fair values.

Fixed interest bearing borrowings and balance with related party

The fair value of fixed interest bearing borrowings and balance with related party are calculated using discounted cash flow model based on the present value of future principal and interest cash flow, discounted at the market rate at the reporting date. The carrying amounts of the loans approximate their fair value.

Fixed interest bearing medium term notes

The fair value of fixed interest bearing medium term notes are based on the quoted market price at the reporting date.

Derivatives

Marked to market valuations of the interest rate swaps are provided by the banks. These quotes are independently tested using alternate 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.

Cash and cash equivalents, other receivables, other payables and accruals, and current balances with related parties

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

Investments in equity securities held by wholly-owned investment holding subsidiaries

The fair values of available-for-sale financial assets that are indirectly held through wholly-owned investment holding subsidiaries of the holding companies are determined by using valuation techniques.

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 the reporting date:

	Asia Mobile Holdings	
	2016	**2015**
	$'m	**$'m**
Mark-to-market derivative (liabilities)/assets		
- Interest rate swaps	(2)	4

The following table represents the assets and liabilities measured at fair value, using Level 3 valuation method, at the reporting date:

	STT entities	
	2016	**2015**
	$'m	**$'m**
Derivative asset	1	1
Available-for-sale financial asset	130	130
Contingent consideration	7	8

Available-for-sale financial asset and derivative asset

Management has assessed that the costs of the available-for-sale financial asset and derivative asset are appropriate estimations of their fair value as there has been no significant change since acquisition in the financial performance of the investee compared with management's original budget; and in the economic environment in which the investee operates. Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The key input and assumption used in the models include:

EBITDA multiple

The expected EBITDA multiple is determined by using the average of the EBITDA multiples based on comparable cable television companies in the region at the reporting date.

The fair values of the available-for-sale financial asset and derivative asset will increase/(decrease) if the expected EBITDA multiple is higher/(lower).

An increase of 0.5 (2015: 0.5) in the EBITDA multiple would result in an increase of the Group's equity of $9 million (2015: $7 million). A decrease of 0.5 (2015: 0.5) in the EBITDA multiple would result in a decrease in the Group's equity of $9 million (2015: $7 million). The change in the EBITBA multiple would not have a significant impact in the profit before taxation.

The changes in fair value of the available-for-sale financial asset and derivative asset are not significant in 2015 and 2016.

Contingent consideration

The fair value of the contingent consideration is calculated based on the expected payment amount and its associated probabilities (i.e. probability-weighted). Since the contingent consideration is long-term in nature, it is discounted to present value. Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

Key inputs and assumptions used in the models include:

Discount rate

The discount rate applied is based on the long term borrowing rate of 6.66% (2015: 6.01%) in the relevant market.

Budgeted EBITDA

Budgeted EBITDA has been based on the forecasts provided by management based on the five-year business plan of U Mobile.

The fair value of the contingent consideration will increase if the discount rate is lower or the budgeted EBITDA is higher.

Changing one or more of the significant unobservable inputs used to reasonably estimate possible alternative assumptions would have no significant impact on the fair value of the contingent consideration.

(b) Operating companies in the Group

StarHub Ltd and its subsidiaries ("StarHub Group")

Financial risk management objectives and policies

Exposure to credit, liquidity, interest risk, foreign exchange and market risks arises in the normal course of StarHub Group's business. StarHub 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.

Credit risk

StarHub Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit reviews and counterparty credit limits are practised.

StarHub 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.

StarHub 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 balance sheet.

Liquidity risk

StarHub Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. StarHub Group also 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 StarHub Group for managing liquidity risk included cash and short-term deposits, as well as available credit from its medium term note programme. In addition, StarHub Group also reviews compliance with loan covenants.

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

	2016 Contractual cash flows				**2015 Contractual cash flows**			
	Within 1 year $'m	**2 to 5 years $'m**	**After 5 years $'m**	**Total $'m**	**Within 1 year $'m**	**2 to 5 years $'m**	**After 5 years $'m**	**Total $'m**
Non-derivative financial liabilities								
Bank and other borrowings	34	560	575	1,169	152	388	234	774
Trade and other payables	578	–	–	578	548	–	–	548
Balances with related parties	67	–	–	67	123	–	–	123
Total	679	560	575	1,814	823	388	234	1,445

The following table indicates the periods in which the cash flow hedges are expected to affect the income statement:

	2016 Within 1 year $'m	2015 Within 1 year $'m
Derivative financial assets		
Forward exchange contracts used for hedging (gross-settled)		
- Outflow	(118)	–
- Inflow	123	–
	5	–
Interest rate swaps used for hedging (net-settled)	–	1

Interest rate risk

StarHub Group's exposure to market risk for changes in interest rates relates primarily to StarHub Group's debt obligations.

StarHub 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, StarHub Group had outstanding interest rate swap agreements with notional principal amounts totalling $20 million (2015: $145 million) in cash flow hedges against borrowings. These interest rate swaps will mature over the remaining term of 0.5 year (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

StarHub Group's borrowings are denominated in Singapore dollar. An increase/(decrease) in the interest rates by 100 basis points (2015: 100 basis points) with all other variables remaining constant, does not have a material impact in the Group's profit before taxation.

Foreign currency risk

StarHub 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 US dollar.

StarHub Group's exposures to US dollar are as follows:

	2016 $'m	2015 $'m
Trade and other receivables	73	63
Cash and cash equivalents	55	108
Trade and other payables	(157)	(132)
	(29)	39

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, StarHub Group has outstanding forward exchange contracts with notional principal amounts of approximately $118 million (2015: $105 million).

In respect of other monetary liabilities held in foreign currencies, StarHub 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

Starhub Group has assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's results.

Market risk

StarHub Group has investments in quoted equity shares. The market values of these investments will fluctuate with market conditions.

StarHub Group has assessed that a reasonable change in the share price would not result in a material impact on the Group's equity.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of StarHub Group.

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 StarHub's 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 value 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.

Available-for-sale quoted equity securities

The carrying amount of the available-for-sale financial asset 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

StarHub Group uses 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

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 2 valuation method, at the reporting date:

	Fair value level	**2016 $'m**	**2015 $'m**
Financial assets			
Mark-to-market financial instruments			
- Forward exchange contracts	2	5	1
- Interest rate swaps	2	–	1
- Available-for-sale financial asset	1	40	–

There were no transfers between level 1and 2 in 2016 and 2015.

TeleChoice International Limited and its subsidiaries ("TeleChoice Group")

Financial risk management objectives and policies

TeleChoice Group's activities expose it to credit risk, liquidity risk and market risk (including interest rate risk and currency risk). TeleChoice Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. TeleChoice Group's management continually monitors TeleChoice Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and TeleChoice Group's activities.

Credit risk

Credit risk is the risk of financial loss to TeleChoice Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from TeleChoice Group's receivables from customers.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Trade and other receivables

TeleChoice Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2016, the TeleChoice Group has 36% (2015: 38%) of total receivables due from one (2015: two) major customer, and approximately 39% (2015: 37%) of TeleChoice Group's revenue is attributable to sales transactions with this one (2015: two) customer.

TeleChoice Group has a credit policy under which each new customer is analysed individually for creditworthiness before TeleChoice Group's standard payment and delivery terms and conditions are offered. TeleChoice Group's review includes external ratings, where available, and in some cases bank references. Otherwise, the credit quality of customers is assessed after taking account its financial position and past experience with the customers. Credit exposure to customers is restricted by credit limits that are approved by TeleChoice Group Credit Control Committee at the entity level and the continuous monitoring by the Committee.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a multinational corporation, wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to TeleChoice Group's related parties and multinational corporations.

TeleChoice Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

There are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

TeleChoice Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance TeleChoice Group's operations and to mitigate the effects of fluctuations in cash flows. TeleChoice Group maintains sufficient level of cash and cash equivalent to meet its working capital. When required, TeleChoice Group also obtains short-term bridging arrangement with banks to pay for their purchases of equipment.

The management of TeleChoice Group monitors cash flow requirements through regular cash flow forecast carried out at the operating companies' level in accordance with the working capital requirement. TeleChoice Group sets asset productivity targets which vary by entity and location taking into consideration the business environment that the entity operates in. Asset productivity targets used are debtor and inventory turnover days.

In addition, TeleChoice Group maintains total lines of credit of $138 million (2015: $136 million) for revolving credit and working capital line facilities, at a margin over cost of funds.

The following are the expected contractual undiscounted cash outflows of financial liabilities:

Group	Carrying amount $'m	Contractual cash flows $'m	Less than 12 months $'m	1 to 5 years $'m
2016				
Variable interest rate loans	7	7	7	–
Fixed interest rate loans	5	5	–	5
Trade and other payables*	79	79	76	3
	91	91	83	8
2015				
Variable interest rate loans	15	15	15	–
Fixed interest rate loans	5	5	–	5
Trade and other payables*	94	94	89	5
	114	114	104	10

* Exclude accrued contingent consideration

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. TeleChoice Group's exposure to cash flow interest rate risks arises mainly from short-term floating rate borrowings. TeleChoice Group does not use derivative financial instruments to hedge its interest rate risk.

Effective interest rate and repricing analysis

In respect of the interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice:

	2016		2015	
	Effective interest rate %	Floating interest $'m	Effective interest rate %	Floating interest $'m
Financial assets				
Bank deposits	3.15 to 4.00	1	0.03 – 5.10	6
Financial liabilities				
Unsecured bank loans	2.65 to 9.20	12	2.29 – 10.90	19

Sensitivity analysis

TeleChoice Group's borrowings and short-term deposits at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars. The fluctuation in interest rates does not have a material impact to the financial statements.

Foreign currency risk

TeleChoice Group is exposed to foreign currency risk in respect of bank deposits as well as sales and purchases that are denominated in a currency other than TeleChoice Group entities' functional currencies. The currencies giving rise to this risk are primarily the Malaysia Ringgit and US dollars. The risk arises mainly from timing mismatches between such sales and purchases denominated in these currencies. TeleChoice Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

TeleChoice Group's investments and long-term loan to its subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

The TeleChoice Group's exposure to the Malaysia Ringgit and US dollars is as follows:

	Malaysia Ringgit		US Dollars	
	2016 $'m	2015 $'m	2016 $'m	2015 $'m
Trade and other receivables	–	–	4	7
Cash and cash equivalents	–	1	5	5
Trade and other payables	–	–	(11)	(9)
Net exposure	–	1	(2)	3

Sensitivity analysis

A 10% strengthening/weakening of Malaysia Ringgit and US dollars against the Singapore dollars do not have a material impact to the financial statements.

Estimation of fair values

As at 31 December 2016, the fair value of non-current other receivables, other payables and unsecured bank loans amounted to $4 million (2015: $7 million), $3 million (2015: $5 million) and $5 million (2015: $5 million) respectively.

The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and other financial liabilities) are assumed to approximate their fair values because of the short period to maturity.

U Mobile Sdn. Bhd. and its subsidiary ("U Mobile Group")

Financial risk management objectives and policies

U Mobile Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors of U Mobile Group reviewed and agreed on the policies and procedures for the management of these risks, which are executed by the Head of Finance of U Mobile Group. U Mobile Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the businesses whilst managing its interest rate risk, liquidity risk, credit risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. U Mobile Group has no significant interest-bearing financial assets, however its interest bearing loans are exposed to interest rate risk. U Mobile Group's income and operating cash flows are substantially independent of changes in market interest rates.

U Mobile Group's exposure to interest rate risk arises primarily from its short term deposits and hire purchase facilities.

Liquidity risk

Liquidity risk is the risk that U Mobile Group will encounter difficulties in meeting financial obligations due to shortage of funds. U Mobile Group manages its liquidity risk by closely monitoring the maturity profile of its debt. Where there are anticipated funding requirements, U Mobile Group discusses them with the shareholders with the view of considering available financing options to meet its current financial obligation. As part of its overall liquidity management, U Mobile Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The table below summarises the maturity profile of U Mobile Group's financial liabilities at the reporting date based on the contractual undiscounted repayment obligations.

	2016			2015		
	Within 1 year $'m	After 1 year but within 5 years $'m	Total $'m	Within 1 year $'m	After 1 year but within 5 years $'m	Total $'m
Trade and other payables	656	48	704	396	23	419
Loans and borrowings	20	70	90	20	77	97
Other undiscounted financial liabilities	21	272	293	2	2	4
	697	390	1,087	418	102	520

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty defaults on its obligations. U Mobile Group's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. Credit risk is managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting U Mobile Group's associations only to business partners with high creditworthiness. Deposits are placed only with reputable licensed financial institutions.

The maximum credit exposure on trade receivables is limited to the carrying amount of the receivables less allowance for impairment, whereas the maximum exposure for other receivables and cash and cash equivalents are the reported carrying amounts in the financial statements.

U Mobile Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

U Mobile Group has transactional currency exposures arising from services performed or purchases that are denominated in a currency other than the functional currency of U Mobile Group. The foreign currencies in which these transactions are denominated are mainly US dollars, Singapore dollars, Euro dollars, and Special Drawing Right. Special Drawing Right is a basket of currencies which is used to denominate international roaming transactions.

Approximately 15% (2015: 19%) of costs are denominated in foreign currencies. 31% (2015: 52%) of U Mobile Group's trade payables are denominated in foreign currencies at the reporting date, while 0.3% (2015: 3%) of U Mobile Group's trade receivables are denominated in foreign currencies as at the reporting date. U Mobile Group's trade receivables and trade payables balances at the reporting date have similar exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

U Mobile Group's foreign currency forward contracts are executed only with creditworthy financial institutions in Malaysia which are governed by appropriate policies and procedures. The cash requirement for settling these foreign currency forward contracts is solely from U Mobile Group's working capital.

Sensitivity analysis

At 31 December 2016, a 5% (2015: 5%) strengthening/weakening of Malaysia Ringgit against the US dollars, Singapore dollars, Euro dollars and Special Drawing Right does not have a material impact to the financial statements. This analysis assumes that all other variables remain constant.

Estimation of fair values

The carrying amounts of cash and cash equivalents, short term receivables, payables and short term borrowing approximate fair value due to the relatively short term nature of these financial instruments.

Hire purchase payables

The fair value of the hire purchase payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the reporting date.

Loans and borrowings

The carrying amounts of the current and non-current portion of loans and borrowings other than RCPS are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

STT GDC Pte. Ltd. and its subsidiaries ("STT GDC Group")

Financial risk management objectives and policies

STT GDC Group's activities expose it to credit risk, liquidity risk and market risk. STT GDC Group has 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.

Credit risk

STT GDC Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit reviews and counterparty credit limits are practised.

The carrying amount of financial assets represents STT GDC Group's maximum exposure to credit risk. STT GDC Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The allowance account in respect of trade receivables is used to record impairment losses unless STT GDC Group is satisfied that no recovery of the amount arising is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written against the carrying amount of the impaired financial asset.

Liquidity risk

STT GDC Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. STT GDC Group also maintains sufficient level of cash and cash equivalents, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and loans from its related parties.

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

	2016 Contractual cash flows				2015 Contractual cash flows			
	Within 1 year $'m	2 to 5 years $'m	After 5 years $'m	Total $'m	Within 1 year $'m	2 to 5 years $'m	After 5 years $'m	Total $'m
Non-derivative financial liabilities								
Bank and other borrowings	21	352	36	409	–	12	–	12
Trade and other payables	62	–	–	62	57	–	–	57
Balances with related parties	25	586	–	611	17	–	–	17
Other non-current liabilities	–	5	–	5	–	–	–	–
Total	108	943	36	1,087	74	12	–	86

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency rates and prices rates affect STT GDC Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Interest rate risk

STT GDC Group's exposure to market risk for changes in interest rates relates primarily to its debt obligations.

Sensitivity analysis

STT GDC Group's borrowings are denominated in Singapore dollars, US dollars and Indian Rupees. An increase in the interest rate by 100 basis points (2015: 100 basis points) with all other variables remaining constant would have increased STT GDC Group's loss before tax by approximately $7 million (2015: Nil). A decrease would have the equal but opposite effect to STT GDC Group's loss before tax.

ii) Foreign currency risk

STT GDC 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 US dollar.

STT GDC Group's exposures to US dollar are as follows:

	2016 $'m	2015 $'m
Trade and other receivables	1	–
Trade and other payables	(1)	–
	–	–

Sensitivity analysis

STT GDC Group has assessed that a reasonable change in the exchange rate would not result in a material impact on STT GDC Group's results.

iii) Price risk

STT GDC Group is exposed to price risk arising from its quoted investment in mutual funds, classified at fair value through profit or loss.

Sensitivity analysis

A 10% (2015: 10%) increase in the unit price of the mutual funds with all other variables held constant, would decrease STT GDC Group's loss before tax by $1 million (2015: nil). A decrease would have the equal but opposite effects to STT GDC Group's loss before tax.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of STT GDC Group.

Interest bearing borrowings and balances with related parties

No fair value is calculated for the floating rate loans as STT GDC Group believes that the carrying amounts, which are repriced within one year of reporting date reflect their corresponding fair value.

All other fixed rate 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. The carrying amounts of these borrowings approximate their 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, balances with related parties) are assumed to approximate their fair values due to the short period to maturity.

The fair value of long-term receivables and payables are estimated based on the expected cash flows discounted to present value.

Quoted mutual funds

The fair value of quoted investments is determined directly by reference to their quoted bid prices at the reporting date.

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 measured at fair value, using Level 1 valuation method, at the reporting date:

	2016	2015
	S'm	S'm
Financial assets		
Other financial assets	13	–

37 Capital management

The Company regularly reviews its balance sheet structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns and proper strategic positioning.

From time to time, the related parties, excluding operating companies, may purchase the shares of its subsidiaries and associates on the market; the timing of these purchases depends on market prices, amongst other factors. Such share purchases are intended to maintain the Group's shareholding in its subsidiaries and affiliates.

The capital employed by the Company consists of equity attributable to shareholders. There were no changes in the Company's approach to capital management during the year.

Certain companies in the Group are subject to certain financial covenants including tangible net worth, net debt and security value under its loan facility. Management of these companies in the Group monitors these covenants on a regular basis to ensure compliance.

38 Business combinations

On 19 October 2016, the Group's wholly owned subsidiary, STT India DC Pte. Ltd., acquired a 74% equity interest in TCDC for $368 million. As a result of the interest acquired, the Group was deemed to have acquired control of TCDC and accounted for the investment as a subsidiary.

In the 2 months to 31 December 2016, TCDC contributed revenue of $26 million and net loss after taxation of $1 million to the Group. If the acquisition had occurred on 1 January 2016, consolidated revenue would have been $3,467 million and consolidated profit for the year would have been $229 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The final allocation of the purchase price to the identifiable assets acquired and liabilities assumed in the acquisition is currently being determined and has not been completed. In the meantime, a provisional goodwill of $310 million has been recognised.

Identifiable assets acquired and liabilities assumed

	Note	2016 $'m
Property, plant and equipment	3	158
Intangible assets (customer relationships)	4	78
Financial assets		15
Trade and other receivables		55
Cash and cash equivalents		8
Trade and other payables, accruals and provisions		(44)
Bank borrowings		(164)
Other non-current liabilities		(2)
Deferred tax liabilities	10	(25)
Total identifiable net assets		79
Non-controlling interests acquired		(21)
Total identifiable net assets acquired		58
Goodwill acquired	5	310
Total purchase consideration		368
Cash acquired		(8)
Acquisition of subsidiary, net of cash acquired as disclosed in the consolidated cash flow statement		360

The goodwill is attributable mainly to the synergies expected to be achieved through the Group's global data centre network to serve its existing and new customers. None of the goodwill recognised is expected to be deductible for tax purposes.

The trade and other receivables comprise gross contractual amounts of $42 million, of which $2 million was expected to be uncollectible at the acquisition date.

The Group incurred acquisition related costs of $4 million on legal, corporate advisory and due diligence fees. These have been included in legal and professional fees in the consolidated income statement.

The fair values of property, plant and equipment and customer relationships have been determined provisionally pending the completion of an independent valuation.

39 Commitments

Operating lease commitments – as lessee

Commitments for future minimum lease payments at the reporting date in respect of non-cancellable operating leases are as follows:

	Group	
	2016	**2015**
	$'m	**$'m**
Within 1 year	190	187
After 1 year but within 5 years	432	322
After 5 years	145	112
	767	621

The operating leases include leases of premises and network infrastructures. The leases have varying terms and renewal rights.

Operating lease commitments – as lessor

The Group has leased out certain data centre facilities under non-cancellable operating leases for which the minimum future lease receivables are as follows:

	Group	
	2016	**2015**
	$'m	**$'m**
Within 1 year	43	–
After 1 year but within 5 years	155	–
	198	–

The leases have varying terms and renewal rights. None of the operating leases is subject to contingent rent arrangements.

Capital commitments

	Group	
	2016	**2015**
	$'m	**$'m**
Capital expenditure	309	478

40 Contingent liabilities

In the prior year, the Company, through Straits Mobile, acquired from Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") the rights of TSVT and his affiliates (including U Telemedia Sdn Bhd) to subscribe to the Series B ("RCPS") issued by U Mobile. As part of the consideration, an amount of RM53 million (equivalent to $18 million) is payable to TSVT subject to fulfilment of certain conditions by TSVT. As the obligation will only arise upon the fulfilment of the conditions, no liability was recognised as at 31 December 2015.

During the year of 2016, as a result of the partial fulfilment of some conditions by TSVT as set out in the sales and purchase agreement, the Company paid an amount of RM44 million (S$15 million) to TSVT.

41 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic operating subsidiaries. The strategic operating subsidiaries are managed separately by different boards of directors. For each of the strategic operating subsidiaries, the Group's executive director reviews internal management reports on at least a quarterly basis. The principal activities of these strategic operating subsidiaries are those relating to the operation and provision of telecommunications services, other businesses relating to the info-communication industry and provision of data centre co-location services.

Group	StarHub		TeleChoice		U Mobile		STT GDC		Others		Eliminations		Unallocated		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Revenue and expense																
External revenue	2,391	2,437	309	354	610	502	28	–	9	17	–	–	–	–	3,347	3,310
Inter-segment revenue	6	7	195	227	1	1	2	–	1	1	(205)	(236)	–	–	–	–
Segment profit/(loss) before tax	410	441	10	12	(179)	(148)	(40)	(23)	55	781	–	–	44	(55)	300	1,008
Income tax expense	(69)	(68)	(3)	(2)	–	–	–	–	–	–	–	–	–	(1)	(72)	(71)
Segment profit/(loss) after tax	341	373	7	10	(179)	(148)	(40)	(23)	55	781	–	–	44	(56)	228	937
Depreciation, amortisation and impairment	(266)	(274)	(3)	(3)	(95)	(64)	(13)	–	(2)	(3)	–	–	–	–	(379)	(344)
Finance income	4	2	–	1	1	3	7	1	–	–	–	–	9	8	21	15
Finance cost	(26)	(18)	(1)	(1)	(32)	(14)	(15)	(1)	–	–	33	6	(41)	(21)	(82)	(49)
Share of results of associates and joint ventures	–	–	–	–	–	–	(51)	(18)	106*	715*	–	–	–	–	55	697
Assets and liabilities																
Segment assets	2,680	2,392	182	194	1,205	938	1,123	216	243	200	(37)	(34)	509	1,080	5,905	4,986
Interests in associates and joint ventures	–	–	2	–	–	–	450	459	3,763*	3,555*	–	–	–	–	4,215	4,014
Total segment assets	2,680	2,392	184	194	1,205	938	1,573	675	4,006	3,755	(37)	(34)	509	1,080	10,120	9,000
Capital expenditure	372	273	2	2	291	137	432	122	–	–	–	–	–	–	1,097	534
Segment liabilities	2,001	1,722	97	120	1,017	564	922	85	–	8	(844)	(234)	1,430	1,296	4,623	3,561

* *Includes share of results and interest in Level 3. Level 3 is a separate reportable operating segment and the financial information of Level 3 has been disclosed in Note 7.*

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical locations of the primary place of operations of the investments.

	Group	
	2016	**2015**
	$'m	**$'m**
Revenue		
Singapore	2,650	2,740
Malaysia	621	515
Others	76	55
	3,347	3,310
Non-current assets*		
Singapore	2,348	1,979
Malaysia	985	804
United States	3,690	3,486
Others	989	524
	8,012	6,793

**excludes financial instruments and deferred tax assets*

42 Subsequent events

Dividend from StarHub

The directors of StarHub have proposed a final dividend of $0.05 (2015: $0.05) per share, tax exempt (one tier), totalling $86 million (2015: $86 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 StarHub in 2017. The proposed final dividend, once approved and paid, is estimated to reduce the Group's cash and cash equivalents and non-controlling interests by approximately $38 million.

Dividend from TeleChoice

On 24 February 2017, the directors of TeleChoice has proposed a final dividend of 1.6 cents per ordinary share (one-tier tax exempt) in respect of financial year ended 31 December 2016. The proposed final dividend amounting to $7 million has not been recognised as at year end and is subject to shareholders' approval at the forthcoming Annual General Meeting of TeleChoice in 2017. The proposed final dividend, once approved and paid, is estimated to reduce the Group's cash and cash equivalents and non-controlling interests by approximately $3 million.

Dividend to Temasek

In March 2017, the Company declared an interim dividend of approximately $0.19 per share, tax exempt (one tier), totalling $425 million in respect of financial year ending 31 December 2017.

STT Tai Seng Pte. Ltd.'s acquisition of data centre co-location business

On 13 February 2017, the Group, through its wholly owned subsidiary, STT Tai Seng Pte. Ltd., acquired Tata Communications International Pte Ltd's ("TCIPL") data centre co-location business in Singapore for approximately $134 million, subject to purchase price adjustments to be determined in accordance with the Investment Agreement. The Group is in the process of finalising the purchase price adjustments.

Financing by STT Tai Seng Pte. Ltd. ("STT Tai Seng")

On 13 February 2017, STT Tai Seng entered into a Facility Agreement with Credit Agricole Corporate and Investment Bank of up to $65 million. STT Tai Seng drew down an amount of $45 million on 15 February 2017 to repay a $40 million shareholder loan transferred as part of the data centre co-location business acquired, and $5 million for working capital purposes.

Refinancing of bank facility by Tata Communications Data Centers Private Limited ("TCDC")

On 29 March 2017, TCDC entered into a Facility Agreement with Axis Trustee Services Limited as the facility agent for an Indian Rupees ("INR") term loan of an aggregate amount of up to INR 16,000 million (equivalent to $340 million) (the "Facility") that matures on 30 March 2029. The proceeds shall be utilised for the purpose of refinancing the existing long term loan of INR 8,060 million and capital expenditure expansion. The Facility is secured by way of a first ranking *pari passu* charge of, inter alia, all movable properties and assets (other than insurance contracts), all bank accounts and all current assets of TCDC and a first ranking *pari passu* mortgage over immovable property acquired by TCDC from time to time. The Facility is not subject to financial covenants.

Purchase of property by STT Defu 2 Pte. Ltd. ("STT Defu 2")

On 7 April 2017, STT Defu 2 completed the purchase of a property for a consideration of $13 million (excluding GST), paid on behalf by its intermediate holding company. The purchase price and related acquisition costs will be capitalised as leasehold building.

Purchase of additional ADSs of GDS Holdings Limited ("GDS")

Subsequent to year end, the Group purchased additional ADSs of GDS. As at date of this report, the effective equity interest held in GDS increased to 35.5%.

Additional investment in available-for-sale financial asset

On 28 March 2017, the Group made a further investment in one of its available-for-sale financial assets via subscription of US$ 9 million (equivalent to $13 million) of Convertible Promissory Notes ("Notes") which further entitled the Group up to 2.8 million free warrants convertible to common stock. The Notes bear fixed interest rate of 6% per annum on the outstanding principal amount and all unpaid interest and principal shall be due and payable upon request of the Group on or after the maturity date of 28 March 2019.

Investment in Armor Defense Inc. ("Armor")

On 29 March 2017, the Group made an investment of approximately US$89 million (equivalent to $129 million) in Armor Defense Inc. ("Armor"), which will amount to a 33.4% stake on a fully diluted basis in Armor in the form of Series F Preferred Stock.

Drawdown of multicurrency money market line facility

Subsequent to year end, a subsidiary of the Group drew down its bank loan facility amounting to US$65 million (equivalent to $94 million) and $64 million. The loans are unsecured, bear interest of LIBOR + 0.4% per annum and SIBOR + 0.4% per annum and are repayable in 2018.

Donnelley
Financial Solutions
367339

Singapore Technologies Telemedia Pte Ltd

S$2,000,000,000 Multicurrency Debt Issuance Programme

28 July 2017