

# Hubbing at Your Service

STARHUB LTD Annual Report 2016

WE ARE  
HERE 24/7!

How can I  
help you?

Hi,  
Hubbers :)



## Hubbing at Your Service

In an increasingly competitive landscape, StarHub remains committed to investing in service innovation and excellence. By enhancing customer service initiatives across multiple touch points, including digital, homes, offices and in-store, we continue to strengthen our value proposition through a seamless customer experience.

Our ability to excel in service is a competitive advantage for our business and differentiates our brand. It helps us attract and retain customers from all market segments and also serves to engage and motivate our people. From our customers, our employees, our business partners to our investors, StarHub remains dedicated to serving your needs.

### Corporate Profile

StarHub is Singapore's fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets.

### Vision

To be Singapore's first choice for information, communications and entertainment services.

### Mission

To provide every person, home and business in Singapore with world-class multimedia services and content.

### Core Values

**ExCITE:**  
Excellence,  
Creativity,  
Integrity,  
Teamwork.

## What's Inside

As an integrated info-communications company, we can create value when we integrate our relationships with all stakeholders.

For more details, go to [page 20](#)



### Mobility

*Singapore's mobile penetration rate remains high and the popularity of smart devices continues to drive mobile data usage upwards.*

For more details, go to [page 40](#)

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### Entertainment & SmartLife

*Technology has brought opportunities for StarHub to deliver more seamless experiences to our customers.*

For more details, go to [page 44](#)



### Enterprise Fixed

*Serving the enterprise customer involves investments in infrastructure, building trust and a focus on the customer's business.*

For more details, go to [page 50](#)

### Performance

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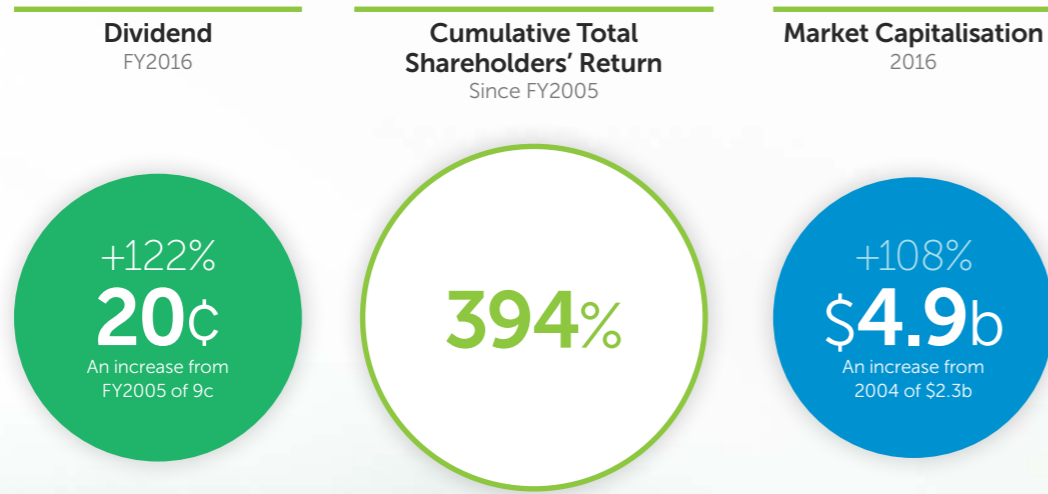
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View our Report Online

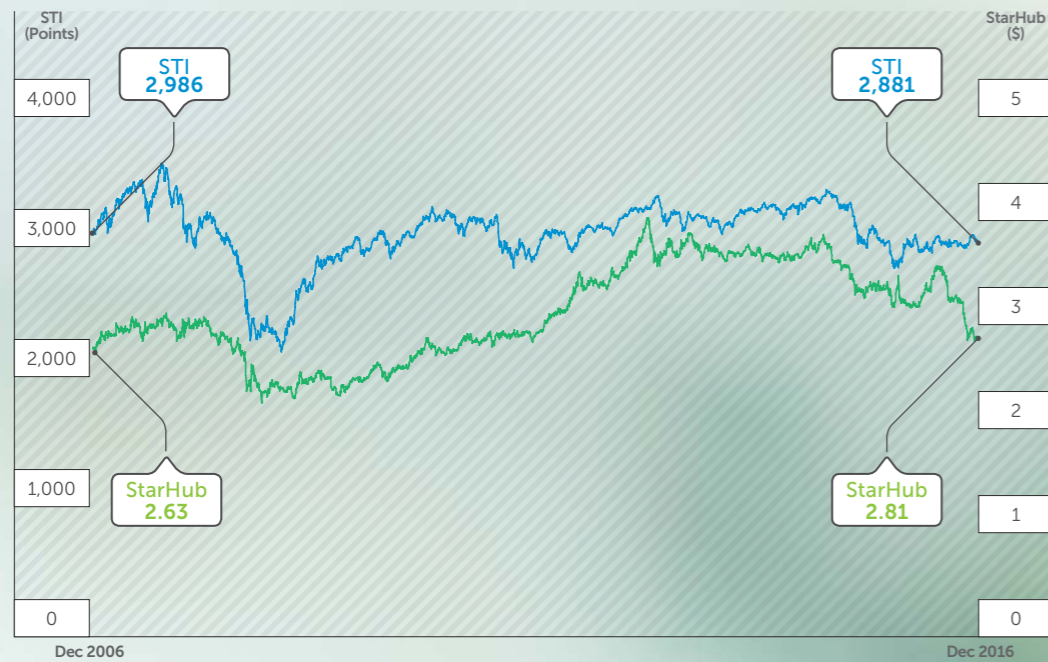


2016 Annual Report  
Go green and help reduce carbon footprints. Download via our StarHub Annual Report app.  
Or visit [www.starhub.com/ir](http://www.starhub.com/ir)

# Key Figures

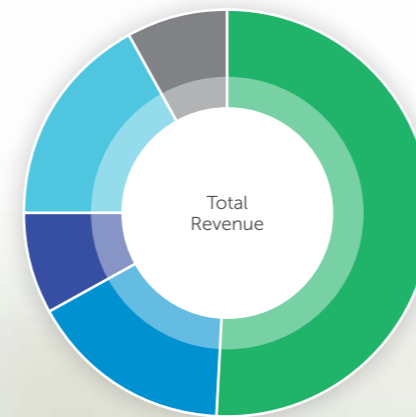


**StarHub Share Price Performance Against STI Index**  
From 2006 – 2016



# The Group Today

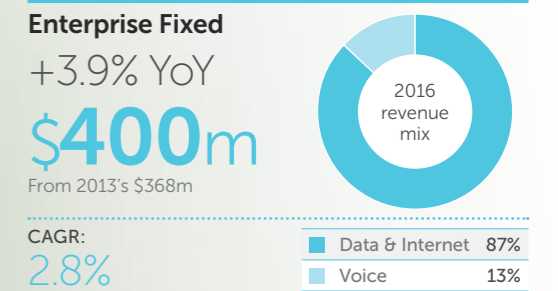
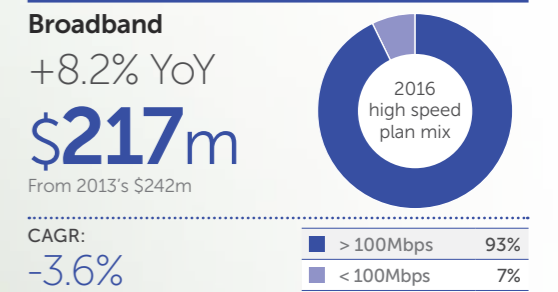
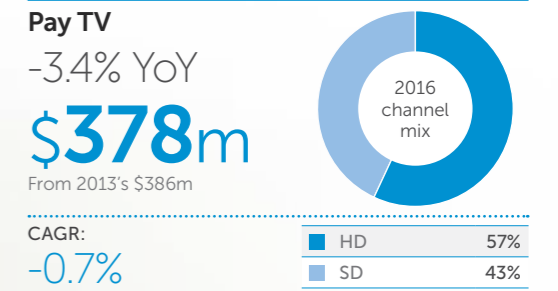
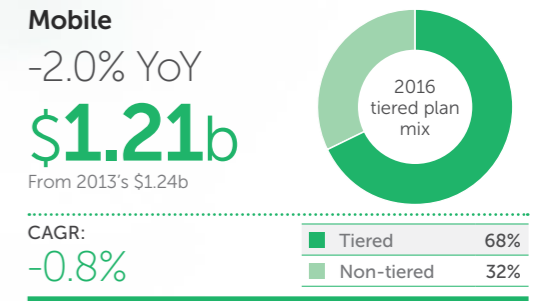
The Group's total revenue of \$2.40 billion was 1.9% lower YoY, attributed to lower revenues from sales of equipment and services. Service revenue was 0.3% lower YoY. Broadband revenue recorded the highest revenue growth YoY at 8.2%.



Mobile **51%** Pay TV **16%** Broadband **9%**

Enterprise Fixed **17%** Sales of Equipment **8%**

\* % may not add up due to rounding.



# 5-Year Financial Highlights

## Revenue

-1.9% YoY  
**\$2,397m**

Total revenue was \$47.6 million or 1.9% lower YoY, attributed to lower revenues from sales of equipment and services.

	\$m
2012	2,434
2013	2,370
2014	2,387
2015	2,444
2016	2,397

## Earnings Per Share (EPS)

-8.2% YoY  
**19.7¢**

Diluted EPS is calculated by dividing the Group's profit attributable to equity holders by the weighted average number of ordinary shares\*.

	cents
2012	21.4
2013	22.0
2014	21.4
2015	21.4
2016	19.7

\* Excluding treasury shares.

## EBITDA Margin on Service Revenue

-1.0% pts YoY  
**31%**

EBITDA amounted to \$690.1 million or 31.2% of service revenue for FY2016.

	%
2012	33
2013	33
2014	34
2015	32
2016	31

## Hubbing Households

### Single Service Household

+3.2% YoY  
**+10,000**

	'000
2012	337
2013	327
2014	313
2015	312
2016	322

### Double Service Household

-3.2% YoY  
**-7,000**

	'000
2012	232
2013	219
2014	219
2015	217
2016	210

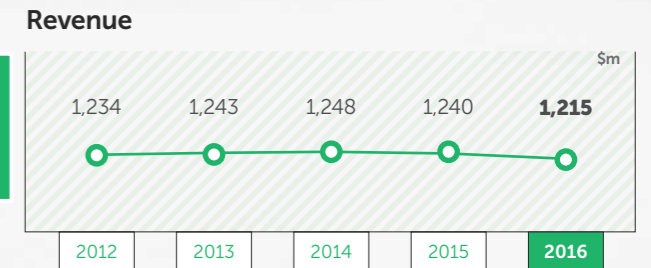
### Triple Service Household

-4.1% YoY  
**-10,000**

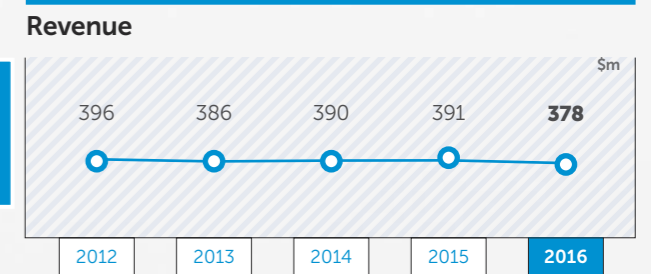
	'000
2012	214
2013	227
2014	242
2015	245
2016	235



Mobile **2.31m** Customers



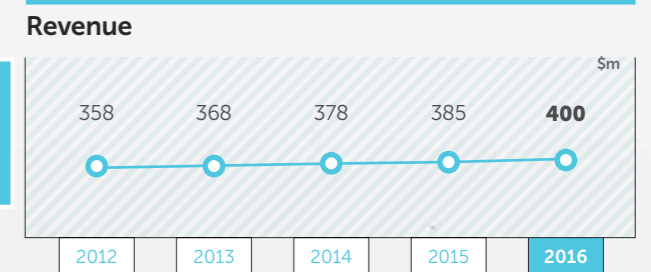
Pay TV **498k** Households



Broadband **473k** Customers



Enterprise Fixed **\$400m** Revenue



We have a system that does both sales and service. Now sales interactions can be executed anywhere on the shop floor using tablet apps.

Chai Juan Wei  
Senior Consultant

# From INSPIRING To INVOLVING

We have empowered our retail staff to provide personalised offerings to our customers. With tools that combine service delivery and sales into one seamless system, when any customer walks into a store, we can understand their needs better and faster. Moving closer to our customers through tablet devices helps our people interact directly and increases productivity at the same time.

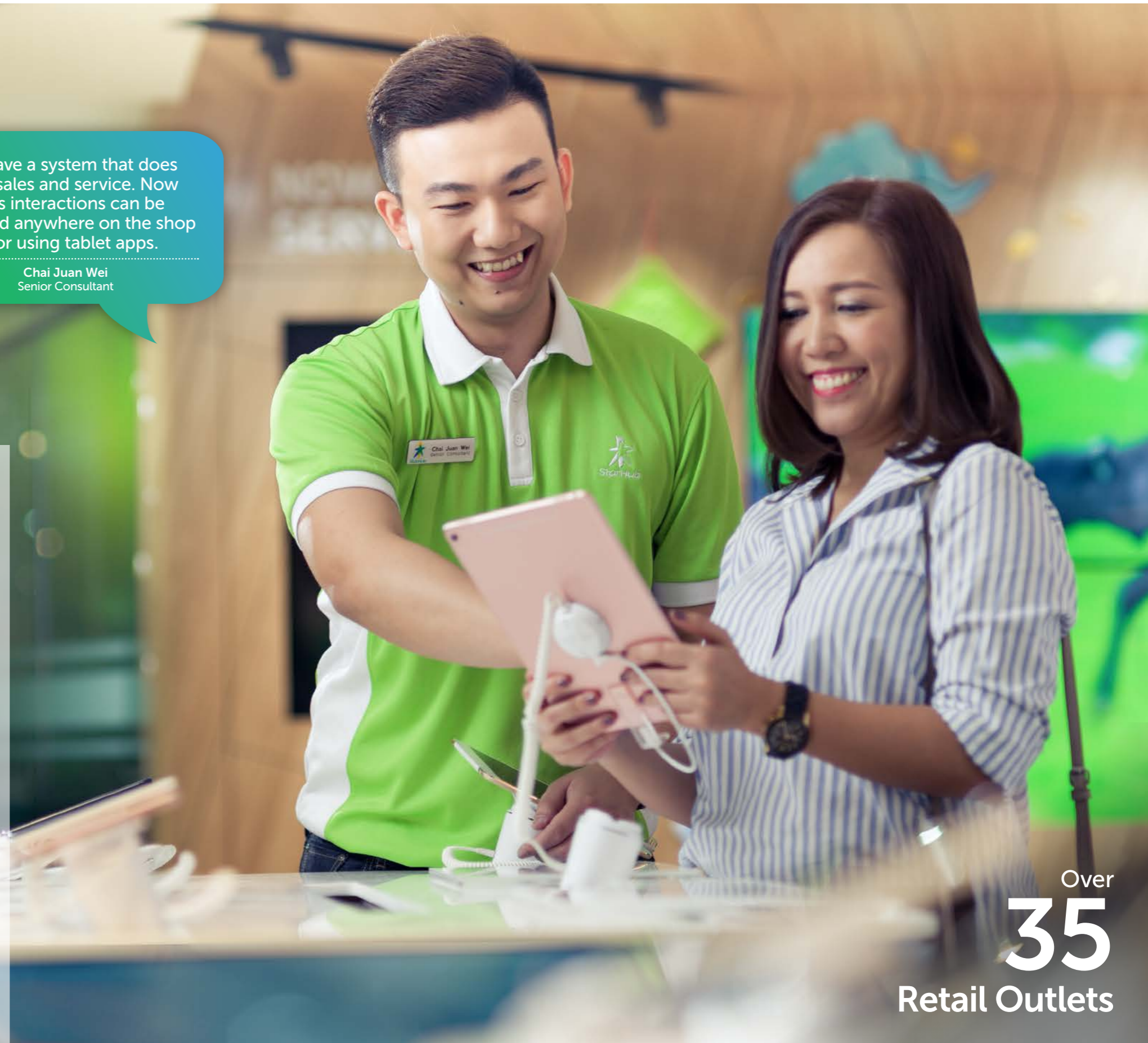
## AT YOUR SERVICE.



Over **270hrs** of Training

Our retail staff are equipped with more than product knowledge, they are also trained to ensure end-to-end seamless fulfillment capabilities.

Over **35** Retail Outlets





We have an e-Butler tool that fetches relevant information from various sources to enable us to resolve customers' concerns promptly during the call.

Jen Hong  
Process and Communications Executive

Call Centre handles over  
**11,000**  
calls everyday

## From INVOLVING To ENGAGING

Engaging our customers means understanding both their individual needs and their needs as a household. This enables us to offer rewards to other members in their family. While we continue to enhance our hotline services, we are also working towards every StarHub employee being involved and being responsive in engaging our customers.

### AT YOUR CONVENIENCE.



Over **520** Customer Service Staff

Our call centres are equipped with more than just technical knowledge, they have specialised tools to address customers' concerns promptly.

We aim to evolve along with our customers' lifestyle needs and offer relevant services.

Elias Khan  
Senior Analyst

# From ENGAGING To SECURING

Today, our stores have a Hub Trooper consultation corner and you can find our Hub Troopers in homes all over the nation. This enables us to understand some of the issues our customers face when, for instance, moving from their previous home to their new fibre-connected home. We are able to anticipate these kinds of issues and secure the trust and loyalty of our customers.

## DELIGHTING YOU.



### Seamless Engagements

Our Hub Troopers are equipped with tablets which remove manual work orders for fulfillment. Post visits, work orders are closed in real-time so that staff at other touch points have visibility.

Over  
**225**  
Hub Troopers  
on the move





We are committed to leveraging our scale to derive greater synergies and serve our customers better.

Nicolas Bureau  
eCommerce & Online Lead

Over  
**140**  
Business Partners



# From SECURING To DELIGHTING

The StarHub Business Partners community is an extended sales force to provide better reach to our customers, including the micro businesses in the heartlands. With more than 140 business partners, we are able to leverage on the wide network to listen to customers' feedback and serve them better.

## AN EYE FOR DETAIL.



### Improved Net Promoter Score

Combining our partners' diversified skills and our wide range of offerings, we provide a complete set of info-communications technology solutions.



# Chairman's Message

**We are undergoing our own digital transformation which will enable us to offer a wider range of services with improved economics, and engage with customers in ways that are more meaningful to them.**

**Steven Terrell Clontz**  
Chairman



Operating Revenue  
**\$2.40b**

Net Profit  
**\$341.4m**

## Recap 2016

A summary of the progress and events in 2016.

Our management team is executing strategies and operating plans to meet challenges and exploit new opportunities.

For more details, go to [page 28](#)

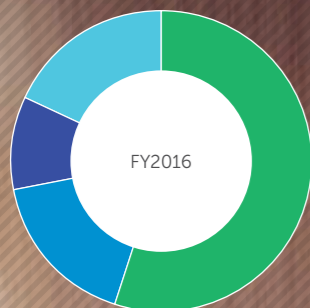
With greater number of apps, as more users share multi-media content, network quality is key to customer satisfaction.

For more details, go to [page 41](#)

In a market of many vendors serving business customers, we differentiate ourselves by investing heavily in our own capabilities and network infrastructure.

For more details, go to [page 51](#)

### Service Revenue Mix



Mobile	55%
Pay TV	17%
Broadband	10%
Enterprise Fixed	18%

**We will stay focused on delivering reliable services, ensuring competitive levels of network performance, and offering good value.**

### Dear Shareholders,

StarHub celebrated its 16<sup>th</sup> anniversary in 2016. Our 16-year journey has been sometimes very challenging, but always exciting. The pace of technological changes impacting the industry continues to accelerate. Likewise, customers' needs have changed dramatically over those years.

Looking ahead, we do not see that rapid pace of change letting up. As our industry continues to adapt to the change, legacy networks and services will always face new forms of competition.

The digital economy tends to not respect traditional boundaries, and can deliver new services with a fraction of the investment that used to be required. Life cycles are shorter, which in itself is a sobering matter for companies like StarHub who must take long-term views when investing in their networks. Indeed, almost every industry and every company is being impacted.

At StarHub, we have always been quick to embrace new technologies. In fact, we are undergoing our own digital transformation which will enable us to offer a wider range of services with improved economics, and engage with customers in ways that are more meaningful to them. This will allow us to better compete with emerging non-traditional competitors. It also requires us to re-think how we deploy our vast network assets in a more efficient manner.

But no matter what new technology arrives, we know how important it is to stay focused on certain fundamentals – delivering reliable services, ensuring competitive levels of network performance, and offering good value. This is why thousands of business customers and millions of consumers have come to trust and rely on StarHub for their info-communications needs.

### Sustainability Reporting

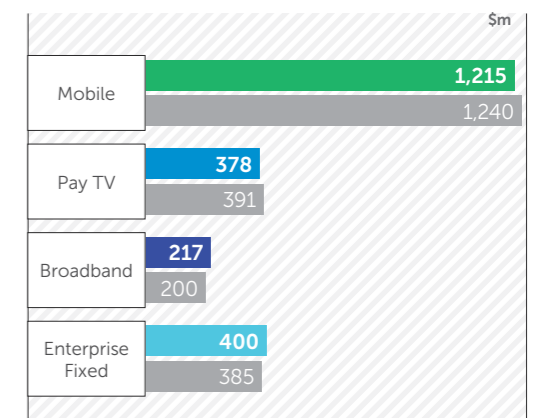
Under proposed changes to SGX listing rules, companies are moving from voluntarily reporting their sustainability performance, towards a more progressive 'comply or explain' basis. We are pleased to note StarHub is an early adopter of voluntary sustainability reporting.

This is our sixth annual report that contains an in-depth description of our environmental, social and governance performance.

We take sustainability seriously, and are proud to communicate our performance to all stakeholders, including customers, employees, partners, regulators, suppliers, and of course our shareholders.

StarHub has been recognised on the global stage for our sustainability performance. In 2016, we elevated our ranking on the annual Corporate Knights' Global 100 list to the 8<sup>th</sup> spot. This is a big leap from being ranked 66<sup>th</sup> in 2013. The list is a ranking of the world's 100 most sustainable companies with a market value of US\$2 billion and above.

### Service Revenue Contribution



For the full year, service revenue was 0.3% lower YoY at \$2,209 million.

Legend: ■ FY2016 ■ FY2015

## Chairman's Message

continued

### Looking Ahead

Mobile service providers across the globe are finding that more and more third party smartphone applications are siphoning off segments of revenue that used to be enjoyed only by mobile operators. Those third parties provide what is referred to as over-the-top services or OTT for short.

The faster speeds and reliable mobile data services provided by network operators like StarHub provide an easy entry for OTT players, who provide alternative messaging, voice, and video services.

Although running counter to global trends, Singapore will soon see the entry of a new Mobile Network Operator in an already saturated market. We are prepared. After all, StarHub grew up in a highly competitive market, and we will continue to work diligently at earning our customers' loyalty.

In the Pay TV business, OTT players are also making headway in video entertainment, which is impacting traditional cable TV providers. In addition, the industry faces growing threats from non-sanctioned TV boxes and websites streaming the latest blockbuster movies and popular TV shows. It is clear that the value of linear broadcasted TV content, offered over traditional networks, is not as valued as it once was.

As one example of how we are competing with OTT providers, we have launched *StarHub Go*, which allows customers to stream StarHub TV content on their mobile devices. We are also finding ways to lower our content costs. StarHub continues to evaluate the commercial value of each content offering and works to realign our packages and pricing in keeping with customers' needs.

We are happy to report that we have made progress with some content partners at lowering costs aligned with market realities. But we need more content providers to come around to the new realities.

StarHub's Broadband revenue has seen steady growth. We have held our ground against the newer broadband players. We have also successfully encouraged many customers to sign on to higher speeds, fibre-based, broadband services.

The Hubbing strategy has served us well for years. We have introduced multi-services packs like *HomeHub Go* and more recently, *SurfHub*. We expect these Hubbing packs to help increase loyalty to the StarHub brand and in turn, reduce churn.

The Government has put in place the necessary infrastructure and policies to build capabilities and a supportive ecosystem for a Smart Nation. With our extensive and diverse communications infrastructure, expertise in operating networks and willingness to work with like-minded partners, our Enterprise division is expected to capture a fair share of the opportunities.

For 16 years, StarHub has led with innovative mobile offerings, brought a whole new world of TV content beyond terrestrial broadcasting into our households, and delivered fast and reliable home internet access. Similarly, our business customers have relied on us for an ever-wider range of info-communications and IT-related services.

Regardless of the challenges ahead, Tan Tong Hai and his management team, are executing strategies and operating plans to meet those challenges and exploit new opportunities. We will continue to embrace new technologies and adapt as needed, with a sharp focus to deliver on customers' expectations, while managing and investing the Group's assets profitably.

**Although running counter to global trends, Singapore will soon see the entry of a new Mobile Network Operator in an already saturated market.**

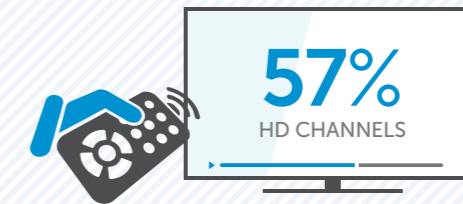
### Mobile

**119k**  
MOBILE NET ADDS



We stay on top of improvements in technology and have started exploring how 5G can be used to enrich our customers' lives.

### Pay TV



We are glad hundreds of thousands of consumers turn to us to be entertained, informed, and to lead a 'smarter' lifestyle that is constantly on the go and at home.

### Broadband



We have held our ground against the newer broadband players.

### Enterprise Fixed

**3.9% YoY**  
REVENUE GROWTH

In line with growing demand for international bandwidth, we launched services over the new Asia-Pacific Gateway (APG) submarine cable network system.



### Corporate Governance

In 2016, Mr Peter Seah Lim Huat, Mr Robert J. Sachs and Mr Sio Tat Hiang, retired from the Board.

We are particularly grateful for their service and guidance through the transformational merger with Singapore Cable Vision, and our IPO, 12 years ago, as well as their excellent counsel in strategy formulation throughout the many dynamic developments in the industry during their terms. Being highly practised at, and fully committed to, excellent corporate governance, they have been outstanding stewards of the Company.

We have appointed a new non-executive Director: Mr Stephen Geoffrey Miller, President and CEO of our strategic shareholder, ST Telemedia.

Mr Miller, a former investment banker, joined ST Telemedia in 2005. He is no stranger to StarHub, and has supported StarHub over the years in his role as a senior executive at ST Telemedia. Further, Mr Miller has extensive international experience advising companies and boards in our industry. We look forward to working with him as a new Director.

In January, we appointed new Chairpersons for three committees. Mr Miller assumes Chair of the Risk Committee. Mr Teo Ek Tor, an independent Director, is now Chair of the Executive Resource and Compensation Committee. Ms Rachel Eng, an independent Director, is now Chair of the Nominating Committee.

I thank you for your support and look forward to seeing you at the upcoming Annual General Meeting.

**Steven Terrell Clontz**  
Chairman

# Enhancing the Customer Experience

## What Consumers Want & How We Respond

Explore the future in Telecoms, Media and Technology. The StarHub brand is strong around certain soft aspects. The aim is to take leading position in customer experience across all service lines.

**BENEFITS:**  
**Business**  
 A strong, singular focus on the customer is a source of competitive differentiation.

**NO. 2**  
on CSISG\*

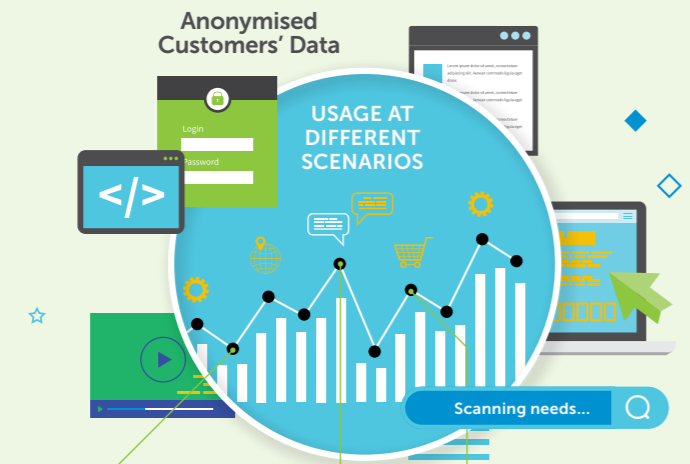
**Mobile Services**

Going for **5G**  
 Via Nokia's AirScale integrated radio access network, we tested mobile speeds of a whopping 4.3Gbps – ten times faster than the 4G networks.

**BENEFITS:**  
**Brand**  
 The cost of engaging and retaining customers will reduce over time and is likely to increase our brand equity.

### DATA ANALYTICS INSIGHTS

**Responsiveness → Pre-emptive**  
 Designing the customer experience based on scenarios and thinking through the customer journey.



**Demographics:** Age band, gender, residence, etc

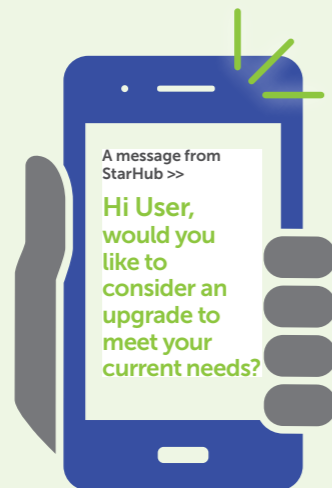
**Personality:** Online profile, social media profile, etc.

**Interests:** Hobbies, life stages, etc.

**Behaviours:** Media consumption, e-commerce profile, etc.

**Segments:** Macro view of different parts

**Lifestyle:** Habits, trends, etc.



**NO. 1**  
on CSISG\*

**Pay TV**

PROGRAMME LISTING

Pick from over **210 Channels**

### CONNECTIVITY ANYWHERE

**Customer service → Customer experience**  
 Thinking of the experience as end-to-end journeys.

**Sales & Rewards**  
 Now you can purchase phones and redeem rewards anytime, anywhere.

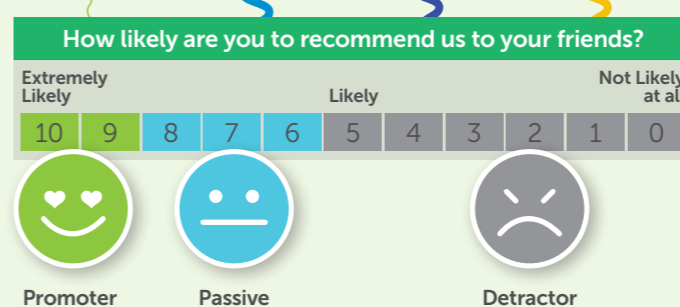
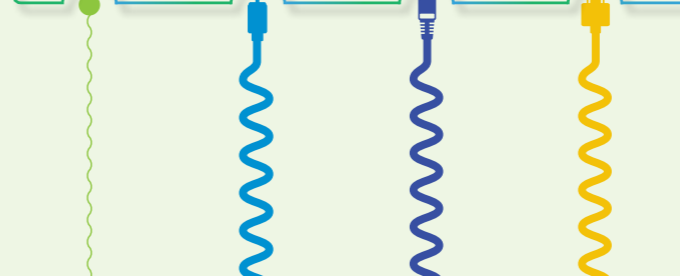
**Hassle-free Application**  
 Subscribe to any StarHub plan via our Online Store at your convenience.

**Pay TV On Demand**  
 Allow customers to watch what they want through different media & methods.

### SERVICE EXPECTATIONS HAVE RISEN

**Transactional → Episodal**  
 Measuring satisfaction by transactional Net Promoter Score (NPS) to 'Episodal' NPS, cutting across different lines of business/services.

We use the NPS closed loop framework to help gauge how we are doing across our touch points. In the near future, we will be extending the measurement using different episodes across a customer's journey.



**BENEFITS:**  
**Customers**  
 In making StarHub a necessity to customers through the service experience, we are significantly reducing the need to switch providers. This delivers customers with a longer tenure and with higher total value.

\* Customer Satisfaction Index of Singapore (CSISG) 2016.

**BENEFITS:**  
**Employees**  
 Customer service is built from the ground up and evolves the StarHub culture from one of happiness to one that aligns the needs of customers with employees.

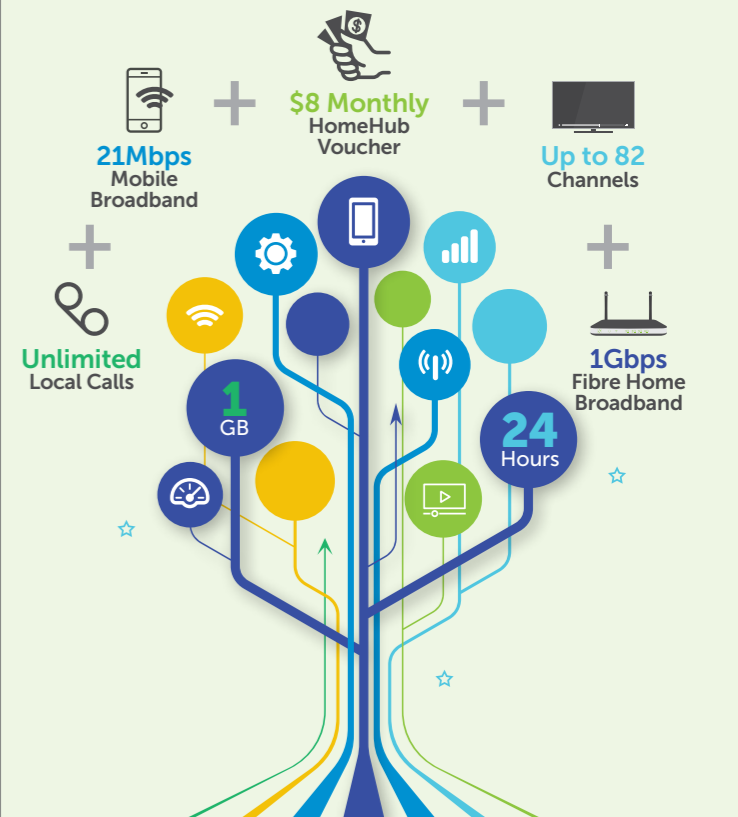
**NO. 2**  
on CSISG\*

**Broadband Services**

With up to **1Gbps speeds**

### NORMALISATION OF TECHNOLOGY

**Personalisation + Differentiation**  
 Technology is not exclusive to any provider. It is a commodity and does not offer a source of differentiation.



## Value Creation

# WHAT WE ARE DOING

We thrive and grow when we service our customers right, when we complement our partners and when we deal fairly with our suppliers. As an integrated info-communications company, we are in a good position to create value when we integrate our relationships with all these parties.

### Assets

## 1

**NETWORKS:** Our significant and diligent investment in our various networks lies at the core of what we are able to do as a company. We upgrade our mobile networks to bring high speed internet access wherever our customers are; we enhance our TV and broadband networks so that families can enjoy quality time together; and we lay down fibre so that businesses can function well in this digital economy.

**DISTRIBUTION:** We are now in an omni-channel environment. Both online and physical points of contact complement one another. Online may be preferred for some customers but we believe our network of physical retail locations play a useful role too. Besides our own shops, we continue to work with distribution partners to help bring the StarHub brand and experience nearer to our customers.

**SUPPLIER RELATIONSHIP:** Without our ranks of suppliers, we cannot function as a business. They specialise in the production of certain products or the provision of certain services that we cannot do on our own. We work together so that our customers get to enjoy this integration of resources and expertise.

**PEOPLE:** Our mobile networks may be the latest, our data centres may be highly automated, but without our people, services may still fall apart. Behind all these critical functions is an energised and passionate team of StarHubbers. We complement each other with our skills and experience; we believe we have a bigger stake in this company than anyone else.

**BRAND:** For more than a decade, we have built up our track record of offering our customers reliable and quality info-communications services. We are an impassioned organisation that is ever ready to serve with pride, encapsulated by the StarHub brand. StarHubbers are always working harder to make it the brand that everyone trusts.

### Customers

## 2

Customers are at the heart of what we do. They have come to rely on us to provide them the ways and means to communicate, work, play and live. Our top priority remains doing everything we can to maintain uninterrupted and reliable info-communications services to millions of customers.

### Revenue

## 3

The primary source of revenue comes mainly from our four lines of business. The Hubbing strategy, successfully executed since 2002, continues to help drive revenues and total dividend payouts.

### Capital Management

## 4

We regularly review our financial position, capital structure and use of capital. We aim to achieve long-term capital efficiency, optimum shareholders' total returns, including the level of dividends and proper strategic positioning.

### Shareholder Value

## 5

Over the years, we have consistently delivered shareholder value. Since 2005, we started paying quarterly dividends, which has steadily increased from a total of 9 cents then to the present 20 cents per share for FY2016. We remain committed to upholding high standards of corporate governance and applying constant and effective risk management to enhance shareholder value.

### Reinvestment





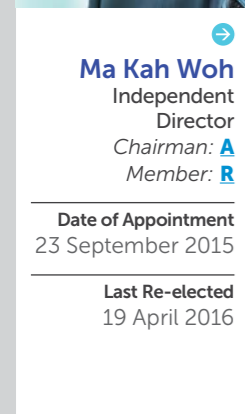






## 6

We reinvest to pursue growth in a manner that generates value for both shareholders and stakeholders. We target to set aside 13% of our revenue as capital expenditure, largely for the upgrades of our mobile, TV and broadband networks, the expansion of our fibre lines, as well as better data centres and other backend support and facilities.

**Customers are at the heart of what we do. They have come to rely on us to provide them the ways and means to communicate, work, play and live.**

# Board of Directors

The Board leads and guides the Management, and provides overall strategic direction to the Group.

 <p>← <b>Steven Terrell Clontz</b> Chairman Member: <b>S N</b></p> <p>Date of Appointment 8 December 1999 and Chairman on 15 July 2015</p> <p>Last Re-elected 19 April 2016</p>	 <p>← <b>Tan Tong Hai</b> Executive Director and CEO Member: <b>R</b></p> <p>Date of Appointment 1 March 2013</p> <p>Last Re-elected 19 April 2016</p>	 <p>← <b>Stephen Geoffrey Miller</b> Non-Executive Director Chairman: <b>R</b> Member: <b>S E</b></p> <p>Date of Appointment 1 January 2017</p>	 <p>← <b>Lim Ming Seong</b> Non-Executive Director Member: <b>A S E</b></p> <p>Date of Appointment 14 December 2000</p> <p>Last Re-elected 28 April 2015</p>
 <p>→ <b>Ma Kah Woh</b> Independent Director Chairman: <b>A</b> Member: <b>R</b></p> <p>Date of Appointment 23 September 2015</p> <p>Last Re-elected 19 April 2016</p>	 <p>→ <b>Nihal Vijaya Devadas Kaviratne CBE</b> Independent Director Chairman: <b>S</b> Member: <b>A</b></p> <p>Date of Appointment 16 August 2004</p> <p>Last Re-elected 19 April 2016</p>	 <p>→ <b>Liu Chee Ming</b> Independent Director Member: <b>S</b></p> <p>Date of Appointment 16 August 2004</p> <p>Last Re-elected 28 April 2015</p>	 <p>→ <b>Nasser Marafih</b> Non-Executive Director</p> <p>Date of Appointment 9 July 2007</p> <p>Last Re-elected 19 April 2016</p>
 <p>← <b>Rachel Eng Yaag Ngee</b> Independent Director Chairman: <b>N</b> Member: <b>A</b></p> <p>Date of Appointment 4 May 2015</p> <p>Last Re-elected 19 April 2016</p>	 <p>← <b>Teo Ek Tor</b> Independent Director Chairman: <b>E</b> Member: <b>N</b></p> <p>Date of Appointment 16 August 2004</p> <p>Last Re-elected 28 April 2015</p>	 <p>← <b>Takeshi Kazami</b> Non-Executive Director</p> <p>Date of Appointment 13 April 2012</p> <p>Last Re-elected 28 April 2015</p>	<p><b>Key to Membership of Board Committees</b></p> <p><b>A</b> Audit    <b>S</b> Strategy    <b>N</b> Nominating    <b>E</b> Executive Resource and Compensation    <b>R</b> Risk</p>

## Board of Directors

continued

### Steven Terrell Clontz

#### Chairman

Mr Steven Terrell Clontz is Senior Executive Vice-President, International, at Singapore Technologies Telemedia Pte Ltd. He is also a Director of Level 3 Communications, PSA International Pte Ltd, Cloud9 Technologies and STT GDC Pte. Ltd.. He served as the CEO of StarHub for 11 years before retiring on 1 January 2010. Mr Clontz is a well-regarded veteran in the telecommunications and media industry with over 43 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. During his 11 years at the helm of StarHub, Mr Clontz has led StarHub in a number of major milestones including the transformation of StarHub from being Singapore's third mobile player in 2000 to a fully-integrated "quad-play" service provider, merging StarHub with the then Singapore Cable Vision in 2002; bringing StarHub public in 2004 on the Main Board of the Singapore Exchange; and advancing StarHub's market position to become Singapore's second largest mobile operator in 2005. Mr Clontz began his career in the USA. From 1996 to 1998, he served as the President and CEO of IPC Information Systems Inc., based in New York. Prior to that, Mr Clontz has held senior executive positions at BellSouth International, Inc. He was the President of BellSouth International (Asia-Pacific), Inc. between 1991 and 1994. Mr Clontz holds a Bachelor of Science (Physics Major) from the University of North Carolina, USA.

### Tan Tong Hai

#### Executive Director and CEO

Mr Tan Tong Hai joined StarHub in 2009 as its Chief Operating Officer, overseeing the day-to-day operations of StarHub. He has over 20 years of experience in the regional information technology, Internet and e-commerce industries and has had broad experience at top management levels. Mr Tan was previously the President and CEO of Singapore Computer Systems from August 2005 to December 2008, and the President and CEO of Pacific Internet (PacNet) from March 2001 to August 2005. He was instrumental in turning both companies around when he was at their helms. In addition, Mr Tan is currently the Chairman of Nanyang Polytechnic's Board of Governors. He holds a Bachelor of Electrical Engineering (Honours) from the National University of Singapore.

### Ma Kah Woh

#### Independent Director

Mr Ma Kah Woh is a Director of Mapletree Investment Pte Ltd, Mapletree Greater China Commercial Trust Management Ltd and PACC Offshore Services Holdings Ltd. Mr Ma serves on the National Heritage Board and is the Chairman of its Audit Committee. Mr Ma was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice and Risk Management function until his retirement in September 2003. Mr Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Singapore Institute of Chartered Accountants.

### Nihal Vijaya Devadas Kaviratne CBE

#### Independent Director

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

### Rachel Eng Yaag Ngee

#### Independent Director

Ms Rachel Eng Yaag Ngee is the Deputy Chairman at WongPartnership LLP. Ms Eng is a corporate lawyer with vast experience and expertise in equity and debt capital markets, real estate investment trusts and corporate finance. She serves on the Board of Olam International Limited, SPH Reit Management Pte. Ltd., Certis CISCO Security Pte. Ltd. and the Public Utilities Board. She also sits on the Board of Trustees of Singapore Institute of Technology and Council of the Singapore Business Federation. She was a member of the Committee on the Future Economy (CFE) Steering Committee, Ministry of Trade & Industry. Ms Eng holds a Bachelor of Law (Honours) from the National University of Singapore.

### Teo Ek Tor

#### Independent Director

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

## Board of Directors

continued

### Stephen Geoffrey Miller

#### Non-Executive Director

Mr Stephen Miller is the President & Chief Executive Officer of Singapore Technologies Telemedia Pte Ltd (ST Telemedia). Mr Miller joined ST Telemedia in 2005 and has held various senior positions including President & Chief Operating Officer and Chief Financial Officer. He was Consultant to ST Telemedia, primarily for its portfolio companies. He played a crucial role in enhancing ST Telemedia's business competitiveness and asset portfolio while simultaneously maintaining prudent financial management. Prior to joining ST Telemedia, Mr Miller was Financial Advisor to the company on the merger of its data centre business with Equinix and Pihana Pacific, creating one of the world's largest carrier-neutral data centre network. Mr Miller has more than 25 years of global investment, financial management, strategic planning and CMT industry experience. He spent over 14 years of his career in investment banking with Credit Suisse, primarily heading its telecommunications and media group throughout Asia and the Pacific. 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.

### Lim Ming Seong

#### Non-Executive Director

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

### Liu Chee Ming

#### Independent Director

Mr Liu Chee Ming is the Managing Director of Platinum Holdings Company Limited since 1996. Mr Liu also serves on the board of Haitong Securities Co., Ltd. He is also an Independent Non-executive Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd., which are the REIT Manager and Trustee-Manager respectively of OUE Hospitality Trust and STT GDC Pte. Ltd.. He is also an Independent Supervisor of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. He has over 30 years of experience within the financial services sector and has an invaluable network of contacts in the media industry. Mr Liu's financial and strategic expertise and experience of dealing with major corporations and businesses globally is an asset to the Board. He is a member of the Takeovers Appeal Committee and Deputy Chairman of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong. Mr Liu holds a Bachelor of Business Administration from the former University of Singapore.

### Nasser Marafih

#### Non-Executive Director

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

### Takeshi Kazami

#### Non-Executive Director

Mr Takeshi Kazami is the President and CEO of NTT Singapore Pte. Ltd., the regional headquarters of NTT Communications Ltd for the Asia Pacific region. He also serves as a director of Emerio GlobeSoft Pte Ltd. He started his career with NTT in 1986 and held various positions, including Area Manager – NTT America. He was seconded to StarHub, as Head of Japanese Sales Sector in 2000. He went on to become the Head of Arcstar, the flagship brand of NTT Communications Ltd's range of global communication services. Upon his return to NTT Communications Ltd in 2005 and after serving as Director, Corporate Sales, he was appointed to his current position in July 2010. He holds a Bachelor of Arts, International Relation Course (Chinese and Sociology), from the Tokyo University of Foreign Studies, Japan. He was a visiting scholar at the Asia Pacific Research Center of Stanford University, USA.

# In Discussion with StarHub's Management



Customers demand high service standards; we demand higher standards on ourselves. With Hubbing, we bring value; with superior customer service, we bring satisfaction.

.....  
Senior Management

Seated from left: Diana Lee, Tan Tong Hai, Dennis Chia and Kevin Lim  
 Standing from left: Chan Hoi San, Tim Goodchild, Mock Pak Lum, Jeannie Ong, Howie Lau, Veronica Lai and John Tan

For more details on Senior Management's Profile, go to [page 36](#)

**Tan Tong Hai**  
CEO



**Q Can we have a brief recap of the key events for StarHub in 2016?**

**A** We have embarked on a journey towards a customer-centric model in servicing both our consumer and enterprise customers with segment-specific propositions and product innovations. With this focus on customer-centricity, we aim to deliver the best customer experience and believe this will be a key sustainable differentiator that will set us apart from the competition.

We continued on our digital transformation drive to increasingly engage and service our customers via digital channels and self-help applications. Resources have been invested to integrate all customer-facing channels to enable a holistic omni-channel engagement and empower our agents with technology tools to enhance customer interactions.

To improve our digital engagement with customers, we made enhancements to our social community management, *My StarHub* app and StarHub Online Store. We are also driving increased sales through digital channels and automation of backend support processes to achieve cost optimisation.

Customer insights are a key differentiator in driving operational efficiency, enhancing customer engagement and developing segment propositions. We are further strengthening our SmartHub analytics capabilities to position ourselves as a leading Digital Insights provider for the government and commercial verticals.

In the consumer space, we continued to drive 'Personalised Hubbing' to develop one-to-one relationships with customers through deeper insights, personalised engagement and micro-segmentation in our service offerings. For enterprises, we focused on enabling them to innovate and improve efficiency through adoption of smart solutions and also help them serve and target their customers better.

The StarHub Cyber Security Centre of Excellence (COE) was formally launched in May 2016. It is a platform for us to innovate and create telco-centric cyber security services that are integrated with our core infrastructure. This further enhances our position as the Trusted Provider with security as paramount in all services we provide.

In the year, we continued to build strategic partnerships with like-minded companies such as China Mobile and Singapore Press Holdings (SPH), and renewed our existing arrangement with Vodafone. These partnerships will enable us to build on one another's strengths with the aim of exploring new revenue streams and innovative business models.

Strategy



## In Discussion with StarHub's Management

continued

### Mobility

Mobility continues to be the largest contributor of revenue to our business. We registered growth of our total mobile subscriber base to 2.3 million in the year. Higher subscription revenue from a larger customer base was dampened by the global trend of declining voice, IDD and roaming usages.

We remain focused on introducing innovative and better value packages to our customers. We launched *DataTravel*, which offers customers the best possible mobile data experience on their travels as it is operator-neutral and comes at an affordable flat fee.

We also stayed rooted in our Hubbing strategy by launching *SurfHub*, a mobile and fixed broadband service bundle that connects our millennial customers in and out of home and allow them to enjoy data-intensive services and entertainment on the go.

### Entertainment & SmartLife

On the pay TV front, we have seen a major shift in the viewing habits of our customers. We are facing growing challenges from increasing availability of OTT video streaming options and alternative pirated content sources.

We partnered Netflix to support their content on our Fibre TV set-top boxes and continued to strengthen our line-up of locally produced content and self-packaged channels to distinguish ourselves from the competition. We are also using data analytics to understand customers' viewing preferences to optimise our content lineup across multiple platforms to deliver a superior TV viewing experience.

For our broadband business, we continued to see good take-up of our fibre offerings, with an increase in our total fibre broadband customer base to 363,000. We also recorded 8.2% growth in our Broadband service revenue, driven by a higher mix of customers on fibre and higher speed plans.

### Enterprise Fixed

We saw steady growth in our Enterprise Fixed revenue to \$400 million as we build leadership in selected verticals and further enhance our enterprise solution portfolio in areas such as cloud, cyber security, data analytics and enterprise mobility.

We have also made investments to expand our own fibre network to extend our reach to enterprise customers. With Singapore's Smart Nation initiatives and growing interests in Internet of Things (IoT) in the enterprise space, we are well-positioned to support these new services with our SmartHub analytics capabilities and smart connected solutions.

### Inorganic Growth

In June, we completed the purchase of a stake in mm2 Asia Ltd. This will unlock opportunities to expand our pay TV offerings through original content creation and set us apart in the content space.

mm2 Asia can also potentially extend the reach of our localised content through their marketing and distribution efforts beyond Singapore shores. In addition, we may tap on their cineplex business to showcase our content.

We recognise that organic growth is limited on this island nation, so we are looking globally for adjacent businesses to complement our core business and help us grow. Dennis, our CFO, who brings extensive M&A experience with him, is tasked with this job.

**Dennis Chia**  
CFO



### Q How does the Board decide on the dividend payout amounts for FY2017?

**A** The Board takes a forward three-year view of our earnings, free cash flow, growth prospects, investment needs and an optimal balance sheet. The appropriate level of dividend payment is determined by the combination of these factors. Their preference is to make sustainable payments.

For FY2017, the Board has recommended to pay four cents per quarter per ordinary share.

### Q Why have you guided a lower EBITDA margin for FY2017?

**A** We are guiding a lower EBITDA margin because of a few factors. We expect the Nationwide Broadband Network (NBN) adoption grant to fall off in 2017. We also see an exchange rate impact of the US dollar, primarily on US dollar expenses, and lastly, we continue to invest in customer excellence. We believe we need to continue to deliver the best service to our customers.

### Q The acquisition of a stake in mm2 Asia – is it a new strategic direction?

**A** We acquired an 8.8% stake in Catalist-listed regional production house mm2 Asia Ltd for \$18.04 million in June 2016. We already have a fruitful track record of working together since 2011. We believe this deal will help improve our pay TV offerings with more local content.

With programmes that they produced from travelogues to children infotainment to hit movies like *Ah Boys To Men*, we expect to dive deeper into local production and use it to differentiate ourselves from the competition.

We recognise that organic growth is limited and that we need to be more agile in capturing new business opportunities. We are actively exploring possible deals that are relevant and helpful to our existing businesses. For instance, start-ups specialising in cyber security or data analytics. The world of IT and telecommunications is meshed tightly and we believe our existing customers will benefit greatly if we have significant, adjacent capabilities in this field to offer.

**Kevin Lim**  
CCO



### Q We have seen revenue growth for your Enterprise Fixed business over the years. What are you doing to help accelerate the growth?

**A** Serving the enterprise customer involves a number of key pillars: investments in infrastructure, building trust of customers and a focus on the customer's business. While StarHub had an infrastructure, it was purpose-built for the consumer customer. The business customer requires a much higher quality of connectivity, reliability and redundancy.

In the past six over years, we have been digging trenches and rolling out our own fibre network to serve as a backbone and also as a separate access network to commercial buildings. This has also allowed us to provide many companies with true redundancy as we offer both operator and path diversity. The NBN will continue to be used to serve residential customers and small & medium businesses (SMBs) who may not require enterprise grade connectivity and availability.

Trust in the enterprise space is critical as businesses rely on our services to conduct business and serve their customers. When we fail, they fail. To win their trust, we have invested in quality programmes that cover technical, delivery and support assurance standards. We remain committed to delivering a high level of account support, service delivery and network resiliency.

Understanding what our enterprise customers need to run their businesses efficiently, the business challenges and desired outcomes, will help shape our products and solutions, and provide us with an appreciation of the outcome desired and the criticality of the services.

On this front, we have invested in data analytics starting with our telco data and have leveraged this to help customers gain insights into their customers and operating environment, to make better decisions and serve their own customers better.

Growth has not been without challenges as core products become commoditised and products that once commanded healthy margins are now contributing less. The need to grow in new areas is talked about by all businesses.

The most important components in the strategy is about adding value and building a sound foundation for long term viability. We aim to help our customers to generate business by focusing on the creation of an intelligent eco-system for them.

### Q What are some key enterprise offerings you have for the market?

**A** Our enterprise customers operate in an environment with greater IT complexities and we need to respond by providing them with more capabilities. Over the past year, we have made big moves in cyber security. We all wish the Internet is a simpler place but cyber threats are real and we believe that security is of utmost importance.

Cyber security is getting growing recognition from the server room to the boardroom, as something that undermines the very core of business organisations. This will complement the suite of security services we already offer.

We are also of the view that businesses need to be 'smart' to be effective and this is aided as Singapore pushes towards a Smart Nation. IoT is all about collecting more data that gives you more insights into operations, behaviour, etc. The connected elements generate a trove of traffic pattern data, which can be analysed and applied in areas like urban commute and logistics.

Again working with partners, we are exploring solutions that optimise resource allocation such as rubbish-compacting smart bins along Orchard Road. Our 4G mobile networks provide wireless connectivity for the smart bins, whereby real-time information is transmitted from the bins to the waste management monitoring system for greater operation efficiency.

With the government lending its full support, there will be plenty of opportunities for enterprises, start-ups and various other application developers to come together and build attractive IoT business cases, underpinned by a level of inter-connectedness never seen before.

As an integrated info-communications provider, we will have a seat at the table. Our key advantage lies in our experience delivering an integrated suite of services, as well as our appetite to work harder and deliver more value and provide better service.

## In Discussion with StarHub's Management

continued

**Jeannie Ong**  
CSPO



**Q** What were some of the key highlights under your portfolio during the year?

**A** We started 2016 with a loud cheer, as our efforts towards going green gained better recognition. In the 2016 Corporate Knight's Global 100 ranking of the world's most sustainable companies with market value of at least US\$2 billion, we were ranked eighth. This marked a big jump from the 66<sup>th</sup> position we first achieved in the same ranking in 2013.

Our eighth place in 2016 makes us the most sustainable company in Singapore, ahead of three other Singaporean companies with both longer history and market value than us. Our score of 71.8% also made us the world's most sustainable telecommunications company.

In March, we signed an Memorandum of Understanding (MOU) with local media giant SPH. We each have our own unique reach and content. However, we see much more benefits for our respective customers and partners if we come together. Under terms of the MOU, we will be working jointly on content creation, distribution, marketing, data analytics and advertising sales.

The same month also saw us signed an MOU with China Mobile International Limited to collaborate under the Hand-in-Hand program led by China Mobile. Five broad areas to strengthen complementary capabilities for data business services and to co-develop new business opportunities in relation to innovation and IoT are covered under this MOU.

We are also a regular name in our local sports scene. For example, we won the deal from Football Association of Singapore as official broadcaster for local franchise, the Great Eastern Yeo's S.League. We also inked a four-year deal with the HSBC World Rugby Singapore Sevens as an official broadcaster.

Our partnership with Hong Kong broadcaster TVB simply gets better with age. In 2016, for the seventh year running, we have co-organised the StarHub TVB Awards 2016. The glitzy ceremony held at Marina Bay Sands, is not just an awards ceremony celebrating the best of Hong Kong acting and production talent, it is also a chance for their fans here to get close to their idols.

**Our eighth place in 2016 makes us the most sustainable company in Singapore.**

**Mock Pak Lum**  
CTO



**Q** In January 2017, you announced an MOU with M1 to share mobile network infrastructure. Can you tell us more about this?

**A** Sharing infrastructure with M1 is not new to us. For some time now, we already share certain non-core mobile infrastructure with M1 in a number of locations, including tunnels, MRT stations, and in-building areas.

With the MOU, both companies will start studying potential further collaboration in sharing Radio Access Networks (RAN) and backhaul infrastructure. We will still manage our own core network and brand, and we will continue to compete with M1 in the mobile market.

This sharing is to improve our mobile coverage for customers, manage our costs, and compete effectively in the longer-term. This sharing could help us bring the Singapore info-communications industry to the next level, competing not on pure infrastructure ownership, but at a higher level of customer service and innovative value creation.

There is still considerable work to be done before a definitive agreement with M1 may be reached.

**Q** How is StarHub gearing up its network infrastructures for what is coming ahead?

**A** We continue to work closely with our trusted technology partners, to find out what new solutions we can implement to deliver the optimal network coverage. Mobile network access speeds are accelerating in tandem with better technology.

In February, we attained OpenSignal's 'fastest LTE networks in the world' title for the second consecutive quarter. This is an independent study by OpenSignal using crowd sourcing technology. In April, with Huawei, we did a live showcase of the world's fastest indoor coverage of 1Gbps. This was achieved using just one of Huawei's award-winning small cell base stations, not much bigger than a ream of A4-size paper.

In July, with Nokia, we achieved an upload speed of 150Mbps – three times the previous peak over a typical 4G network in use. This was done using Nokia's technology that bonds together different spectrum across different bands that are not contiguous. It was deployed for the year-end festive season at the popular Marina Bay and Orchard Road areas, and will be gradually expanded across the island in 2017.

We continue to enhance our fixed network infrastructure to be the true alternative fibre provider. One contributing factor



**With the MOU, both companies will start studying potential further collaboration in sharing RAN and backhaul infrastructure.**



for us to be recognised as the fastest LTE network in the world was because of our own fibre backhaul. In 2016, we completed our roll out to all government agencies using the NGN as primary and our fibre as secondary circuits. We aim to have our own nationwide fibre network by 2020.

In June, the STT MediaHub building was completed and ready to be moved in. The building will house our TV head-end, production facilities and innovation labs. The migration from the existing facility will be completed by mid-2017 and we will have state-of-the-art facilities to support our TV business and innovation activities.

Two years ago, we started studying the virtualisation of network functions. We have migrated many of our network infrastructure onto virtualised platform. One reason we were able to recover quickly from the Distributed Denial-Of-Service attacks in October was because we were able to provision additional Domain Name System capacity using virtualised environments.

We will continue to virtualise our network infrastructure which will have a positive impact on our CAPEX, OPEX and improve our nimbleness to respond to customers' requirements.

It is inevitable that service providers' networks will come under more and more cyber attacks. The question is how quickly we can respond and recover, and how we can protect our customers' data. We have learnt from these attacks and will work with our vendors and our customers to build a more resilient network.

In May, we launched our Cyber Security COE providing telco-centric cyber security monitoring services to our enterprise and government customers. This is a foundation for more cyber security offerings in the future. We strive to operate a secured network where our consumer and enterprise customers can explore digital services and transform their business with peace of mind that their data is secured and their networks are free from malware.

**Howie Lau**  
CMO



**Q** 'Hubbing at your service' is the theme for this year's annual report, how do you plan to execute it?

**A** We serve different types of customers but they have a common need: to communicate and to connect whenever, wherever. We view delivering a good customer service experience as the foundation of everything we offer our customers.

In this light, we leverage on our collective experience and strong data analytics to understand what our customers would require and expect of us. This allows us to have timely and relevant recommendations for our customers so that we can be more pre-emptive and responsive.

"Hubbing at your service" represents our desire to constantly innovate our strong hubbing offerings as well as to provide quality customer service experience at every interaction and touch point.

As we emphasise more on customer experience, we are refining the way we use our NPS, an international measure for customer satisfaction. It will shift from one that is merely a 'transactional' NPS to one that is an 'episodal' NPS. Simply put, we will work towards recognising and anticipating customers' needs in order to serve customers better.

StarHub's brand is already well recognised in Singapore but we can do even better. We plan to build a stronger, more positive brand experience for our customers. Perhaps our satisfied customers would in turn share their delight with their friends. We look forward to welcoming more customers on this journey together.



**We are one of the well-recognised brands in Singapore but we can do even better.**



## In Discussion with StarHub's Management

continued

### Q More and more customers are engaging StarHub via social media platforms. Can you tell us about the challenges here?

A Singaporeans use social media platforms to engage with brands and we have leveraged this to understand and support our customers better. The level of activity in this space has more than tripled over the past year. We are all thriving in this new way of communication that is open, direct, and real-time.

To better engage our customers via social media, we have expanded our dedicated team. We have also streamlined the processes and made them more efficient, so that we can be nimbler in responding effectively.

We have also leveraged more on social media to reach out to customers in our marketing campaigns. As with all marketing, it is a combination of art and science. It brings together the creative art of suitable messages, and the quantifiable science of using data and technology effectively.

We have tapped on the expertise of various leading technology partners to help us build a social media and digital analytics hub within StarHub – we call this new hub 'Curiosity'.

Curiosity allows us to collate and understand the customer engagements, conversations and sentiments across digital/ social media platforms. These serve as valuable inputs for our product design, marketing campaign development and customer service improvements. We are also adapting best practices from top-tier global brands on social media engagements.

With our investments committed in building up our social monitoring and analytical capabilities, we plan to extend offering these competencies to our enterprise customers too. Most organisations understand the importance of social media engagements, but they might not have the scale or data to build their own infrastructure. We would offer this social monitoring and analytical service as part of our overall service offering to our enterprise customers.



### We have built a social media and digital analytics hub within StarHub called 'Curiosity'.



### Q The pay TV business is under some pressure. What is being done to improve the business?

A The pay TV business remains a key pillar for us as we believe that most customers still value the quality content that we have been providing as part of our Hubbing proposition. Besides seamless connectivity, we believe that having great media content is a staple in the Singaporean diet as well.

As the leading pay TV provider in Singapore, we will continue to improve our content and modes of views as our customer consumption behaviour changes. We have constantly enhanced our content offerings as well as to offer alternative modes of watching content like *StarHub Go* where customers can watch their favourite contents on their mobile devices. StarHub post-paid customers would further benefit as data usage from *StarHub Go* viewing would not be chargeable.

To differentiate our TV offerings, we have gone beyond the typical US brands and we have been adding even more Asian content as Chinese and Korean content are just as popular. We have also been increasing our local content output. Working with Infocomm Media Development Authority (IMDA), we have commissioned and produced a variety of programmes ranging from travelogues to children infotainment to sports documentaries. We are looking to commission about 110 hours of original productions.

Over the past year, we have introduced a new TV package, dubbed the 'Connoisseur Pack', and added new brand name channels with unquestionable appeal, such as BBC First and DreamWorks. We have teamed up with Netflix to help show their library over our pay TV platform.

Besides expanding the variety of content, we are also expanding into new ways of distributing content. We brought in a new pay-per-view channel, the CATCHPLAY Single Rental Service, which comes with its sister channel CATCHPLAY Unlimited.

**Diana Lee**  
Senior Vice President, Customer Service Experience



### Q How does StarHub approach 'customer experience'?

A At the strategic level, we have identified high levels of customer service as a key competitive advantage. Our journey to improve the frontline service experience is well underway. We are making sure we have a holistic perspective of people, processes and tools to enable our frontliners to serve consistently, intentionally and pre-emptively for our different segments of customers.

Since 2013, we have been using the NPS closed loop framework to help gauge how we are doing. In the near future, instead of measuring single transactions, we will be extending the measurement using different episodes across a customer's journey.

By having a bigger picture of the customer's journey, we can better identify the pain points and take pre-emptive measures. Instead of only managing downsides, we can ride the upside as well. With data and insights across our customer segments, we can delight our customers where and when they least expect.

The exercise began from within. We spent time providing the necessary training, equipping, through automation and simplification of tasks to ensure end-to-end seamless fulfillment capabilities so that everyone, from our retail to our contact centre staff and our Hub Troopers, will know and are able to engage with our customers meaningfully.

In late 2013, we merged the retail and customer service stores as one. This helps streamline customer interactions at our retail stores which also underwent a visual revamp to ease customer traffic and flows. We trained our retail staff to handle both sales and service interactions without handing off to another party.

At the contact centre, we introduced guided workflows via an e-Butler tool to facilitate our staff's interactions with customers. This tool also fetched relevant information from various sources to enable our staff to resolve customers' concerns promptly during the call interaction.

Additionally, we sharpened the image and professionalism of our field Hub Troopers when they visit customers' home for installations or service calls.

Post visits, work orders are closed in real-time so that staff at other touch points, had visibility. We also installed an elite team of in-store Hub Troopers, to offer advice and solutions for customers wishing to buy services on the fibre platform.

With our omni-channel focus, we are constantly refining the 'how' and 'when' of interacting with customers. Sometimes, all they need is to complete simple transactions which can be done over a mobile application – *My StarHub*.

The app has seen constant improvements over the years and its latest enhancement in late 2016 aims to make everything effortless for our customers. They can pay bills, check data, book e-appointments, redeem rewards and activate roaming with just a few taps.

At times, they might be surfing our website at their leisure. We have made it possible for customers to sign up for our services through our Online Store or to manage their accounts easily via a feature-rich *My Account Manager*.

Customers can purchase services online for fulfillment at our retail store through our click and collect option and this was piloted successfully in late 2016. Or, they may simply make an e-appointment to visit our retail store for a more personalised and friendly interaction with our retail staff.

Now, even with such improvements made, we are looking even harder where we can serve our customers better. Instead of having them describe their technical issues with their set-top boxes over the phone, in the near future, they can take pictures and send them over, so that there is less guesswork and better, faster understanding of how the problems can be solved.

We are also tapping into artificial intelligence by introducing 'chat bots'. Essentially interactive software, these chat bots can be used for a certain level of engagement with customers when they visit our website.



### In the near future, instead of measuring single transactions, we will be extending the measurement using different episodes across a customer's journey.



## Senior Management's Profile

### Tan Tong Hai

CEO

(Tong Hai's profile can be found on page 24 of this report.)

### Dennis Chia

Chief Financial Officer (CFO)

Dennis oversees StarHub's financial health, develops key business strategies together with the core leadership team, ensures that business decisions are financially sound, and executes strategies through financial management.

Dennis was the Senior VP and CFO of STATS ChipPAC (Worldwide). Prior to that, he was with Lear Corporation as its VP of Finance, Asia Pacific Operations, where he oversaw 400 regional finance staff in 30 manufacturing and administrative locations across Asia. Previously, he was the CFO of Behringer Corporation and Frontline Technologies Corporation, leading their successful listings on the Singapore Exchange.

Dennis, a Chartered Accountant, has a Bachelor's (Honours) degree in Accountancy from the National University of Singapore and also holds a Master's degree in Business Administration from University of Hull, United Kingdom.

### Kevin Lim

Chief Commercial Officer (CCO)

Kevin is responsible for the commercial strategy and development of the company, aligning customer needs and customer interface with product and service offerings to meet the company's commercial objectives. His role is closely linked to the company's strategic management function, in drafting, implementing and evaluating cross-functional decisions that will enable the company to achieve its long-term objectives.

The Commercial Group includes Enterprise Business, which services the needs of businesses; the International Business team which is responsible for international product management, carrier sales, inter-carrier agreements and international network strategy and execution.

Kevin's experience spans over 30 years in various industries and across the globe. Prior to joining StarHub, he was from Intel where he worked with telecom operators, vendors and regulators on the ecosystem for the proliferation of broadband through wireless access technology. Prior to his Intel role, he was Managing Director of Pacific Internet Singapore and Malaysia. At a global level, he was worldwide division General Manager of Lernout & Hauspie.

Kevin received a Bachelor of Science Degree in Business Administration from Pepperdine University in California and a Masters Degree in International Management from the American Graduate School of International Management (Thunderbird).

### Jeannie Ong

Chief Strategic Partnership Officer (CSPO)

Jeannie leads StarHub's efforts in establishing and maintaining strong strategic relationships with government agencies, content owners, key strategic partners and other complementary companies. She is also responsible for building StarHub's corporate reputation in the areas of Corporate Communications, Investor Relations (IR) and Corporate Sustainability.

Prior to her current role, Jeannie was the CMO. She joined StarHub in 2001 as its Head of Corporate Communications & Investor Relations, and helped bring the company public in 2004. Jeannie and her teams have won multiple awards, including Brand of the Year at the prestigious Hall of Fame Awards (2015 and 2014); The Green Award at the Asia Communications Awards (2015 and 2014), in recognition of StarHub's significant efforts in environmental policies and programmes.

In IR, Jeannie was recognised as the Best IR Officer in Singapore by IR Magazine Awards – South East Asia thrice consecutively in 2014, 2013 and 2012. She and her team made it to the IR Global Top 50 list in 2014. They also clinched the Best IR award (Gold) at the Singapore Corporate Awards thrice (2016, 2013 and 2010).

Jeannie has over 20 years of experience in corporate, financial, marketing and community communications across different industries. She first commenced her career with the Civil Aviation Authority of Singapore. She also held senior IR and regional corporate and marketing communications positions at IPACS and Singapore Computer Systems.

Jeannie holds an honours degree from the University of London, where she majored in Economics and Marketing.

### Howie Lau

Chief Marketing Officer (CMO)

Howie is responsible for charting StarHub's brand and marketing strategies across all marketing functions and ensuring overall marketing synergy and brand consistency. Customer value management also falls under his purview. In addition, he oversees the Pay TV and Broadband businesses as well as StarHub's Content and Local Production teams.

Howie was the VP, Corporate Development of Lenovo's Worldwide Finance Organisation, where he oversaw Lenovo's end-to-end Post Merger Management and related Merger & Acquisition matters. Previously, he as Lenovo's VP of Marketing and Communications for Emerging Markets Group, and was responsible for the strategy and execution of marketing and communications in the ASEAN, China, Eastern Europe, Hong Kong, India, Korea, Latin America, Middle East, Russia and Taiwan markets.

Howie is currently the President of Singapore Computer Society's Executive Council, and is also on the management board for NUS Institute of System Science as well as the advisory committee for Nanyang Polytechnic School of IT and Anderson Junior College.

Howie holds a Bachelor of Business Administration from the National University of Singapore, majoring in Promotional Management and Consumer Behaviour.

## Senior Management's Profile continued

### Mock Pak Lum

Chief Technology Officer (CTO)

Pak Lum oversees the Network Engineering, SmartHub and i<sup>3</sup> divisions at StarHub. He is responsible for establishing the company's technical vision and leading all aspects of technology development. He also looks into the strategy for technology platforms and external partnerships, as well as initiatives for innovations.

Pak Lum started his career in Hewlett Packard. He later joined Pico Art International. With the advent of multimedia technology, he set up a joint venture company with Pico – GT Communications, to offer computer animation and interactive kiosks services. After that, Pak Lum moved on to head 1-Net Singapore. One of his key achievements was the winning of a \$92 million contract to host the Singapore Government Data Centre. He was also appointed the CEO of the technology arm of MediaCorp in 2002. In 2010, he left the company to set up an IT software company before joining StarHub.

Pak Lum holds a Bachelor of Electrical/Electronic Engineering from the National University of Singapore and a Master in Business Administration from the University of California, Los Angeles.

### John Tan

Chief Information Officer (CIO)

John is responsible for charting the strategic directions and providing leadership in the development and deployment of information systems. He leads the Information Services division and oversees operations in planning and management, system architecture design and governance, development and implementation, support and maintenance of IT infrastructure, applications and services, to deliver efficient business support for StarHub. In addition, he oversees the Business Excellence department and Customer Service Experience division.

John has over 25 years in the IT industry and education sector. He was recognised for his excellent contributions and was awarded The Public Administration Medal (Silver) in 2007 National Day Awards. In 2012, John became a Fellow Member of the Singapore Computer Society, an esteemed title bestowed in recognition of his contributions to IT and the Society.

John holds a Master Degree in Business Administration from the National University of Singapore, a Master Degree in Computing Science and a Bachelor Degree of Engineering (Hons) from the University of Newcastle Upon Tyne.

### Diana Lee

SVP, Customer Service Experience

Diana heads the Customer Service Experience team at StarHub and is responsible for customer sales and service activities at all touch points. Under her leadership, StarHub's customer service practices and standards have won wide recognition at the Annual Call Centre Awards by the Call Centre Council of Singapore.

Diana was instrumental in integrating the two customer service teams and systems into one following the merger of StarHub and SCV in 2002. Today, the single virtual call centre provides enhanced customer experience and convenience through a single hotline number and common technology. To ensure a high level of service to customers, she also initiated several key projects in the area of process efficiencies, staff motivation and customer experience in StarHub.

Prior to her role in heading the Customer Service team, Diana was the Senior Manager of Human Resource in SCV. Diana has a Graduate Diploma in Financial Management from Singapore Institute of Management and is a Customer Operations Performance Centre (COPC) Certified Six Sigma High Performance Management Techniques Specialist.

### Veronica Lai

General Counsel & Company Secretary

Veronica advises the StarHub Group on all legal aspects of operations, strategy and compliance. She supports the Board of Directors on corporate secretariat matters. During her career with StarHub, she oversaw the legal aspects of the merger of StarHub and SCV, StarHub's successful IPO and the establishment of StarHub's \$1 billion MTN Programme.

Under her leadership, the StarHub Legal team was recognised with various awards, including the Best Deal for Singapore for the StarHub IPO by Asia Legal Business (ALB). Veronica received the 2007 AsiaLaw Singapore In-house Counsel Award and was named by ALB as one of the Top 25 in-house counsels in Asia in 2010. In 2013, the StarHub team won the International Law Office's prestigious Global Counsel Award 2013 and Asia Pacific Counsel Award 2013, for regulatory support.

For her corporate secretariat portfolio, Veronica was recognised with the Asian Company Secretary 2013 Award for Singapore by Corporate Governance Asia. In 2014, the Legal team won the International Legal Alliance Gold Award for the Best Asian & South Pacific Legal Department. Veronica is listed on The Legal 500's GC Powerlist for Asia Pacific and for SE Asia.

Veronica graduated with an honours degree from the National University of Singapore. Prior to joining StarHub, she spent six years in practice with Rajah and Tann LLP.

### Chan Hoi San

SVP, Human Resource

Hoi San is responsible for the overall direction of all HR services in the company. She is also responsible for formulating, developing and ensuring the consistent implementation of the company's strategic HR policies and procedures.

Hoi San has been credited for building a strong groundwork in StarHub's HR division prior to the company's official launch in April 2000. Supported by a dedicated and vibrant team, she had reviewed and put in place the necessary manpower, compensation and benefits, as well as internal communication strategies, policies and procedures to support the company's rapid expansion. She also played an integral part in the merger of StarHub and SCV by aligning and integrating the various business functions and resources, HR policies and procedures.

Hoi San holds a Master of HR Management from Rutgers University, USA and a Bachelor of Arts degree from Scripps College, The Claremont Group for Colleges in the USA. She has a graduate diploma in Personnel Management and is also an Accredited Myers-Briggs Type Indicator Assessor as well as a Certified Evaluator of the Thomas (DISC) Personal Profile System.

### Tim Goodchild

SVP, Government & Strategic Affairs

Tim and his team are responsible for managing StarHub's relationship with the regulators, and for providing regulatory support to StarHub's lines of business.

Tim joined StarHub in 2004, and has more than 25 years of experience in telecommunications regulatory issues. His working career has included time with Telecom New Zealand, the Telecommunications Authority of Singapore, Millicom International Cellular; and Equant Singapore. His career has given him exposure to regulatory regimes throughout the Asia-Pacific region.

Tim holds an honours degree in Economics from Victoria University.

# Mobility

## Significant Achievements FY2016

**FEB**  
Attained the OpenSignal 'Fastest Networks with LTE' title for the second consecutive quarter

**MAR**  
Introduced data upsize option *Plus 3*

Signed MOU with China Mobile to speed up strategic collaboration under Hand-in-Hand program

**APR**  
First telco in Singapore to accept Apple Pay (carried Android Pay and Samsung Pay since June 2016)

Live demonstration of world's fastest 4G indoor mobile coverage of up to 1Gbps with Huawei

**JUL**  
Tripled 4G upload speeds to 150Mbps using Nokia's 4G LTE-Advanced technology

**AUG**  
Launched *SurfHub* packs home broadband and mobile data bundle

**NOV**  
Headed towards 5G with 4.3Gbps speeds using Nokia's AirScale

Started collaborations with M1 and Singtel on universal secure mobile-based authentication

Renewed and reinforced strategic partnership with Vodafone

**DEC**  
Introduced new *DataTravel* plans for multiple destination trips

Joint declaration by Hand-in-Hand program members for better customer roaming experience



"The retail and customer service stores have merged and we are trained to handle both sales and service activities."

Vida Z. Rosel  
Floor Manager

## Hubbing in Review

In a highly penetrated mobile market that faces stiff competition, we differentiate ourselves with better value and innovative offerings. With more mobile customers constantly on the move beyond Singapore, we strengthen our strategic international alliances with premium partners so as to provide the best and seamless mobile experience across borders.

## Mobility

We work closely with existing and new hardware partners as we believe our customers are the final arbiters of what they want.

### Better Data Value

Knowing how much everyone relies on mobile data, we have given our subscribers the option of getting a lot more for just an incremental increase in cost. In March, we introduced the *Plus 3* data plan; 3GB-for-\$6 for our 4G post-paid users.

In August, we introduced the *SurfHub* packs combining mobile and home fibre broadband, helping them stay online at home and on the move. The most accessible of the four *SurfHub* plans, bundles a 4G postpaid line with 12GB of data and 150 minutes of talk time; the top end *SurfHub* plan comes with 24GB of mobile data and 700 minutes of talk time. All the four plans are tied to a 1Gbps home fibre broadband access.

To give more value to our subscribers who might travel to multiple destinations in one trip, we have introduced new *DataTravel* plans. For a flat fee, they get to use 2GB of data within 30 days when they travel across these popular destinations: Australia, Hong Kong, Indonesia, Malaysia, New Zealand, South Korea, Taiwan, Thailand and the Philippines. For those who need more data, a 3GB plan is also available.

### Strategic Alliance

In March, we signed an MOU with media giant SPH to work closely on content, distribution and other forms of complementary offerings. In July, as part of this MOU, all existing and new StarHub Mobile post-paid subscribers enjoy free local data access to nine popular SPH mobile apps for a year.

The apps are AsiaOne, Berita Harian, Lianhe Wanbao, Lianhe Zaobao, The Business Times, The Straits Times, ONE FM91.3, Kiss92 and UFM100.3. Additional apps will be included in this offering.

### Networks for Today and Tomorrow

With greater number of apps, as more users share multi-media content, network quality is key to customer satisfaction. In April, StarHub organised a live demonstration of the world's fastest indoor coverage with 4G speeds of up to 1Gbps.

This was made using technology partner Huawei's award-winning small-cell base station system, which is physically no bigger than a ream of A4 paper. Our joint demonstration of this capability was built on our earlier deployment of Huawei's 4G LTE-Advanced Heterogeneous Network upgrade at Marina Bay in 2015.

### Post-paid Customers

1.39m

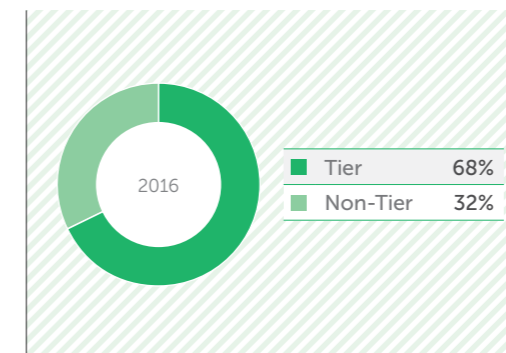
+4.6% YoY

### Pre-paid Customers

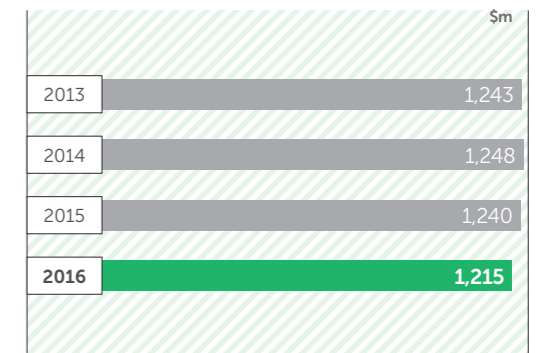
920k

+6.7% YoY

### Tiered Plans Mix



### Total Mobile Revenue



# Hubbing in Review continued Mobility

We keep an open mind when it comes to technology and we work with top-notch vendors. Using Nokia's 4G LTE-Advanced technology, StarHub Mobile users are now able to enjoy upload speeds of up to 150Mbps. Deployment began at the popular Marina Bay and Orchard areas in the second half of 2016, with nationwide coverage in 2017.

While we stay on top of improvements in technology, we are constantly looking around the corner. In November, we started exploring how 5G can be used to enrich our customers' lives. **Via Nokia's AirScale integrated radio access network, we tested mobile speeds of a whopping 4.3Gbps – that is at least ten times faster than the 4G networks in use today.**

Such a blazing mobile access speed is not an overkill. We are already trialling future technologies involving virtual and augmented reality as well as e-health and autonomous vehicle applications that need such speeds to function well.

### Industry Collaborations

As we look ahead, we have to move on. As part of the planned shut down of the 2G network that has served the industry well for more than a decade, new pre-paid cards

issued since mid-November will not be able to support 2G services.

In the same month, all three mobile operators also announced a collaboration to adopt the GSMA's 'Mobile Connect' authentication standard, which is seen to be a convenient way for users to be identified as they transact with financial institutions, telecommunications operators and other online service providers via their smartphones.

With Mobile Connect, mobile customers can look forward to creating a universal trusted digital identity. This can then be used as a convenient and secure way to access all manners of online services and applications.

To get this collaboration going, the three operators are jointly building a platform with the same Application Programme Interface, which defines a common interface for other parties to work with. The first wave of supported online services should be ready in the second half of 2017.

We have also reaffirmed our strong and long-standing partnership with Vodafone, which boasts one of the largest mobile market footprints in the world, thereby benefiting

multinational companies with operations across the various markets covered.

In November, we renewed the strategic partnership for another three years, expanding collaboration on unified communications and enterprise services on top of existing partnerships in mobile voice and data roaming and knowledge-sharing initiatives.

### Hand-in-Hand

Growing economic and business ties between China and Singapore means there is increased demand for better mobile connectivity as people from both countries travel to and fro. In March, we signed an MOU with China Mobile International Limited to collaborate under the Hand-in-Hand program led by China Mobile.

Five broad areas are covered under this MOU: intensify device collaboration on research initiatives for mobile network evolution technologies; strengthen complementary capabilities for data business services; enhance mobile business through global roaming cooperation and information sharing; leverage network resources to maximise efficiency; co-develop new business opportunities in relation to innovation and IoT.

**Before the year was up, the Hand-in-Hand Program took one big step forward.** We are now part of the 14 mobile network operators in this program committing to better cross border connectivity and interoperability, thereby improving the roaming experience of all our customers.

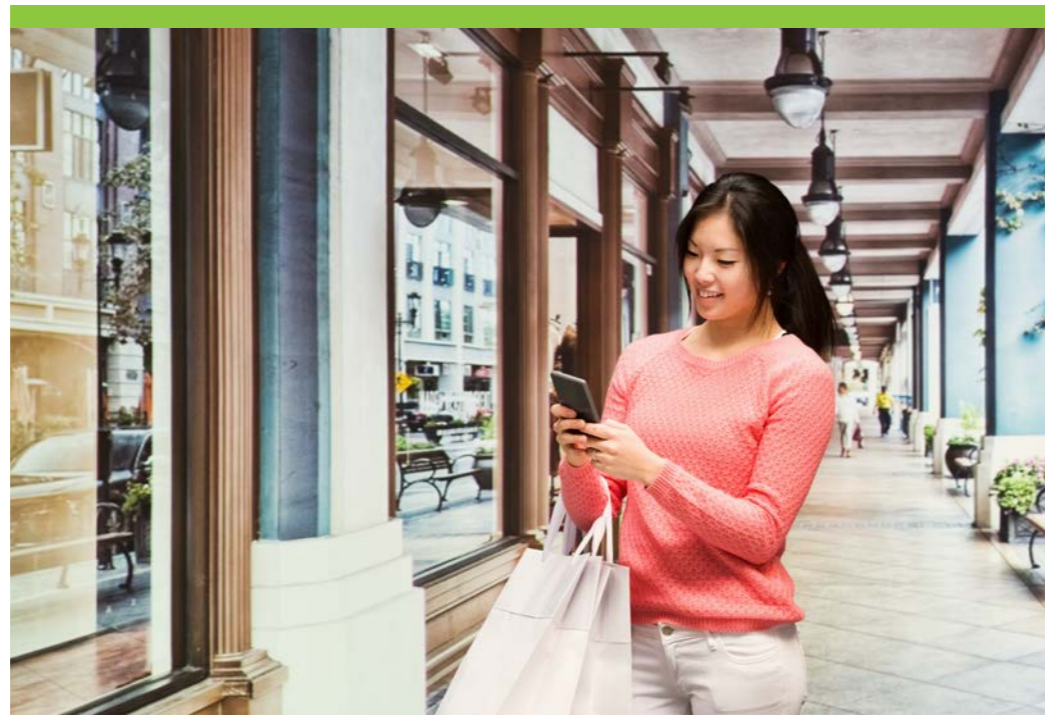
Besides StarHub, other members include China Mobile Hong Kong, China Mobile International, Companhia de Telecomunicações de Macau, S.A.R.L., Chunghwa Telecom, Deutsche Telekom, FarEasTone, KT Corporation, Orange, Telenor, True Corporation, Turk Telekom International and Vimpel-Communications Public Joint Stock Company.

**Growing economic and business ties between China and Singapore means there is increased demand for better mobile connectivity as people from both countries travel to and fro.**

3 **Hand-in-Hand Program**  
14 Mobile network operators

1 **Faster mobile speed**  
Up to **4.3Gbps**

2 **With Mobile Connect, mobile customers can look forward to creating a universal trusted digital identity.**





# Entertainment & SmartLife

**Significant Achievements FY2016**

**FEB**  
Signed up as Great Eastern Yeo's S.League official broadcaster

**MAR**  
Partnered HSBC World Rugby Singapore Sevens

Launched DreamWorks Animation channel across various platforms

Signed MOU with SPH

Raised curtains on upcoming Public Service Broadcast (PSB) programming

Announced intention to acquire strategic stake in mm2 Asia Ltd (which was completed in June)

**APR**  
First in Southeast Asia to carry BBC First

Launched new version of *StarHub Go*, in time for new season of *Game of Thrones*

Introduced beIN SPORTS channel

**MAY**  
Started MaxToon in partnership with MyChinaChannel

**JUN**  
Live telecast of UEFA EURO 2016 matches

**SEP**  
Launched Smithsonian channel

**OCT**  
Set up StarHub VR Tennis Zone at OCBC Square

**NOV**  
Launched Go Shop 24/7 shopping channel & Love Nature channel

Introduced new 'Connoisseur Pack'

Signed up as Singapore Slingsers' official broadcaster for three years

"The Hub Trooper team has conducted over 100,000 home visits. We are experienced in solving digital issues."

Adrian Siew  
Hub Trooper

## Hubbing in Review

We are actively on top of changing consumers' preferences, offering them value and choice. We are glad hundreds of thousands of consumers turn to us to be entertained, informed, and to lead a 'smarter' lifestyle that is constantly on the go and at home. Our upgraded 5-in-1 value bundle, *HomeHub Go*, offering Fibre TV, Fibre Broadband and 15GB mobile data will serve our customers well.

We formed strong partnerships in content, distribution and technology. We took our viewers around the world with our extensive range of programming while remaining firmly rooted here, promoting local sports, content, and values.

### Kick Offs, Tip Offs

Nothing keeps the eyeballs glued more than adrenaline-pumping sporting action. We have been busy reinforcing existing ties and securing new partners to bring the biggest variety of sports content to our StarHub TV subscribers.

As a proud Singaporean brand, we have been doing our part to support local sports. In February, we announced our partnership with the Great Eastern Yeo's S.League. As the local football league's official broadcaster, we carried live matches via Singapore's only free sports channel, Hub Sports Arena. We also carried the latest news and profiles of the various S.League players on our daily sports news show 'HubSports 360'.

In March, Singapore hosted the HSBC World Rugby Sevens Series for the first time and we celebrated this by signing a four-year partnership with HSBC World Rugby Singapore Sevens. As the official broadcaster, we broadcasted the tournament live on Hub Sports Arena and streamed it on smart devices through the *StarHub Go* app.

In addition, we delighted rugby fans by carrying telecasts of all the other legs of the HSBC World Rugby Sevens Series. We also gave back to the community by working together with FOX Sports to bring in Fijian rugby legend, Waisale Serevei, to conduct a clinic for youths here.

In April, we introduced the beIN SPORTS HD channel, which carries live coverage of La Liga, Ligue 1, Coupe de la Ligue and Trophée des Champions matches. La Liga is the first division of professional Spanish football, featuring mega-stars such as Lionel Messi and Cristiano Ronaldo. Ligue 1, meanwhile, is the top division over at France and features top players such as Mario Balotelli, Edinson Cavani and Thiago Silva.

The European football action continued with our live carriage of all 51 matches of the UEFA European Football Championship (UEFA EURO 2016). Football fans were treated to not just HD action but also extras such as match previews, post-match analyses, and daily highlights.

Knowing that the Premier League still commands the most popular football offering, we have made it a point to continuously enhance and expand ways our subscribers can enjoy the action via our tie-up with Eleven Sports Network's coverage.

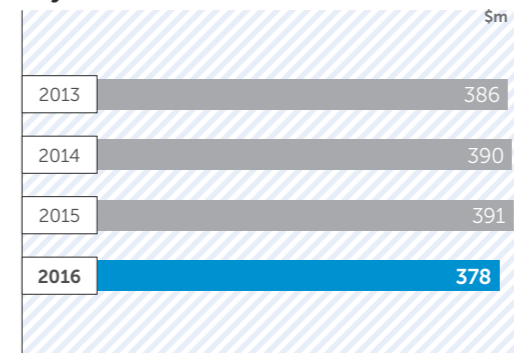
### Pay TV Customers

498k  
**-7.2% YoY**

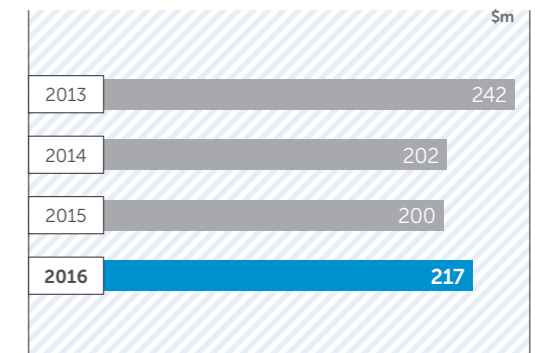
### Broadband Customers

473k  
**-0.5% YoY**

### Pay TV Revenue



### Broadband Revenue





## Hubbing in Review

continued

# Entertainment & SmartLife



Stream  
LIVE  
Coverage  
Up to  
**5 Leagues**

1

In August, English football fans were able to stream live coverage of the Premier League, the FA Cup, the English Football League Cup, the Football League Championship and England international home 'friendlies' by getting the 'Prime Football Pass' on *StarHub Go*. The matches were caught across three *StarHub Go* channels – Eleven, Eleven Sports and Eleven Plus.

Besides English football, the three channels also aired selected football matches from the Italian Serie A, Campeonato Brasileiro Série A and the Scottish Professional Football League as well as CONMEBOL 2018 World Cup Russia qualifiers.

In November, a three-year deal was signed with the Singapore Slingsers. Under this arrangement, we will be carrying all of the Slingsers' matches in the ASEAN Basketball League live on Hub Sports Arena.

The matches are available to non-StarHub subscribers via the 76.25MHz channel as well. With the backing of a much wider audience, we look forward to the Slingsers go further in their coming championship run.

### TVB's Growing Blitz

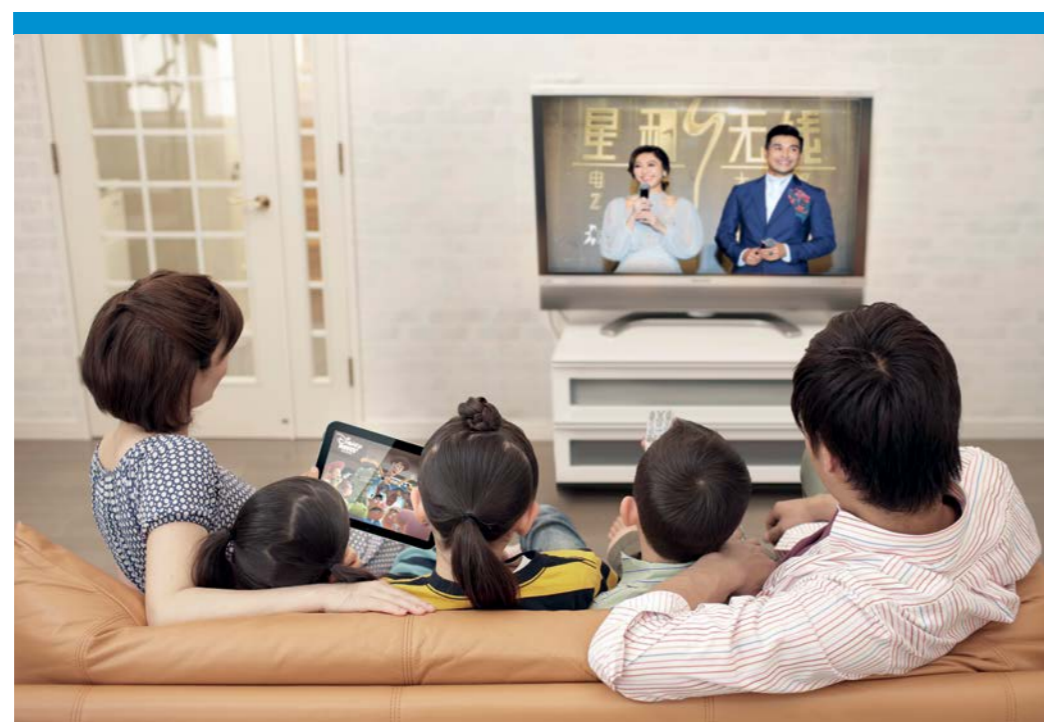
We brought in the Year of the Monkey with lots of buzz and fun. We offered free preview of more than 150 channels – making Chinese New Year house visits more lively and enjoyable. We also arranged for meet and greet sessions where fans can see their idols such as Grace Chan, Kristal Tin and Raymond Wong from Hong Kong, Evan Ma and Pets Tseng from Taiwan as well as Seo Kang Jun from Korea.

In October, we celebrated our long-standing partnership with iconic Hong Kong TV station TVB with the seventh edition of the StarHub TVB Awards. The martial arts drama, *A Fist Within Four Walls*, was the biggest winner that evening. The kungfu drama, which featured leading artistes Ruco Chan and Nancy Wu, picked up a total of seven accolades.

There were 17 award categories with 14 open for public voting. In a sign that the popularity of StarHub TVB Awards has grown considerably, there was a 35% year-on-year increase in the number of votes cast during the six weeks voting period.

We celebrated our long-standing partnership with Hong Kong TVB with the seventh edition of the StarHub TVB Awards.

2



### International Spread

Our already comprehensive spread of international programming has become even more so. Our content and partnership team brought on new content partners so that we can delight even more subscribers.

In January, we launched WAKUWAKU JAPAN channel, which carries shows ranging from first-run drama series to anime to documentaries and even matches of J.LEAGUE, the country's professional football league.

In March, we enriched our Filipino content with the addition of three new channels: GMA Pinoy TV, GMA Life TV, and GMA On Demand. GMA Pinoy TV, the flagship international channel of Philippines' GMA network, offers the best in soap operas, talk shows, variety programmes and news.

GMA Life TV, is a showcase of the warmth of the Filipino lifestyle with its mix of soap operas, movies, cookery shows and comedies. Meanwhile, GMA On Demand, offers viewers their favourite GMA programming at their convenience, injected with 16 hours of fresh content monthly.

The following month, we became the first market in Southeast Asia to carry the channel BBC First, home of premium and original drama from BBC. Marquee drama offerings include *Sherlock*, a detective series with a modern twist; *War and Peace*, the latest TV adaption of Leo Tolstoy's epic novel; and *Luther*, a crime thriller.

Korean fever went up a few notches in December; we announced the launch of tvN Movies HD, Asia's first dedicated Korean movie channel. Starting January 2017, Korean fans can get to enjoy the latest Korean blockbusters in all their HD glory, round-the-clock. The channel is also available on demand as tvN Movies VOD HD.

### Proudly Local

We strive to offer the widest range of international content but we remain fully anchored to our local partners be it in content, distribution and even strategic business alliances.

In March, we signed an MOU with publishing giant SPH to collaborate in areas ranging from sales, creation and carriage of content,

data analytics and marketing. This MOU brings together the complementary, multi-media, multi-platform capabilities of the two respective companies. With this partnership, we expect our subscribers to enjoy an even better experience and our advertisers to gain even better returns.

Even before this MOU, both companies are already in close collaboration. For example, in August 2015, we jointly presented an eight-episode 'Ministerial Coffee Talk' produced by SPH and shown on StarHub TV.

In addition, several new initiatives are already in the pipeline. In July, talk show 'Zaobao Keywords', started airing on StarHub's FreeView Chinese channel Hub E City. Zaobao Keywords is a video news programme of Lianhe Zaobao, the Chinese flagship newspaper of SPH. Via each three-minute segment, the presenters would help introduce three keywords used in the context of the news stories of the day.

We have put in serious resources to develop original content. We acquired an 8.8% stake in Catalist-listed regional production house mm2 Asia Ltd for \$18.04 million in June 2016. By doing so, we will be better placed to make our content offerings stand out in this much cluttered space.

As mm2 has presence in the region, we also hope to take our original productions beyond Singapore shores through them. We already have a fruitful track record of partnering with mm2 Asia earlier with our investments in local blockbusters such as 'Ah Boys To Men' and its sequels. We look forward to more.

### The Values of PSB

To drive the popularity of locally-produced content, StarHub has been working closely with industry regulator, IMDA, under its PSB Contestable Funds Scheme.

Via this scheme, we commissioned and produced a variety of programmes ranging from travelogues to children infotainment to sports documentaries. One of the *StarHub Go* local dramas 'Echoes of Time' lead actor, James Wen, was nominated under the Best Performance By An Actor category at the 2016 International Emmy Awards. Taiwanese Wen scored the Emmy nod but lost out to Dustin Hoffman.

**We strive to offer the widest range of international content but we remain fully anchored to our local partners be it in content, distribution and even strategic business alliances.**

## Hubbing in Review

continued

# Entertainment & SmartLife



3

To mark Singapore's 51<sup>st</sup> birthday in a meaningful way, we produced a special rendition of the national anthem 'Majulah Singapura', sung by 51 Singaporean mothers.

This unique 'Majulah Moms' music video is the latest in the series of StarHub's annual National Day campaigns.

It is meant to promote inclusiveness and togetherness in this country we call home. Majulah Moms follows our preceding year's 'Home by Homes' which featured talents from nine voluntary welfare organisations. It ended up as number one on YouTube's Top 10 Playlist in Singapore.

### Family and Education

Nothing keeps a family closer than the common experience of watching some entertaining and educational shows. In March, in conjunction with DreamWorks Animation, we launched the multi-platform DreamWorks Channel, delighting our young viewers with the goofiness of 'Kung Fu Panda' and mythical world of 'How To Train Your Dragon'.

In May, StarHub TV and MyChinaChannel jointly launched 'MaxToon', a dedicated HD Mandarin edutainment channel for kids aged three to 12. The first of its kind in Singapore, MaxToon offers an entertaining and educational mix of cartoons and live action programming, carefully curated from China.

In September, we brought in another big brand name in content with the launch of the Smithsonian Channel. Inspired by the world-renowned Smithsonian Institution – the world's largest museum, education and research complex – the channel offers programming ranging from stories of human endeavour to documentaries on breakthroughs in science as well as notable events in history.

We operate within this dense urban landscape but we bring the wide expanses of nature to our viewers. In November, StarHub TV subscribers were the first in Asia to join the Love Nature channel on a visual journey from the savannahs of South Africa to the secrets of the Arctic.

With more than 300 hours of original programming produced per year, Love Nature seeks to inspire nature lovers to bring better awareness to issues such as wildlife conservation. Doing our part as a company that cares about our wider community and surroundings, we are showing the Love Nature channel on our 'Freeview' tier, accessible to all our StarHub TV subscribers.

We have an expanding range of content offerings but we also recognise we can make refinements in the way we present them to our subscribers. Also in November, we introduced a new 'Connoisseur Pack', for subscribers who are keen to experience the finer things in life from classical music to arthouse films and travel, fashion and lifestyle shows.

This new channel pack consists of TV5MONDE Style HD, TV5MONDE Asie HD, Stingray Brava HD, Stingray DJAZZ HD, A-List HD, CinemaWorld (HD) and CinemaWorld On Demand HD.

### Netflix Connects

We are always ready to bring on board new partners to complement our TV offerings. Just after the start of the New Year, we announced a tie-up with popular Internet TV provider Netflix to allow our Fibre TV customers to enjoy Netflix's expansive catalogue of content through our set-top boxes.

Due to our Open Connect partnership with Netflix, StarHub Mobile and Broadband subscribers now enjoy smoother streaming for popular shows such as *Daredevil*, *Orange is the New Black*, and even Netflix's first French original series *Marseille*.

For additional convenience, customers can charge their Netflix subscription to their monthly StarHub bills – we are one of the first Asian pay TV operators to offer this convenient arrangement.

### Smart Homes, Intelligent Platforms

We constantly find ways to make our platform more useful for our subscribers. In partnership with Astro, we introduced Go Shop, a 24/7 shopping channel on StarHub TV in November.

This channel offers immersive and entertaining demonstrations of products ranging from frying pans to fitness machines. Once our subscribers fancy any item, they can easily go to the Go Shop website and make their purchases conveniently.

We helped fan the *Game of Thrones* fever in April when we introduced an enhanced version of our *StarHub Go* streaming service during the premiere of the new season. The new *StarHub Go* version includes a recommendation feature that draws upon past viewing preferences, as well as a search function which makes it easier to fish out that most desired content.

With our supersized catalogue ranging from HBO hit series to acclaimed BBC productions to TVB's latest offerings, *StarHub Go* offers something for every viewer.

In June, we launched a new service CATCHPLAY Unlimited on StarHub TV, bringing additional ways of enjoying movie content. CATCHPLAY Unlimited is a monthly subscription plan offering viewers a buffet of Hollywood, independent studios and Asian titles. For viewers who prefer to pay for only specific titles, they can opt for CATCHPLAY Single Rental, to enjoy at their leisure.

We do not just enhance the content that we carry; we constantly experiment with new ways and technologies to keep the experience fresh. In line with the growing popularity of tennis here, we set up a StarHub VR Tennis Zone at the OCBC Square, which gives the experience the on-the-court action of world class tennis action through the power of 360 3D virtual reality.

The footage was captured via a Nokia OZO Camera mounted above the umpire's chair, which offered an all-round vantage point from spectators' cheering to the players serving.

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Introducing new platforms for unlimited enjoyment



**We have an expanding range of content offerings but we also recognise we can make refinements in the way we present them to our subscribers. We introduced a new 'Connoisseur Pack' for subscribers who are keen to experience the finer things in life.**





# Enterprise Fixed

## Significant Achievements FY2016

- APR**  
Launched the SmartShare service for SMBs

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- MAY**  
Invested \$200 million with partners & launched the Cyber Security COE

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- AUG**  
First telco in Asean to be named Autodesk's 'Value Added Distributor'

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- SEP**  
Cyber Security COE welcomes Coronet as latest partner

---

- StarHub, NUS, Veniam and ComfortDelGro Bus in connected vehicles pilot launch

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- OCT**  
Winner of 'Best IP Services Infrastructure' by readers of Networkworld Asia for second consecutive years

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- NOV**  
Launched Device Subscription Service for SMBs

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- DEC**  
Launched services over the new APG submarine cable network system

**"Our enterprise customers operate in an environment with greater IT complexities and we respond by providing them with more capabilities."**

Guo Jiawei  
IP System Engineer

## Hubbing in Review

**In a market of many vendors serving business customers, we differentiate ourselves by investing heavily in our own capabilities and network infrastructure. This ensures that our customers get to enjoy better reliability, quality and value.**

## Enterprise Fixed

In 2016, we added new abilities in critical areas such as cyber security, where the threats are real and present. As attention on cyber security shifts upwards from the server room to the boardroom, we are ready to capture this as a growing business, but more importantly, also address our customers' rising concerns.

### Excellence in Cyber Security

In May, we announced a joint investment of \$200 million with our partners over the next five years to grow the cyber security ecosystem in Singapore. Via the newly-launched Cyber Security COE, we aim to grow our bench of expertise and competencies in this fast-growing area. The COE is supported by the Economic Development Board.

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

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

In addition, renowned international security expert Professor Yitzhak Ben-Israel has been appointed Advisor to the COE.

### IoT Tapped to Improve Business Processes

IoT is here to stay, and we are helping businesses to tap into it to enhance their operations and productivity. In September, as part of StarHub's Connected Labs undertakings, we announced a new joint project on connected vehicles.

Our partners in this pilot are the National University of Singapore (NUS), ComfortDelGro Bus as well as Veniam, a company that focuses on Internet of Moving Things projects.

As part of this trial, NUS's shuttle buses function as mobile Wi-Fi access points connecting to one another, buildings and bus stops as they ply throughout the NUS Kent Ridge campus. A dynamic Wi-Fi network is created along the route, providing better reach and wireless connectivity to the NUS community.

The connected elements generate a trove of traffic pattern data which can then be analysed and applied in areas like urban commute and logistics.

In November, we supported a pilot trial of solar-powered, rubbish-compacting smart bins along Orchard Road by technology company Terra Sol and the Orchard Road Business Association.

Performance

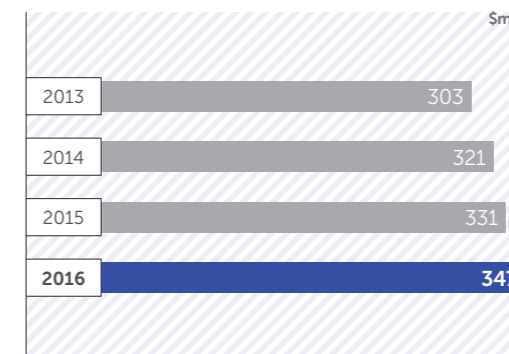
### Data & Internet Revenue

\$347m  
**+4.9% YoY**

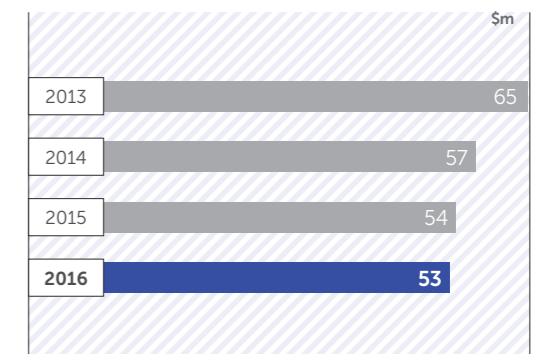
### Voice Revenue

\$53m  
**-1.8% YoY**

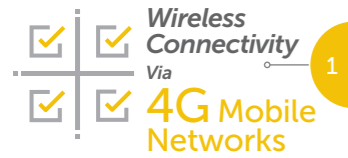
### Data & Internet Revenue



### Voice Revenue



Hubbing in Review  
continued  
Enterprise Fixed



1

Our 4G mobile networks provides wireless connectivity for the smart bins, whereby real-time information is transmitted from the bins to the waste management monitoring system located at Terra Sol's office, allowing them to optimise operation efficiency. In addition, shoppers are able to log on to the bins' Wi-Fi network and surf the internet for free.

In October, we deployed Singapore's first autonomous hotel front-of-house guest room-service delivery robot, Relay, in partnership with US tech start-up Savioke and Hotel Productivity Centre for M Social Singapore.

The hotel was looking to robotic solutions to help streamline operations as well as enhance guest experience. Relay is known as AURA (Automated Room-Service Associate) at the hotel. This is the first time Relay is deployed outside the US.

We integrated AURA with the key hotel systems, enabling it to autonomously ride in elevators, navigate to guest rooms, notify guests of a delivery, and open its lid for guests to retrieve items when they answer the door.

All these projects are part of our push towards becoming a Smart Nation.

**Expanding our IT Offerings**

We have made inroads into other parts of the broader IT industry. Since August, we have been named 'Value Added Distributor' for 3D design software provider Autodesk. We are the first telecommunications provider in Southeast Asia accorded this status.

As many of our business customers lean on us not just for internet access but also the range of IT services, we are in a good position to deliver software such as Autodesk's, which is used increasingly by remote teams working out of the cloud.

**Smart Sharing**

Increasingly, SMBs depend on messaging-based communication services as a customer service tool. Most companies are likely to select the right mobile plans that fit the usage patterns of their employees, but due to the dynamic nature of today's business, it becomes inevitable that some will exceed their individual allocated bundle.

In April, we launched a new mobile value-added service that aims to help SMBs maximise their mobile plans whilst minimising wastage and keeping cost in check, by combining voice minutes as well as SMS and data allowances from all the mobile plans subscribed for employees into one common pool for sharing.

**Device and Services Subscription**

We continually improve on what we can do for our business customers. In November, as part of our Enterprise Hubbing strategy, we introduced a new 'Device Subscription Service'.

This service combines devices from renowned vendors such as HP, and also the software and technical support necessary to manage the IT needs of businesses effectively at a flat monthly fee. We believe such a service will help the thousands of SMBs here to worry less about their IT needs and focus fully on growing their core business.

We also believe this service can go some way in helping our customers manage their cash flow. For example, instead of requiring upfront capital expenditure in computers, printers

and other devices, they can choose to stretch their dollar by subscribing for the use of these hardware together with other bundled IT services and internet access.

**Resilience in Connectivity**

We also constantly enhance our international connectivity infrastructure. In December, in line with growing demand for international bandwidth, we launched services over the new APG submarine cable network system.

The APG is a 10,900-km submarine cable network system linking nine countries and regions in Asia Pacific: China, Hong Kong, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand and Vietnam. This submarine cable comes with a capacity exceeding 54Tbps – the highest of any network in Asia.

While Singapore is already connected via other submarine cable networks, by tapping into APG, we can ensure traffic routing diversity and thereby boosting resilience in communications.

**Voted for the second year running – winner of 'Best IP Services Infrastructure' by readers of NetworkWorld Asia.**

We deployed Singapore's first autonomous hotel front-of-house guest room-service delivery robot, AURA, for M Social Singapore.

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# Corporate Governance

## Building on the strong foundations of transparency, accountability and integrity.

### CORPORATE GOVERNANCE STATEMENT

At StarHub, we are committed to upholding sound corporate governance and sustainability practices and policies that promote transparency, accountability and integrity. We recognise that this is essential for the long-term sustainability of our business and value creation for our stakeholders.

### CORPORATE GOVERNANCE REPORT 2016

This report describes our corporate governance framework, policies and practices for the financial year ended 31 December 2016 (FY2016). StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012, and in some areas, has made improvements from the previous financial year ended 31 December 2015.

### 1. BOARD MATTERS THE BOARD'S CONDUCT OF AFFAIRS

#### The Board's Role

The Board has oversight of the business performance and affairs of the Group. The Board leads, directs and works closely with Management, with a view to the long-term success of the various businesses of the Group.

The Board takes on the following key roles and responsibilities:

- Provide entrepreneurial leadership and guidance to Management and steer the Group through its strategy and corporate plan;
- Ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed in order to safeguard shareholders' interests and StarHub's assets. This framework is supported by clear and

robust procedures and delegated authorities;

- Regularly review the performance of Senior Management and the remuneration framework of the Board and Senior Management;
- Review and approve key operational and business initiatives, major funding and investment proposals, acquisitions and divestments;
- Recognise that the perceptions of key stakeholder groups affect StarHub's reputation, identify the key stakeholder groups (which include customers, suppliers and business partners) and guide Management in StarHub's strategy and approach in addressing the concerns of these key stakeholder groups;
- Set StarHub's values and standards (including ethical standards), to ensure that the Group's obligations to shareholders and stakeholders are well-understood and duly met;
- Provide guidance on the social, ethical and environmental impact of the Group's activities and monitor compliance with StarHub's sustainability policies and practices; and
- Ensure the Group's compliance with all relevant laws and regulations.

The Board and individual Directors are obliged to act in good faith and consider the best interests of StarHub and all its shareholders at all times.

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

#### Board Committees

The Board has established the following Board committees (Board Committees) to facilitate the discharge of its functions:

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

The composition of the Board Committees and their specific responsibilities are set out in the later sections of this Report. The Terms of Reference of the respective Board Committees are available on the StarHub Investor Relations (IR) website.

Additional Board committees may be formed to undertake specific duties if necessitated by business requirements.

The Board delegates specific areas of responsibilities to each Board Committee. Each Board Committee is required to operate and make decisions on matters within its terms of reference and applicable limits of authority.

The Board reviews the decisions made by each Board Committee regularly. The respective Chairman of each Board Committee updates the Board at Board meetings, in relation to key matters raised and/or decisions made at the last-held meeting of the respective Board Committees. For any matter which requires the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, the SC, the NC and the RC are also circulated to the Board for its information, while the minutes of the meetings of the ERCC are available to the Directors on request.

#### Board Meetings

For FY2016, the Board held a total of five meetings. In keeping with past practice, a full-day Board Strategy offsite was held to conduct an in-depth review of the Group's strategy going forward and to consider the Group's budget for the upcoming financial year.

Throughout the financial year, as and when deemed necessary by the Board, additional Board meetings may be convened to consider urgent proposals or matters that require the Board's review and approval. StarHub's Constitution allows Board meetings to be held via audio and video conferencing to facilitate the Board's decision-making process.

Board meetings for the upcoming financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and attend the upcoming financial year's Board meetings according to the respective meeting schedules.

The number of Board and Board Committee meetings held in FY2016 and the attendance of the Directors at these meetings as well as the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM) held in FY2016 are tabulated below:

**Table 1**

	Board Meetings	Board Committee Meetings					AGM & EGM
		AC	SC	NC	ERCC	RC	
<b>No. of Meetings Held</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>1</b>
Steven Terrell Clontz	5	–	4	–	–	–	1
Tan Tong Hai	5	–	–	–	–	2	1
Ma Kah Woh	5	4	–	–	–	–	1
Peter Seah Lim Huat <sup>(1)</sup>	5	–	–	3	5	–	1
Nihal Vijaya Devadas Kaviratne CBE	5	4	4	–	–	–	1
Teo Ek Tor	5	–	–	3	5	2	1
Sio Tat Hiang <sup>(2)</sup>	4	–	–	2	4	2	1
Lim Ming Seong	5	4	4	–	5	–	1
Liu Chee Ming	4	–	3	–	–	–	1
Robert J. Sachs <sup>(3)</sup>	5	–	4	–	–	–	–
Rachel Eng Yaag Ngee	5	4	–	–	–	–	1
Nasser Marafih	3	–	–	–	–	–	1
Takeshi Kazami	4	–	–	–	–	–	1
Stephen Geoffrey Miller <sup>(4)</sup>	–	–	–	–	–	–	–

#### Notes:

- (1) After the end of FY2016, Mr Peter Seah Lim Huat stepped down from the Board and ceased to be the NC Chairman and the ERCC Chairman (as well as a NC member and an ERCC member) with effect from 1 January 2017.
- (2) After the end of FY2016, Mr Sio Tat Hiang stepped down from the Board and ceased to be a NC member, an ERCC member and a RC member with effect from 1 January 2017.
- (3) Mr Robert J. Sachs stepped down from the Board and ceased to be a SC member with effect from 30 December 2016.
- (4) After the end of FY2016, Mr Stephen Geoffrey Miller was appointed as a non-executive Director, a SC member and an ERCC member with effect from 1 January 2017. Mr Miller was also appointed as the RC Chairman with effect from 10 January 2017, succeeding Mr Teo Ek Tor.

## Corporate Governance continued

### Board Orientation and Continual Training & Development

StarHub has a comprehensive induction programme for all newly-appointed Directors that is specifically tailored for the Group's business and operations. Management conducts briefings for newly-appointed Directors to familiarise them with the Group's business activities, strategic directions, financials, policies and governance practices, as well as StarHub's corporate culture and the key developments in the Group and industry. The induction programme also includes meetings with the CEO and Senior Management.

To ensure that all Directors have relevant information and up-to-date working knowledge of the Group's business and operations, each Director is issued with a tablet which enables him or her to access the StarHub Board Portal. The StarHub Board Portal is specifically designed to provide information in accordance with the principles and guidelines of the Code including:

- information on Directors' duties and how to discharge those duties;
- the contact details of the Board and Senior Management;
- the terms of reference of the respective Board Committees; and
- the insider trading policy and Directors' share trading policy of StarHub.

The Board encourages the Directors to continually develop and refresh their knowledge and skills, and keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. The Company Secretary facilitates the arrangement of internal briefings as well as external seminars and trainings for the Directors (including those conducted by StarHub's panel of law firms and the Singapore Institute of Directors in conjunction with the SGX-ST). In addition, the Company Secretary and members of Senior Management also provide regular updates to keep the Directors abreast of relevant developments, including:

- updates on key legal, regulatory, industry and accounting changes which affect the Group, given during Board meetings or via email; and
- articles and reports (including industry news and analyst reports) relevant to the Group's business, regularly circulated to the Directors and uploaded onto the StarHub Board Portal for their reference.

In addition, the Directors are free to conduct independent or collective discussions with Management and subject matter experts on any area of interest or concern. Where needed, operational site visits are organised to enable the Directors to have a clear understanding of issues faced by the Group.

### BOARD COMPOSITION AND GUIDANCE

Currently, the Board comprises 11 Directors. During FY2016, Mr Robert J. Sachs stepped down from the Board as an independent Director on 30 December 2016, after having served on the Board for 11 years. After the end of FY2016, Mr Peter Seah Lim Huat and Mr Sio Tat Hiang stepped down from the Board as non-executive Directors on 1 January 2017, after having served on the Board for 14 years and 4 years respectively. The Board thanks Mr Sachs, Mr Seah and Mr Sio for their past service and invaluable contributions to the Group.

As part of StarHub's ongoing renewal of the Board, Mr Stephen Geoffrey Miller was appointed to the Board as a non-executive Director, the RC Chairman, a SC member and an ERCC member in January 2017. The following changes to the Board also took effect in January 2017:

- Mr Steven Terrell Clontz was appointed as a NC member;
- Mr Ma Kah Woh, an independent Director, was appointed as a RC member;
- Mr Peter Seah Lim Huat stepped down from the Board and ceased to be the NC Chairman and the ERCC Chairman (as well as a NC member

- and an ERCC member);
- Mr Teo Ek Tor, an independent Director, was appointed as the ERCC Chairman, succeeding Mr Peter Seah Lim Huat. Mr Teo also ceased to be the RC Chairman (and a RC member);
- Mr Sio Tat Hiang stepped down from the Board and ceased to be a NC member, an ERCC member and a RC member; and
- Ms Rachel Eng Yaag Ngee, an independent Director, was appointed as the NC Chairman, succeeding Mr Peter Seah Lim Huat.

Mr Tan Tong Hai, the Group CEO, remains the sole executive Director on the Board.

The independent Directors on the Board are Mr Ma Kah Woh, Mr Nihal Vijaya Devadas Kaviratne CBE, Ms Rachel Eng Yaag Ngee, Mr Teo Ek Tor and Mr Liu Chee Ming, representing more than one-third of the Board. The Chairman, Mr Steven Terrell Clontz, is not an independent Director within the meaning of the Code given his executive position at Singapore Technologies Telemedia Pte Ltd.

The individual profile of the Directors and all principal directorships and chairmanships in any listed companies held by the Directors currently and in the preceding three years, are found in the 'Board of Directors' and 'Directors' Particulars' sections of the Annual Report.

The NC rigorously reviews the independence of each non-executive Director annually, particularly those who have served more than nine years. As at 1 January 2017, three independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming, have served on the Board for more than nine years. The NC recommends, and the Board takes the view, that the key consideration in ascertaining the effectiveness of a Director's independence is his ability to exercise independence of mind and objectivity of judgement to act honestly and in the best interest of the Group. When assessing objectivity and

independent judgement, the NC and the Board consider, *inter alia*, the approach, character and attitude of each non-executive Director, including whether such Director:

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group; and
- has any material contractual relationship with the Group other than as a Director.

After careful rigorous review, the NC recommends, and the Board is of the firm view, that Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming have each demonstrated the essential independence of mind and objectivity of judgement to act honestly and in the best interests of the Group in the discharge of their Directors' duties, and therefore considers them to be independent.

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

Interested person transactions (IPTs) entered into by any of the entities in the Group are governed by the Shareholders' Mandate for Interested Person Transactions as approved by shareholders each year at StarHub's EGM, as well as the disclosure and shareholder approval requirements under Chapter 9 of the SGX-ST Listing Manual. Review procedures have been established by StarHub to ensure that all IPTs are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of StarHub and its minority shareholders. Under

the review procedures, the IPT terms and pricing are to be (a) consistent with StarHub's usual business practices and policies and no more favourable to the interested persons than those extended to unrelated third parties; and (b) fair and reasonable. StarHub will also consider factors such as specification compliance, track record, experience and expertise, as well as preferential rates/discounts for bulk purchase. An authorised senior officer who does not have any conflict of interest in relation to the IPT will determine whether the price and terms are fair and reasonable. Where possible, competitive quotations or tenders for purchase transactions are procured.

In FY2016, there were no IPTs or related party transactions that can be classified as financial assistance to entities other than StarHub's wholly-owned subsidiary companies as well as associated company, SHINE Systems Assets Pte. Ltd..

StarHub does not provide loans to Directors as a matter of corporate policy and therefore no loans have been provided by StarHub to the Directors in FY2016.

The Board, through the NC, annually examines its size and composition to ensure its overall effectiveness. Given the scope and nature of the Group's operations, the Board is of the view that its current size of 11 is conducive and facilitates effective decision-making. In this regard, the Board has also taken into account the complexity and requirements of the Group's business.

The Board consists of Directors who are business leaders and professionals of high calibre and integrity. They possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience, and customer-based experience and knowledge. The Board, as a group, constantly seeks to maintain an appropriate mix of expertise, experience (both local and

international), knowledge, gender, culture and nationality. It encourages robust and quality deliberations among the Directors, and mitigates 'group thinking' in decision-making. The Board enjoys the unique contribution that each Director brings to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges during discussions. The immense network of contacts across the industries which such diversity provides has proven invaluable to StarHub.

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

In furtherance of their duties, the Directors are given access to independent professional advice at StarHub's expense should they deem such advice necessary. At least once a year, non-executive Directors meet to discuss, *inter alia*, Management's performance without the presence of Management.

### CHAIRMAN AND CEO

In StarHub, there is a clear division in responsibilities between the leadership of the Board and Management. The Chairman and the CEO of StarHub are separate persons, ensuring an appropriate balance of powers, increased accountability and greater capacity for the Board to make independent decisions. No one individual holds considerable concentration of power within the Group.

The Chairman is Mr Steven Terrell Clontz, who is a non-executive Director and unrelated to the CEO. He:

- leads the Board to ensure its effectiveness on all aspects of its role;
- sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promotes a culture of openness and constructive debate at the Board;
- ensures that the Directors receive

## Corporate Governance continued

complete, adequate and timely information. He works with the CEO in relation to the Board's requirements for information in order to contribute effectively to the Board decision-making process;

- encourages effective communication with shareholders;
- encourages constructive relations within the Board and between the Board and Management. As the primary link between the Board and Management, he provides continuity between Board meetings and thereby oversees the effective implementation of the Board's decisions;
- facilitates the effective contribution of non-executive Directors; and
- promotes high standards of corporate governance.

The CEO is Mr Tan Tong Hai. He leads the Management and is responsible for the day-to-day running of the Group's business operations as well as the effective implementation of the Group's strategies and policies.

The Board does not have a lead independent Director. The NC and the Board are of the view that the appointment of a lead independent director is not necessary as the Board has sufficient independence given that: (a) the Chairman and the CEO are separate persons; (b) the Chairman and the CEO are not family members; (c) the Chairman is not part of the Management team; and (d) the Directors are able to exercise objective and independent judgement.

### BOARD MEMBERSHIP

StarHub has instituted a formal and transparent process for the selection, appointment and re-appointment of Directors to the Board. To this end, the Board has established the NC to lead and facilitate this process with written terms of reference that clearly set out its authority and duties.

Currently, the NC comprises the following non-executive Directors, who are independent of Management:

- Ms Rachel Eng Yaag Ngee, NC Chairman and independent Director (*appointed to the NC with effect from 1 January 2017*)
- Mr Steven Terrell Clontz, non-executive Chairman of the Board (*appointed to the NC with effect from 1 January 2017*)
- Mr Teo Ek Tor, independent Director

During FY2016, the NC held 3 meetings.

The Board notes that Mr Steven Terrell Clontz is not considered independent within the meaning of the Code in view of his executive role at Singapore Technologies Telemedia Pte Ltd. However, after due consideration, the Board and the NC are of the view that his appointment does not interfere with the exercise of his independent judgement on the Board or prevent him from acting objectively in the best interests of the Group in carrying out his duties. The Board and the NC further note that Mr Clontz is not involved in the day-to-day running of the Group's business and operations, and is independent of Management, with a clear separation of role between Management and the deliberations of the NC.

In proposing a Director as a candidate for appointment or re-election, the NC considers several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are subject to the approval of StarHub's regulator, namely the Info-communications Media Development Authority of Singapore.

In accordance with StarHub's Constitution, all Directors who are

appointed by the Board during the financial year are required to retire and stand for election by shareholders at the first AGM of StarHub after their appointment. The Code requires all Directors to retire and stand for re-election by shareholders at least once in every three-year period.

The NC reviews and considers the independence of each Director on an annual basis. If the NC considers that a Director is independent notwithstanding the existence of specific relationships or circumstances mentioned in the Code, it provides its view to the Board for the Board's determination. The NC will consider factors such as the Director's independent business judgement, objectivity, integrity and conduct in acting honestly in the best interests of the Group. Conversely, the NC has the discretion to consider that a Director is not independent even in the absence of specific relationships or circumstances mentioned in the Code, and will similarly provide its views to the Board for the Board's determination. The NC has considered and is of the view that all the independent Directors are sufficiently independent and are able to objectively exercise their judgement in the best interests of the Group.

Directors with multiple board representations and/or other principal commitments (as defined in the Code) must ensure that they are able to devote sufficient time and attention to the affairs of StarHub to adequately carry out their duties as Directors of StarHub. The NC has reviewed the individual performance of each Director and is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties for FY2016, and will continue to do so in the financial year ending 31 December 2017. Although no maximum limit has been formally set by the Board on the number of listed company board representations a Director with multiple board representations may hold, the NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each

Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub.

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

### BOARD PERFORMANCE

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

For FY2016, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd (Aon Hewitt) as independent external consultants to facilitate the annual review of the performance of the Board and the Board Committees. The review process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular:

- the adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, experience and knowledge of the Board;
- information management and Board processes, including level and timeliness of information provided to the Board;
- integrity and corporate social responsibility of the Board;
- managing StarHub's performance;
- the effectiveness of Board Committees;
- CEO performance and succession planning;
- Director's training and development; and
- risk management.

As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the

key areas and individual interviews with each Director were carried out.

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

The awards and accolades that StarHub has received from the investment community are testament to sound corporate governance. In FY2016, StarHub was ranked eighth in the list of the world's most sustainable company according to the 2016 Corporate Knights' Global 100 index, and the significant awards received by StarHub include the Gold – Best Investor Relations Award (*Companies with at least S\$1 billion in market capitalisation*) as well as the Winner – Most Transparent Company Award (*Telecommunications and Utilities Category*) in the Singapore Corporate Awards 2016 and the Merit – Singapore Corporate Governance Award (*Big Cap Category*) in the SIAS 17<sup>th</sup> Investors' Choice Award.

### ACCESS TO INFORMATION

At least three (3) business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. All sensitive Board materials that are communicated electronically are password-protected to safeguard security. Throughout the financial year, the Board also receives monthly management and financial reports providing updates on key performance indicators and a financial analysis of

the Group, and regular analysts' reports and media articles on StarHub and the industry. Collectively, such reports enable the Directors to constantly keep abreast of key issues and developments in the industry as well as challenges and opportunities for the Group, thereby facilitating informed and sound decisions.

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

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

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

## Corporate Governance continued

### 2. REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has instituted a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration packages of individual Directors. The Board has established the ERCC to ensure that this is duly implemented.

Currently, the ERCC comprises the following non-executive Directors, who are independent of Management, with the ERCC Chairman being an independent Director:

- Mr Teo Ek Tor, ERCC Chairman and independent Director (*appointed as the ERCC Chairman with effect from 1 January 2017*)
- Mr Stephen Geoffrey Miller, non-executive Director (*appointed to the ERCC with effect from 1 January 2017*)
- Mr Lim Ming Seong, non-executive Director

During FY2016, the ERCC held 5 meetings.

The Board notes that Mr Stephen Geoffrey Miller and Mr Lim Ming Seong are not considered independent within the meaning of the Code in view of Mr Miller's executive role and Mr Lim's directorship at Singapore Technologies Telematics Pte Ltd. However, after due consideration, the Board and the NC are of the view that such appointments do not interfere with the exercise of independent judgement by Mr Miller and Mr Lim on the Board or prevent them from acting objectively in the best interests of the Group in carrying out their duties. The Board and the NC further note that Mr Miller and Mr Lim are not involved in the day-to-day running of the Group's business and operations, and are independent of Management, with a clear separation of role between Management and the deliberations of the ERCC.

In overseeing StarHub's remuneration policies, the ERCC's key duties are to

review and recommend the following to the Board for endorsement:

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

When reviewing and recommending the remuneration framework and packages, the ERCC covers all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. The framework and packages are linked to:

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

With regards to the CEO and key management personnel, the ERCC ensures that the remuneration paid to them is strongly linked to the achievement of business and individual performance targets. The performance targets are determined by the ERCC based on realistic yet stretched levels each year to motivate them to achieve a high degree of business performance with emphasis on both short and long-term quantifiable objectives.

In addition, the ERCC oversees the following:

- succession planning for the CEO, the CFO and other key management personnel. Potential candidates for immediate, medium and long-term needs are identified each year;
- assessing and approving performance share awards and restricted stock awards under StarHub's approved share plans,

and recommending the grant of share awards to Directors and key management personnel for the Board's approval;

- assessing and approving candidates for key appointments; and
- overseeing the development of Management and reviewing succession plans for key positions in the Group.

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

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

The ERCC has access to expert professional advice on remuneration of the Board and executives. The ERCC has appointed Carrots Consulting Pte Ltd (Carrots) and Aon Hewitt as its remuneration consultants for FY2016 and is satisfied that the independence and objectivity of Carrots and Aon Hewitt are not affected by any relationship between StarHub and each of Carrots and Aon Hewitt respectively.

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

During FY2016, the ERCC engaged

Carrots to conduct a Pay-for-Performance Alignment Study. The results showed that there was sufficient evidence indicating Pay-For-Performance Alignment for StarHub in both absolute and relative terms over the three-year period from the financial years 2013 to 2015. Additionally, the ERCC also took into consideration the challenges in the industry/market as well as the job complexity and found the CEO's total compensation to be aligned to the performance of StarHub. Carrots also conducted a Compensation Risk Assessment. The ERCC reviewed the various compensation risks that may arise and introduced mitigating policies to better manage the risk exposure that was identified. The ERCC has been undertaking periodic reviews of the compensation-related risks.

#### LEVEL AND MIX OF REMUNERATION DISCLOSURE ON REMUNERATION Non-Executive Directors' Remuneration

Non-executive Directors receive 70% of their Directors' remuneration in cash and the remaining 30% in share awards granted pursuant to the StarHub

Restricted Stock Plan. This remuneration structure encourages non-executive Directors to hold shares in StarHub so as to better align the interests of the non-executive Directors with the interests of shareholders and the long-term interests of StarHub.

#### Cash Component

Each non-executive Director receives a basic retainer fee, attendance fee and travel allowance (for overseas Directors). Non-executive Directors who perform additional services in Board Committees receive additional fees. The Board Chairman and the Chairman of each Board Committee also receive a higher fee compared with the members of the Board and the respective Board Committees, in view of their greater responsibilities.

#### Share Component

The restricted share awards consist of the outright grant of fully-paid shares, without any vesting conditions attached. However, in order to encourage the alignment of the interests of the non-executive Directors and shareholders, non-executive Directors who receive the restricted share awards are required

to hold a minimum number of shares in StarHub with a value equivalent to the prevailing annual basic retainer fee, or the aggregate of (a) the total number of shares awarded as part of their remuneration for the financial year ended 31 December 2011 and each subsequent financial year thereafter and (b) 50% of the total number of shares awarded from the financial year ended 31 December 2007 to 31 December 2010, whichever is lower. Non-executive Directors can only dispose of all their shares in StarHub one year after ceasing to be a Director. The number of shares to be awarded to a participating non-executive Director will be determined by reference to the volume weighted average price of a share on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the forthcoming AGM. The number of shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining shares arising.

The non-executive Directors' remuneration for FY2016 will be subject to shareholders' approval at the upcoming AGM.

**Table 2**

Annual Fees for the Board		
Board Chairman:		\$165,000
Non-Executive Director:		\$65,000
Additional Annual Fees for the Board Committees		
Type of Committee	Chairman	Member
Audit Committee	\$43,000	\$25,000
Strategy Committee	\$30,000	\$16,000
Nominating Committee	\$24,000	\$15,000
Executive Resource and Compensation Committee	\$30,000	\$16,000
Risk Committee	\$30,000	\$16,000



## Corporate Governance

continued

### Breakdown of Directors' Remuneration

The following shows the composition of Directors' remuneration for FY2016:

Executive Director's Remuneration					
Name of Executive Director	Fixed <sup>(1)</sup> (\$)	Variable <sup>(2)</sup> (\$)	Benefits <sup>(3)</sup> (\$)	Share-based Compensation <sup>(4)</sup> (\$)	Total (\$)
Tan Tong Hai	995,615	871,767	79,862	835,635	2,782,879
Non-Executive Directors' Remuneration					
Name of Non-Executive Directors	Cash-based (\$)	Share-based (\$)	Total (\$)		
Steven Terrell Clontz <sup>(a)</sup>	176,050.00	75,450.00	251,500.00		
Ma Kah Woh	96,950.00	41,550.00	138,500.00		
Peter Seah Lim Huat	110,250.00	47,250.00	157,500.00		
Nihal Vijaya Devadas Kaviratne CBE	124,950.00	53,550.00	178,500.00		
Teo Ek Tor	115,500.00	49,500.00	165,000.00		
Sio Tat Hiang <sup>(a)</sup>	102,200.00	43,800.00	146,000.00		
Lim Ming Seong	119,350.00	51,150.00	170,500.00		
Liu Chee Ming	87,500.00	37,500.00	125,000.00		
Rachel Eng Yaag Ngee	84,350.00	36,150.00	120,500.00		
Nasser Marafih	75,950.00	32,550.00	108,500.00		
Takeshi Kazami <sup>(a)(b)</sup>	58,100.00	–	58,100.00		
Non-Executive Director who resigned during FY2016					
Robert J. Sachs <sup>(c)</sup>	75,779.90	32,477.10	108,257.00		

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2016.

(2) Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2016. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards StarHub's employees for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under the EVA scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well-trained workforce. A notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him for each year is credited. One-third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

(3) Benefits are stated on the basis of direct costs to StarHub, and include tax equalisation, housing and other non-cash benefits such as leave, medical scheme and club membership.

(4) Shares awarded to the Executive Director, Mr Tan Tong Hai, under the StarHub Restricted Stock Plan (RSP) and the StarHub Performance Share Plan (PSP) are subject to pre-determined performance targets set over a two-year and three-year performance periods respectively. The figures shown are based on the fair value of the shares at 100% of each of the RSP and PSP conditional awards. They may not be indicative of the actual value at vesting which can range from 0% to 150% of the RSP conditional award and 0% to 182.5% of the PSP conditional award. Over the last two financial years 2014 and 2015, the average number of shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.

(a) Fees are payable to Director's employer company.

(b) Mr Takeshi Kazami had declined the share award and will only receive the cash component of his remuneration. Mr Kazami holds no shares in StarHub.

(c) Mr Robert J. Sachs stepped down from the Board and ceased to be a SC member with effect from 30 December 2016. For Mr Sachs' remuneration in respect of FY2016, he will receive \$75,779.90 in cash and \$32,477.10 in the form of share award granted pursuant to the RSP.

(d) Mr Stephen Geoffrey Miller was appointed as a non-executive Director, a SC member and an ERCC member with effect from 1 January 2017. Mr Miller was appointed as the RC Chairman with effect from 10 January 2017, succeeding Mr Teo Ek Tor.

Details of the share awards granted by StarHub to the non-executive Directors under the StarHub Restricted Stock Plan can be found in the Directors' Statement.

### CEO/Executive Director and Key Management Personnel Remuneration

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

Remuneration for the CEO<sup>1</sup> and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits:

#### A. Fixed Component:

The fixed component comprises the base salary, Annual Wage Supplement and fixed allowances.

#### B. Variable Cash Component:

The variable cash component includes the Annual Variable Bonus and Economic Value Added (EVA) Incentive Plan.

#### Annual Variable Bonus (AVB)

The AVB is a cash-based incentive for the CEO and key management personnel, which is linked to the achievement of annual performance targets.

Individual performance objectives are set at the beginning of each financial year. The objectives are aligned to the overall strategic, financial and operational goals of the Group, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Group, the Company and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- Business;
- Customer;
- Process; and
- People.

The target AVB for the CEO and key management personnel is pre-set at a fixed percentage of their annual base salary, and is adjusted based on the Group's performance at the end of each financial year. The final AVB payout can range from 0 to 1.5 times of the target payout.

#### EVA Incentive Plan (EIP)

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

Under the EIP, one-third of the accumulated EVA performance bonus, comprising the EVA performance bonus declared for the current financial year and the balance brought forward from preceding financial years, is paid out in cash each financial year. The remaining two-thirds are carried forward in the individual key management personnel's EVA bank account. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years. This mechanism encourages the CEO and key management personnel to work for sustainable EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

Based on the ERCC's assessment that the actual performance of the Group in FY2016 had partially met the pre-determined targets, the resulting annual payout under EVA was adjusted accordingly to reflect the performance level achieved.

### C. Share-based Compensation: StarHub Performance Share Plan (PSP)

The PSP serves as a long-term incentive to motivate the key management personnel to strive for superior performance and to align their interests with that of shareholders.

Pursuant to the PSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on meeting targets set for a three year performance period. The performance measures used in PSP grants during FY2016 are:

- Relative TSR against the MSCI Asia Pacific Telecommunications Index (including Japan); and
- Absolute Total Shareholder Return (TSR) against Cost of Equity hurdles (i.e. measure of Wealth Added).

A minimum threshold performance is required for any performance shares to be released to the recipient at the end of the performance period. The actual number of performance shares released will depend on the achievement of set targets over the performance period. For the performance measure of Absolute TSR, the achievement factor ranges from 0 to 2.0 times of 65% of the conditional award. For the performance measure of Relative TSR, the achievement factor ranges from 0 to 1.5 times of 35% of the conditional award.

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

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels for PSP awards granted based on the performance period for the financial years from 2014 to 2016.

(1) As an executive Director, the CEO is remunerated as a key management personnel of StarHub. He does not receive Directors' fees for his Board directorship with StarHub.

**StarHub Restricted Stock Plan (RSP)**

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

Pursuant to the RSP, the ERCC has decided to grant contingent awards on an annual basis, conditional on targets set for a two-year performance period. The performance measures, set based on the Group corporate objectives, are:

- Return on Invested Capital (ROIC); and
- Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).

A minimum threshold performance is required for any restricted shares to be released to the recipient at the end of the performance period. The actual number of shares released will depend on the achievement of set targets over the performance period, and will be determined by the ERCC at the end of the performance period, capped at 1.5 times of the conditional award. The shares will be released in equal tranches over two consecutive years.

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance level for RSP awards granted based on the performance period for the financial years from 2015 to 2016.

**D. Market-related Benefits:**

The benefits provided are comparable with local market practices.

The details of the top five key management personnel remuneration are set out in Table 3 (in bands of \$250,000 and percentage terms for the services rendered by them to the Group for FY2016).

**Table 3**

	Fixed <sup>(1)</sup> (%)	Variable <sup>(2)</sup> (%)	Benefits <sup>(3)</sup> (%)	Share-based Compensation <sup>(4)</sup> (%)	Total (%)	Remuneration bands <sup>(5)</sup>
Dennis Chia	49	28	4	19	100	B <sup>(6)</sup>
Kevin Lim	51	20	5	24	100	B
Howie Lau	59	16	6	19	100	A <sup>(6)</sup>
Jeannie Ong	51	21	4	24	100	A
Mock Pak Lum	56	19	5	20	100	A
<b>Total</b>					<b>\$4,778,256</b>	

<sup>(1)</sup> Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for FY2016.

<sup>(2)</sup> Variable refers to incentives paid and accrued for the year pursuant to StarHub's performance bonus scheme and Economic Value Added (EVA) scheme for FY2016. StarHub's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to StarHub's employees. The EVA scheme rewards StarHub's employees for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under the EVA scheme, each of StarHub's employees is given clear objectives on his personal scorecard, which are aligned to StarHub's overall strategic objectives of growth and profitability, creating customer value, operational efficiency, excellence and optimal customer management, and developing a motivated and well-trained workforce. A notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him for each year is credited. One-third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on StarHub's EVA performance in subsequent years.

<sup>(3)</sup> Benefits are stated on the basis of direct costs to StarHub, and include tax equalisation, housing and other non-cash benefits such as leave, medical scheme and club membership.

<sup>(4)</sup> Shares awarded under the StarHub Restricted Stock Plan (RSP) and the StarHub Performance Share Plan (PSP) are subject to pre-determined performance targets set over a two-year and three-year performance periods respectively. The figures shown are based on the fair value of the shares at 100% of each of the RSP and PSP conditional awards. They may not be indicative of the actual value at vesting which can range from 0% to 150% of the RSP conditional award and 0% to 182.5% of the PSP conditional award. Over the last two financial years 2014 and 2015, the average number of shares vested to participants of the RSP and the PSP has been less than 100% of the conditional awards granted.

<sup>(5)</sup> Remuneration bands:

"A" refers to remuneration between \$750,001 and \$1,000,000 per annum  
"B" refers to remuneration between \$1,000,001 and \$1,250,000 per annum

<sup>(6)</sup> Share-based compensation to Mr Dennis Chia and Mr Howie Lau excludes a one-off time-based restricted award of 130,000 shares and 110,000 shares respectively.

If an executive Director or any key management personnel of StarHub is involved in fraud or misconduct, which results in a re-statement of StarHub's financial results or financial loss to StarHub, the Board may reclaim the unvested components of remuneration from such executive Director or key management personnel under all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. The Board, taking into account the ERCC's recommendation, may decide whether and to what extent, such recoupment of the incentive is appropriate, based on the specific facts and circumstances of the case.

During FY2016, no employee of the Group whose remuneration exceeded \$50,000 per annum was an immediate family member of any Director or the CEO.

**3. STRATEGIC MATTERS**

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

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

Currently, the SC comprises non-executive Directors and a co-opted

member who are independent of Management. The members are:

- Mr Nihal Vijaya Devadas Kaviratne CBE, SC Chairman and independent Director
- Mr Steven Terrell Clontz, non-executive Chairman of the Board
- Mr Stephen Geoffrey Miller, non-executive Director (*appointed to the SC with effect from 1 January 2017*)
- Mr Lim Ming Seong, non-executive Director
- Mr Liu Chee Ming, independent Director
- Mr Nikhil O. J. Eapen, co-opted SC member

During FY2016, the SC held 4 meetings.

**4. ACCOUNTABILITY AND AUDIT ACCOUNTABILITY**

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

For the quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the requirements of the SGX-ST Listing Manual. For FY2016, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements for the Group. StarHub recognises that prompt and full compliance with statutory reporting requirements is imperative in maintaining shareholder confidence and trust.

Management updates the Board with monthly management and financial reports which explain StarHub's performance (in comparison with its forecasted performance and budget) and financial position on a timely basis. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time.

**RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board takes responsibility for the governance of risks and to this end, has established and maintains a sound system of risk management and internal controls to safeguard shareholders' interests and StarHub's assets.

The RC assists the Board in its discharge of this responsibility. Currently, the RC comprises the following Directors:

- Mr Stephen Geoffrey Miller, RC Chairman (*appointed as the RC Chairman with effect from 10 January 2017*)
- Mr Tan Tong Hai, CEO and executive Director
- Mr Ma Kah Woh, independent Director (*appointed to the RC with effect from 1 January 2017*)

**Note:**

<sup>(1)</sup> Mr Teo Ek Tor ceased to be the RC Chairman (and a RC member) with effect from 10 January 2017.

During FY2016, the RC held 2 meetings.

The RC has the following mandate:

- to review and recommend to the Board the type and level of business risk that the Group undertakes in achieving its business strategy, and the appropriate risk management framework and policies for managing risks that are consistent with StarHub's risk appetite;
- to provide oversight in the design, implementation and monitoring of the risk management framework, and system of internal controls (including operational, compliance and information technology controls), and to ensure that Management puts in place action plans to mitigate the identified risks where possible;
- to review the adequacy and effectiveness of StarHub's risk management system and system of internal controls (including operational, compliance and information technology controls);
- to review policies and procedures for timely risk identification and

containment; and

- to set and instill in StarHub an appropriate risk-aware culture for effective risk governance.

In addition, the AC also has the mandate to monitor the system of internal controls (including financial controls, operational controls which impact financial controls, compliance with accounting and listing rules and regulations, as well as information technology controls relating to financial systems).

The Board, upon recommendation by the RC, approved a Risk Appetite Statement to provide guidance to Management on key risk parameters. StarHub is committed to upholding high standards of corporate governance and applying consistent and effective risk management to enhance shareholder value. The Group faces a variety of internal and external risks due to complex business operations and the dynamic and competitive market in which it operates. The Group recognises risk management as an optimisation of the risk-reward relationship, within known and agreed risk appetite levels. The Group will manage or avoid situations or actions that risk having a negative impact on its reputation and brand, network integrity and business continuity. StarHub seeks to treat its customers reasonably and fairly. StarHub requires its staff to uphold integrity. StarHub also seeks to meet applicable legal and regulatory requirements. The Group is prepared to take measured risks to seek new growth and pursue value-creation opportunities as they arise, while leveraging its current scale and core strengths.

The RC is assisted by the Management Risk Committee (MRC), comprising relevant members of Senior Management. The MRC oversees, co-ordinates and monitors the implementation of the enterprise-wide risk management policies and procedures across the Group, including the Group's insurance programme and the facilitation of self-assessment exercise required of significant business units on an annual basis. The MRC

## Corporate Governance continued

also proactively identifies existing and emerging significant risks, and manages them at the enterprise level within StarHub on an ongoing basis. The MRC reports to the RC on a regular basis.

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

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

For FY2016, the Board has received written assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the risk management and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented an enhanced process to sign off assurance to the CEO and the CFO, in order to enhance the current processes for supporting the Board's opinion on the adequacy and effectiveness of the risk management system and internal controls of the Group.

Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported

by audit findings of the external and internal auditors and the relevant assurance from the CEO and the CFO, the Board (with the concurrence of the AC and the RC) is of the opinion that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations.

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

### AUDIT COMMITTEE

Currently, the AC comprises the following non-executive Directors, with a majority (including the AC Chairman) being independent Directors:

- Mr Ma Kah Woh, AC Chairman and independent Director
- Mr Nihal Vijaya Devadas Kaviratne CBE, independent Director
- Ms Rachel Eng Yaag Ngee, independent Director
- Mr Lim Ming Seong, non-executive Director

During FY2016, the AC held 4 meetings and met with the external auditors without Management at least once.

The AC members are appropriately qualified to discharge their responsibilities and collectively have strong accounting and related financial and legal management expertise and experience. The AC's

key responsibilities include:

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

The significant areas of focus by the AC in relation to the financial statements for FY2016 are outlined below. These areas were discussed with the external auditors, KPMG LLP, during the review and approval by the AC of their audit plan. During the year, Management kept the AC updated on the status of these areas and at the conclusion of their audit, the AC reviewed and discussed with the external auditors the results of their work and conclusions on these areas. These areas have been addressed by the external auditors in their Independent Auditors' Report on pages 140 to 146 of the Annual Report.

Significant Areas	How the AC reviewed these areas and what decisions were made
<b>Revenue recognition</b>	<p>The external auditors shared their approach to the audit of revenue in their audit plan, which identified the primary risk attaching to the revenue recognition to be the complexities in the telecommunication systems and their related reporting systems from which information is generated for revenue recognition. The external auditors reported on the results of their audit work in this area to the AC and elaborated on this matter as a key audit matter (KAM).</p> <p>The AC discussed the issues with Management and the external auditors in relation to the recognition of revenue. The AC was satisfied with the appropriateness of the revenue recognised in the financial statements for FY2016 and agreed with the external auditors that the differences identified were not significant to the income statement for FY2016.</p>
<b>Accruals</b>	<p>The basis of accruals required considerable judgement by Management due to the complexities of the underlying business transactions and the time taken to agree on the final amounts for certain costs. The external auditors have raised this as a KAM.</p> <p>The AC queried Management and the external auditors on the judgements and estimates involved in the accruals, and was satisfied that the amounts have been recorded appropriately as of 31 December 2016.</p>
<b>Impairment assessment of goodwill</b>	<p>This has been an area of focus by both Management and the external auditors, given the materiality of the goodwill (\$220.3 million as of 31 December 2016) and the subjectivity involved in impairment testing. The Group performs an annual impairment assessment on goodwill, which requires determination of the recoverable amount of cash generating unit (CGU) based on value-in-use. This requires Management to make significant judgements and estimates with regards to the computation of future cash flows, use of discount rates and other assumptions.</p> <p>The AC reviewed the assessments from Management and the external auditors, and queried the appropriateness of the assumptions made, including the consistent application of Management's methodology, the achievability of the business plans, assumptions in relation to terminal growth in the businesses and the discount rates used. The AC also reviewed the stress testing of Management's value-in-use calculation to ensure there is sufficient headroom over the carrying value of the CGU. The AC was satisfied with the appropriateness of the analyses performed by Management and had concurred that as of 31 December 2016, no impairment of the goodwill allocated to the CGU was required.</p>
<b>Valuation of trade receivables</b>	<p>The Group's trade receivables include balances due from both corporate and retail customers. Management evaluates and provides allowances for the trade receivables on specific individual balances and on the receivables portfolio collectively. The determination of allowance for doubtful debts for trade receivables involves estimates about the timing and collectability of past due debts, and the external auditors have raised this as a KAM.</p> <p>The AC reviewed information provided by Management and the external auditors in relation to the basis used as well as the specific doubtful debts to determine the level of allowance for doubtful debts, and was satisfied that as of 31 December 2016, the level of allowance for doubtful debts for the Group was adequate.</p>

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

The AC has performed a review of the independence and objectivity of the external auditors, as well as the volume and type of non-audit services provided by the external auditors during FY2016. The aggregate amount of external auditors' fees paid for FY2016 and the breakdown for the audit and non-audit services are set out in Note 21.3 to the Financial Statements of the Annual Report.

Based on such review, the AC is satisfied that the independence of the external auditors has not been compromised by the provision of the non-audit services and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The external auditors have also confirmed their independence. Accordingly, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as the Group's external auditors at the upcoming AGM. To further maintain the independence of KPMG LLP, the AC ensures that the audit partner in-charge of the Group is rotated every five years. Further, the Board ensures that a former audit partner will not be appointed as an AC member of StarHub within 12 months upon his or her cessation as a KPMG LLP partner and for so long as he or she has any financial interest in KPMG LLP. None of the Directors or Senior Management is or has in the past two years been a former employee or partner of the Group's external auditors.

### INTERNAL AUDIT

The internal audit function of the Group for FY2016 was carried out by RSM Risk Advisory Pte. Ltd., an independent firm. The internal auditor is guided by the Standards for the Professional Practice of Internal Auditing, prescribed by the Institute of Internal Auditors.

## Corporate Governance continued

The internal auditor reports to the AC functionally, and to the CEO and the CFO administratively. The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all of StarHub's documents, records, properties and personnel, including access to the AC.

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

The AC conducts a review of the adequacy and effectiveness of the internal audit function annually, to ensure that StarHub maintains an effective internal audit function that is adequately staffed and independent of the audited activities.

During FY2016, the AC met with the internal auditor once without the presence of Management.

### 5. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via SGXNET, which are also posted on the StarHub IR website. StarHub recognises that the release of timely and relevant

information is central to good corporate governance and assists shareholders to make informed investment decisions.

All shareholders are entitled to attend and vote at general meetings and are afforded the opportunity to participate effectively in the general meetings. Shareholders are allowed to appoint up to two proxies to attend, speak and vote in their place at general meetings. In view of the Companies (Amendment) Act 2014, shareholders who are nominee companies, custodian banks or CPF agent banks (Relevant Intermediaries) may appoint more than two proxies to attend, speak and vote at the upcoming AGM and at subsequent general meetings.

### 6. COMMUNICATION WITH SHAREHOLDERS

StarHub protects and facilitates the exercise of shareholders' rights. StarHub reaches out to its shareholders through regular, effective and non-discriminatory communication with shareholders.

StarHub provides regular and timely information to the investment community regarding the Group's performance, progress and prospects as well as major industry and corporate developments and other relevant information. StarHub solicits and considers the views of shareholders via: (a) periodic analyst and media briefings throughout the year, (b) regular meetings between the CEO, the StarHub IR team and institutional investors through international road shows and conferences organised by major brokerage firms and (c) third-party perception studies on StarHub.

Apart from SGXNET announcements and the annual report, the StarHub IR website at [www.starhub.com/ir](http://www.starhub.com/ir), which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group. Investors may also

elect to be notified of any new updates via an e-mail alert service. However, new material price-sensitive information such as financial results are released via SGXNET before being posted on the StarHub IR website or before any media or analyst conferences are conducted. This ensures fair and non-selective disclosure of information to all shareholders.

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

StarHub declares dividends on a quarterly basis, and informs its shareholders of the dividend payments in the respective quarterly and full year financial results announcements via SGXNET.

### 7. CONDUCT OF SHAREHOLDER MEETINGS

At general meetings, StarHub encourages shareholder participation through active discussion at the question and answer session.

Notices of the AGM and the annual reports are issued to all shareholders (including foreign shareholders) at least 21 days prior to the scheduled AGM. This provides ample time for shareholders to review the notice of AGM and annual reports before the AGM and appoint their proxies to attend the AGM if they wish. As part of StarHub's commitment towards more environmentally-friendly and sustainable practices, electronic copies of annual reports (in the form of a CD-ROM) are issued by default, with hardcopies of annual reports available to shareholders on request.

All Directors (in particular the Chairman of the Board and the respective Chairmen of the Board Committees) and Senior Management attend all general meetings to address shareholders' queries.

The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Registered shareholders are invited to attend and participate actively in such general meetings, including seeking clarification and/or querying the Group's strategic direction, business, operations, performance and proposed resolutions.

StarHub ensures that there will be separate resolutions at general meetings on each substantially separate issue. Voting is carried out systematically and all resolutions passed are properly recorded. To enhance transparency and efficiency in the voting process and results, electronic poll voting is conducted. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET on the same day of the general meeting.

Minutes of general meetings are made available on the StarHub IR website.

### 8. CONTINUAL COMMITMENT TO ENHANCE CORPORATE GOVERNANCE

Going beyond the requirements of the Code, the SGX-ST Listing Manual, the Companies Act and the Securities and Futures Act, StarHub has continued to implement additional measures to enhance the corporate governance of the Group for FY2016:

#### SECURITIES DEALINGS

StarHub has adopted an enhanced insider trading policy, with respect to dealings in the securities of StarHub by the Directors and employees of the Group, which exceeds the requirements of the SGX-ST Listing Manual, pursuant to which:

- All Directors and employees of the Group are prohibited from dealing in StarHub's securities during the period:

- (a) commencing two weeks prior to the announcement of the Group's results for each of the

first three quarters of its financial year and ending on the date of announcement of the relevant results; and

- (b) commencing one month prior to the announcement of the Group's full year results and ending on the date of announcement of the relevant results.

- All Management and employees directly involved in the preparation of the Group's quarterly and full year results are prohibited from dealing in StarHub's securities during the period commencing one month prior to the announcement of each of the Group's quarterly and full year results and ending on the date of announcement of the relevant results.

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

In addition, StarHub has also adopted a share trading policy which requires Directors and Senior Management to give prior notice of their intended dealing in StarHub's securities to the Chairman, the CEO and the Head of Investor Relations, through the Company Secretary, in order to facilitate compliance by the Directors and Senior Management.

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

While the SGX-ST Listing Manual permits the Board to seek a general mandate from StarHub's shareholders to allot and issue up to 20% of StarHub's total issued

share capital, the Board has decided to limit the mandate to 15% only. In addition, for the specific mandate from StarHub's shareholders to allot and issue Shares under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, the Board has decided to limit the aggregate number of Shares available for grant under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan to 8% of StarHub's total issued share capital (instead of the permitted 15% under the SGX-ST Listing Manual), taking into account any outstanding unexercised options and unvested share awards.

#### WHISTLE BLOWING POLICY

StarHub takes a zero tolerance stance towards fraud and ethical violations. As such, the Group has instituted a robust procedure for the purpose of providing third parties and employees with accessible channels for reporting suspected fraud, corruption, financial impropriety, unethical conduct and other criminal or dishonest practices. Such channels include the employees' immediate supervisors, the relevant Heads of Department or the Head of Human Resource (as may be appropriate), as well as the AC.

The Investigation Committee (comprising representatives from the Senior Management) will investigate the suspected wrongdoing and implement any necessary rectification and prevention measures. Any personnel with a conflict of interest (whether actual or potential) will be barred from being appointed to the Investigation Committee. All cases of wrongdoing will also be reported to and reviewed by the AC.

In cases of suspected wrongdoing involving the CEO or the CFO, the Investigation Committee will be chaired by the AC Chairman (or his nominee). Upon completing the investigations for each case of suspected wrongdoing, the Investigation Committee may at its discretion decide whether to circulate the findings of the investigations to all employees, taking into account the interests of the Group.

## Corporate Governance continued

The Group's whistle-blowing policy aims to encourage the reporting of such matters in good faith, by lending confidence that whistle-blowers will be treated fairly and accorded with due protection against any reprisals. StarHub will take disciplinary action against any party who victimises whistle-blowers. Further, StarHub does not disregard anonymous complaints but will give due regard to such complaints. The Group's whistle-blowing policy is available on StarHub's intranet and corporate website for easy access by all employees and members of the public.

### EMPLOYEE CODE OF CONDUCT AND RULES ON BUSINESS CONDUCT

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

- StarHub's Employee Code of Conduct and Ethics;
- Corporate Gift and Hospitality Policy; and
- Supplier and Vendor Policy.

StarHub's Employee Code of Conduct and Ethics as well as the Corporate Gift and Hospitality Policy cover business conduct (including employees' compliance with anti-corruption and anti-bribery laws), conduct in the workplace, protection of StarHub's assets, proprietary and confidential information and intellectual property, conflict of interest, non-solicitation of customers and employees, and workplace health and safety. In parallel, the Supplier and Vendor Policy covers internal controls on tenders, vendor selection and purchasing to ensure transparency, objectivity and compliance.

The Employee Code of Conduct and Ethics as well as the Corporate Gift and Hospitality Policy are available on StarHub's intranet, while the Supplier and Vendor Policy are available on StarHub's intranet and corporate website

for easy access by all employees and members of the public.

### COMPLIANCE LEAVE POLICY

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

### DOCUMENT CLASSIFICATION POLICY

StarHub has a document classification policy to guide employees in their handling of information and documents relating to the Group's business, activities and operations. Such information and documents are required to be classified as "Confidential", "For Internal Use" or "For Public Distribution", which helps to safeguard the information and documents, ensures that only appropriate persons have access to that information and that access is on a need-to-know basis only.

### STRATEGIC BUSINESS CONTINUITY MANAGEMENT (BCM)

StarHub was the first Info-Communications company in Singapore to be successfully certified to Singapore Standards SS540:2008 for Business Continuity Management (BCM) in May 2011. In May 2014, StarHub successfully converted to ISO 22301:2013, which is the ISO standard for BCM. StarHub's BCM program focuses on Info-Communications Network, Infrastructure and Support Services for Mobile, Television, Broadband and Fixed. The BCM

program is also supplemented by the Pandemic Plan, Haze Response Plan and Crisis Communication Plans to ensure StarHub is able to address different crisis situations.

### SECURITY MEASURES FOR DATA PROTECTION

In addition to the Laptop Encryption Solution, StarHub has implemented Mobile Device Management (MDM) to ensure that commercially sensitive and confidential corporate emails and information accessed by employees using their corporate-issued mobile devices are protected. In the event that an employee's corporate-issued mobile device is lost or stolen, MDM will remove corporate data stored on the corporate-issued mobile device by performing a remote factory reset. Both the Laptop Encryption Solution and the MDM enhance the security of StarHub's commercially sensitive and confidential corporate data accessed through or stored on such mobile devices and laptops by employees. StarHub continually evaluates new technologies which may further enhance the security of its confidential and sensitive information on an on-going basis. StarHub has put in place a comprehensive Personal Data Protection compliance program to ensure compliance with applicable law.

## DISCLOSURE GUIDE – CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	StarHub has complied, in all material aspects, with the principles and guidelines of the Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable.
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Board has established a framework on authorisation and approval limits for capital and operating expenditure, as well as specified transactions including acquisitions and disposals of investments, procurement of goods and services, bank facilities and cheque signatories. Within this framework, the Board has set relevant authority and approval sub-limits for delegation to various Management levels to optimise operational efficiency. Board approval is required for all transactions which exceed the relevant authorisation and approval limits.
<b>Members of the Board</b>		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board recognises the importance and value of diversity. It constantly seeks to maintain an appropriate mix of expertise, experience (both local and international), knowledge, gender, culture and nationality in its composition. With Board diversity, each Director is able to bring in his or her unique contribution to the development of the overall strategy of the Group by way of alternative perspectives and fresh challenges during discussions.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board consists of Directors who possess a broad range of core competencies and experience in banking, accounting and finance, legal, regulatory, technical, business and industry knowledge, management and strategic planning experience and customer-based experience and knowledge. The individual profile of the Directors can be found in the 'Board of Directors' section of the Annual Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	In proposing a Director as a candidate for appointment or re-appointment, the Nominating Committee (NC) takes into account several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The NC leads the process for the selection and appointment of new Directors and re-appointment of incumbent Directors, with written terms of reference that clearly set out its authority and duties. It takes into account several factors, including the composition, the diversity and the need for progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) as well as potential conflicts of interest. This is to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained on the Board, enabling the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process if necessary. All new appointments to the Board are subject to the approval of StarHub's regulator, namely the Info-communications Media Development Authority (IMDA).

Corporate Governance  
continued  
**DISCLOSURE GUIDE**

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, new Directors are given formal training.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	<p>(i) StarHub has a comprehensive induction programme for all newly-appointed Directors that is specifically tailored for the Group's business and operations. Management conducts briefings for newly-appointed Directors to familiarise them with the Group's business activities, strategic directions, financials, policies and governance practices, as well as StarHub's corporate culture and the key developments in the Group and industry. The induction program includes meetings with the CEO and Senior Management.</p> <p>(ii) Existing Directors are provided with regular updates on key legal, regulatory, industry and accounting changes which affect the Group. The updates may be given by way of (a) briefings at Board meetings or via email and (b) articles and reports (including industry news and analyst reports) relevant to the Group's business, which are regularly circulated to the Directors and uploaded onto the StarHub Board Portal for their reference. Directors are also encouraged to attend external seminars and trainings (including those conducted by StarHub's panel of law firms and the Singapore Institute of Directors in conjunction with the SGX-ST).</p>
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	StarHub has not prescribed a maximum number of listed company board representations that a Director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	The NC is responsible for determining whether each Director is able to adequately devote sufficient time to discharge their responsibilities to the Company. The NC is of the view that the duties of all Directors have been fully discharged based on the time and attention devoted by each Director, their individual abilities and their respective individual contribution of skills, knowledge and experience and their commitment to the affairs of StarHub. The table of attendance can be found in the Corporate Governance Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	The specific considerations are as set out in (b) above.
<b>Board Evaluation</b>		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>For FY2016, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd as independent external consultants to facilitate the annual review of the performance of the Board and the Board Committees. The review process identifies key issues pertaining to the effectiveness, efficiency and functioning of the Board and the Board Committees, in particular (i) the adequacy of the Board composition, including the Board size, the degree of Board independence and the mix and diversity of skills, experience and knowledge of the Board, (ii) information management and Board processes, including level and timeliness of information provided to the Board, (iii) integrity and corporate social responsibility of the Board, (iv) managing the Company's performance, (v) the effectiveness of Board Committees, (vi) CEO performance and succession planning, (vii) Director's training and development and (viii) risk management. As part of the evaluation process, detailed questionnaires were completed by each Director, with feedback on the key areas and individual interviews with each Director were carried out.</p> <p>Feedback and comments received from the Directors are reviewed by the NC in consultation with the Board Chairman, and tabled to the Board for discussion.</p>

Guideline	Questions	How has the Company complied?
	(b) Has the Board met its performance objectives?	Based on the NC's review, the Board and the various Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current StarHub Board comprises 11 Directors of whom five are independent, representing more than one-third of the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	There is no Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	As at 1 January 2017, three independent Directors, namely Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming have served on the Board for more than nine years. After careful rigorous review, the NC recommends, and the Board is of the firm view, that Mr Kaviratne, Mr Teo and Mr Liu have each demonstrated the essential independence of mind and objectivity of judgement to act in the best interests of the Group in the discharge of their Directors' duties, and therefore considers them to be independent. When assessing objectivity and independent judgement, the NC and the Board consider, <i>inter alia</i> , the approach, character and attitude of each non-executive Director, including whether such Director (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Group and (ii) has any material contractual relationship with the Group other than as a Director. Two additional independent Directors, Mr Ma Kah Woh and Ms Rachel Eng Yaag Ngee, were appointed in 2015.
<b>Disclosure of Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, the details of each Director's and the CEO's remuneration are fully disclosed.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, the details of each key management personnel's remuneration are fully disclosed.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	StarHub has disclosed the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) in the Corporate Governance Report. The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) is S\$4,778,256.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.

Corporate Governance  
continued  
**DISCLOSURE GUIDE**

Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The ERCC seeks to ensure that the level and mix of remuneration for the CEO (Executive Director) and key management personnel are competitive and relevant, aligned with shareholders' interests, promote the long-term success of the Group and strongly linked to the achievement of business and individual performance targets. Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, share-based component and market-related benefits. The performance targets are determined by the ERCC and are set at realistic yet stretched levels each year to motivate them to achieve a high degree of business performance with emphasis on both short and long-term quantifiable objectives.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to the performance conditions used to determine the CEO's and key management personnel's entitlement under the short-term and long-term incentive schemes as set out in the Corporate Governance Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Based on the performance level attained, the performance conditions were met.
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Throughout the financial year, the Board receives monthly management and financial reports providing updates on key performance indicators and a financial analysis of the Group, and regular analysts' reports and media articles on StarHub and the industry. Other related business reports are also provided to the Board regularly and upon request by the Board from time to time. Such reports enable the Directors to constantly keep abreast of key issues and developments in the industry as well as challenges and opportunities for the Group, thereby facilitating informed and sound decisions.</p> <p>At least three (3) business days prior to each Board and Board Committee meeting, Management provides the Directors with timely information that is relevant to matters on the agenda for the meeting, except for sensitive matters to be tabled at the meeting itself. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed. The Board also receives updates from the respective Chairman of each Board Committee at Board meetings, in relation to key matters raised and/or decisions made at the last-held meeting of the relevant Board Committee. For any matter which requires the Board's approval, the Board Committees would recommend the course of action to the Board for its consideration and decision. Minutes of the meetings of the AC, the SC, the NC and the RC are also circulated to the Board for its information, while the minutes of the meetings of the ERCC are available to the Directors on request.</p> <p>The Board has access to Management at all times to answer any queries raised by the Directors. Frequent dialogue and interactions take place between Management and the Directors.</p>
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes, the Company has an internal audit function

Guideline	Questions	How has the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board's view on the adequacy and effectiveness of the internal controls and risk management systems (including financial, operational, compliance and information technology controls) established and maintained by the Group is made in concurrence with the Audit Committee (AC) and the Risk Committee (RC) based on the reviews performed by Management as supported by audit findings of external and internal auditors and the relevant assurance from the CEO and the CFO.</p> <p>In assessing the adequacy and effectiveness of the internal controls, the Board ensures that material assets are properly safeguarded, integrity and availability of critical information and systems (including accounting records) are maintained, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.</p>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes. For FY2016, the Board has received written assurance from the CEO and the CFO that (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and (ii) the risk management and internal control systems of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations. In addition, Management has implemented an enhanced process to sign off assurance to the CEO and the CFO, in order to enhance the current processes for supporting the Board's opinion on the adequacy and effectiveness of the internal controls and the risk management systems of the Group.</p> <p>Based on the risk management system and internal controls established and maintained by the Group, the reviews performed by Management as supported by audit findings of the external and internal auditors and the relevant assurance from the CEO and the CFO, the Board (with the concurrence of the AC and the RC) is of the opinion that the risk management system and internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as well as risk management objectives which the Group considers relevant and material to its current business environment and scope of operations.</p>
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The aggregate amount of external auditors' fees for FY2016 and the breakdown for the audit and non-audit services are set out in Note 21.3 to the Financial Statements of the Annual Report.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Non-audit fees amount to less than 50% of the total fees paid/payable to the external auditor of StarHub. The AC has also reviewed the volume and type of non-audit services provided by the external auditors. Based on such review, the AC is satisfied that the independence of the external auditors has not been compromised by the provision of the non-audit services and that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with. The external auditors have also confirmed their independence.

Corporate Governance  
continued  
**DISCLOSURE GUIDE**

Guideline	Questions	How has the Company complied?
<b>Communication with Shareholders</b>		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	StarHub, through its Investor Relations (IR) team, communicates regularly with shareholders and the investment community through regular, effective and non-discriminatory communication including regular dialogues and timely disclosures of material and other pertinent information via SGXNET announcements.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes, StarHub has a dedicated IR team.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	<p>Apart from SGXNET announcements and the annual report, the StarHub IR website at <a href="http://www.starhub.com/ir">www.starhub.com/ir</a>, which is regularly updated, is the main source of information for shareholders. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, as well as other corporate information relating to the Group. Investors may also elect to be notified of any new updates via an e-mail alert service.</p> <p>The CEO and the StarHub IR team also have regular meetings with institutional investors through international road shows and conferences organised by major brokerage firms.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. StarHub has been paying dividends on a quarterly basis for FY2016.

## Directors' Particulars

Director	Age in Year 2017	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2014 to 30 Dec 2016)
<b>Steven Terrell Clontz</b>	67	Level 3 Communications, Inc. Virgin Mobile Latin America, Inc. PSA International Pte Ltd STT GDC Pte. Ltd. Cloud9 Technologies	InterDigital, Inc. Jasper Technologies, Inc (formerly known as Jasper Wireless, Inc.)
<b>Tan Tong Hai</b>	54	StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Mobile Pte Ltd Nanyang Polytechnic Workforce Singapore	–
<b>Ma Kah Woh</b>	70	Mapletree Investments Pte Ltd Mapletree Greater China Commercial Trust Management Ltd National Heritage Board PACC Offshore Services Holdings Ltd	CapitaLand China Development Fund II Ltd Mapletree Logistics Trust Management Limited National University of Singapore
<b>Nihal Vijaya Devadas Kaviratne CBE</b>	73	DBS Bank Ltd Olam International Limited Caraway Pte. Ltd. GlaxoSmithKline Pharmaceuticals Limited Akzo Nobel India Limited	PT TVS Motor Company Indonesia TVS Motor (Singapore) Pte. Ltd. SATS Ltd.
<b>Rachel Eng Yaag Ngee</b>	49	Olam International Limited SPH REIT Management Pte Ltd Certis CISCO Security Pte. Ltd. Board Member – Public Utilities Board Board Member – Singapore Institute of Technology	Governor – Raffles Girls' School (Secondary) Member of CMFAS Examination Board – The Institute of Banking & Finance Board Member – APREA (Asia Pacific Real Estate Association) Singapore Chapter
<b>Teo Ek Tor</b>	64	PrimeFounders Pte Ltd PrimePartners Group Pte Ltd PrimePartners Corporate Finance Pte Ltd Aris PrimePartners Asset Management Pte Ltd WhiteRock Medical Company Pte Ltd	–
<b>Stephen Geoffrey Miller</b>	54	STT GDC Pte. Ltd. Asia Mobile Holdings Pte. Ltd. Singapore Technologies Telemedia Pte Ltd Telechoice International Limited U Mobile Sdn. Bhd. Advanced Info Service Public Company Limited	–



## Directors' Particulars

continued

Director	Age in Year 2017	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2014 to 30 Dec 2016)
<b>Lim Ming Seong</b>	70	CSE Global Limited First Resources Ltd	–
<b>Liu Chee Ming</b>	66	Platinum Holdings Company Limited Haitong Securities Co., Ltd.	–
<b>Nasser Marafih</b>	56	Ooredoo Q.S.C.	–
<b>Takeshi Kazami</b>	54	President & CEO, NTT Singapore Pte Ltd. President & CEO, NTT Worldwide Network Singapore Pte Ltd. Emerio Globesoft Pte. Ltd. NTT MSC Bhd. PT NTT Indonesia	–

## Awards and Industry Honours

### Advertising/ Branding/Marketing

#### Hall of Fame Awards 2016

- Brand of the Year, for the third consecutive year: StarHub
- **GOLD:** Digital Design Campaign of the Year (StarHub.com)
- **SILVER:** For Good Award (StarHub Majulah Moms music video)
- **SILVER:** Content Marketing Idea of the Year (StarHub Majulah Moms music video)

#### Holmes Report's Innovator 25 Asia-Pacific 2016

- One of the 25 innovators in the inaugural Asia-Pacific listing (Rod Strother)

#### HWM + HardwareZone.com Tech Awards 2016

- Best Pay TV Service (Singapore)
- Sixth win in a row

#### Singapore Media Awards 2016

- Media Sales Person of the Year (Isaac Elias M Arif Bin Saini)

### Corporate

#### Alpha Southeast Asia's 10<sup>th</sup> Annual Best Financial Institution Awards

- Recognised in three categories
  - Most Organised Investor Relations, Strongest Adherence to Corporate Governance & Most Improved Investor Relations

#### Asia Sustainability Reporting Awards 2016

- **WINNER:** Asia's Best Sustainability Report within Annual Report

#### Built Environment Industry (BEI) Asia Awards 2015/16

- Asia Responsible Corporate Award – People Centric Award

#### 2016 Corporate Knights' Global 100

- Ranked 8<sup>th</sup> in the list of the world's most sustainable company
- Improved from its ranking of 24<sup>th</sup> in 2015
- Most sustainable Singaporean company; remains the only local telco to be awarded

#### Nikkei Asian Review's Asia 300

- StarHub topped the list for fiscal 2015

#### SIAS Investors' Choice Awards

- **WINNER:** Most Transparent Company Award (Telecommunications & Utilities category); third win in a row
- **MERIT:** Singapore Corporate Governance Award (Big Cap category)

#### Singapore Corporate Awards 2016

- **GOLD:** Best Investor Relations Award (for companies with \$1B and above in market capitalisation)
- Third consecutive win

#### SPRING Singapore's People Developer Standard

- Certified People Developer

### Technology

#### NetworkWorld Asia Information Management Awards 2016

- **WINNER:** Data Centre Infrastructure Management

#### NetworkWorld Asia Readers' Choice Product Excellence 2016

- **WINNER:** IP Services Infrastructure, for the second consecutive year

#### OpenSignal 'The State of LTE' February 2016 Report

- Attained "Fastest Networks with LTE" title for the second consecutive quarter

# Investor Relations

We continue to maintain a very active IR programme. In 2016, we met more than 280 investors in over 210 meetings. They range from large multi-company meetings, multi-day conferences where we reach out to international investors, to intimate one-on-one sessions here to help them better understand StarHub's business.

For regular updates and reinforcement of the investment thesis on StarHub, we have our quarterly earnings announcements and conference calls. Fronted by the CEO, Tan Tong Hai and the senior management team, we take questions from analysts, fund managers and journalists. We have responded to questions ranging from the broader industry trends to topical issues of the day.

To make it easier for investors and other interested parties to catch up or recap the conference calls, we continue to put our recordings and transcripts online, on top of the usual presentation decks and financial statements found on our IR website.

When there are new developments in this rapidly-changing industry, we stand ready to address queries our investors might have. The changes might include new policies, new competing products or other developments of the industry. We also try and proactively anticipate what their concerns might be and offer our views to address investors' concerns as quickly as possible.

Regardless of how we engage with investors, we have a common goal: uphold the best corporate governance standards possible and communicate what we are doing to them effectively.

We are glad our IR programme has gained continued recognition. For the third consecutive year at the Singapore Corporate Awards, we were given the 'Best IR Award (Gold)', for companies with market value above \$1 billion. At the SIAS Investors' Choice Awards, we won the 'Most Transparent Company Award' (Telecommunications & Utilities category) for the third time as well.

### Cumulative TSR since FY2005



We were also appreciated in three categories at the Alpha Southeast Asia's 10<sup>th</sup> Annual Best Financial Institution Awards. They were: 'Most Organised Investor Relations', 'Strongest Adherence to Corporate Governance' & 'Most Improved Investor Relations'.

We thank you – our shareholders – for the recognitions and we strive to do better.



### Why Invest in StarHub

<p><b>1</b> <b>PROVEN MANAGEMENT TEAM</b> Experienced, performance-oriented management team with solid industry expertise, technical depth and company tenures</p>	<p><b>2</b> <b>WIDELY RECOGNISED BRAND</b> Well-known in the info-communications and media industry to be innovative, providing good values to customers, household and enterprise – a brand that cares for the community and a company with a heart</p>	<p><b>3</b> <b>ASTUTE STRATEGY</b> A management team willing and able to refresh our ideas and refine our strategies to stay ahead of the game</p>	<p><b>4</b> <b>FINANCIALLY SOUND</b> Positive cash flow generation, financial flexibility and consistently providing a quarterly dividend payout</p>	<p><b>5</b> <b>CUSTOMER SERVICE EXCELLENCE</b> Customers are at the heart of everything we do. We believe we have a comprehensive network of service and communication channels to deliver this promise</p>
<p><b>6</b> <b>SINGAPORE'S FIRST FULLY INTEGRATED INFO-COMMUNICATIONS COMPANY</b> Fully-integrated info-communications and entertainment service provider based in Singapore, providing at least one service to over 60% of local households</p>	<p><b>7</b> <b>REGIONAL CONNECTIVITY</b> Strategic investments in submarine cable systems like AAG, ASE and APG ensure low network latency, resilience and diversity, and support future growth needs</p>	<p><b>8</b> <b>STRATEGIC PARTNERSHIPS</b> Developing and fostering strategic relationships to run an efficient business model, provide complete end-to-end service offerings and continue to lead innovation in all areas</p>	<p><b>9</b> <b>BUSINESS SUSTAINABILITY</b> Constantly measuring and assessing the impact of the landscape and stakeholders on the Company and vice versa, working towards long-term profitability</p>	

**For the third consecutive year at the Singapore Corporate Awards, we were given the 'Best IR Award (Gold)', for companies with market value above \$1 billion.**



# Risk Management

StarHub recognises that risks are inherent in all businesses. A sound system of risk management and internal controls does not eliminate risk, but rather mitigates and manages risk-taking such that StarHub is able to make business decisions which commensurate with its risk tolerance.

StarHub is committed to establishing a structured and disciplined approach towards managing risk. Thus, we have integrated a systematic and effective risk management process into our core business processes and decision-making activities.

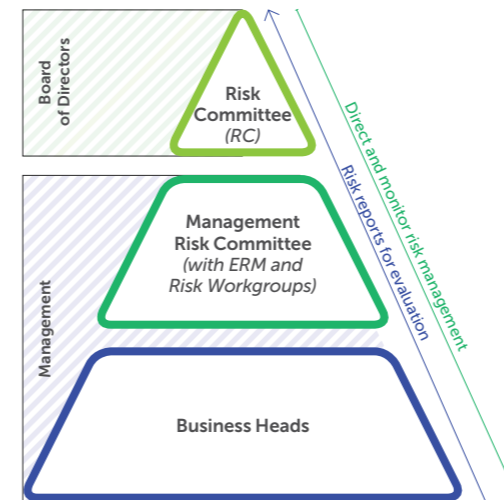
Through our risk management programme, we aim to have a current, correct and comprehensive understanding of our significant risks, which will be managed within risk tolerances reflecting our values, objectives and resources.

## StarHub's Risk Management Approach:

<p><b>1</b> <b>CREATE VALUE</b> by contributing to the achievement of StarHub's mission, business and strategic objectives;</p>	<p><b>2</b> <b>FORM AN INTEGRAL PART</b> of StarHub's management practices, organisational processes and core business activities, including strategic planning, project processes and change management processes;</p>	<p><b>3</b> <b>ENABLE STARHUB'S DECISION MAKERS</b> to make informed choices, prioritise actions and distinguish alternative courses of action;</p>
<p><b>4</b> <b>TAKE INTO ACCOUNT UNCERTAINTIES</b>, the nature and extent of the uncertainties and how they can be addressed;</p>	<p><b>5</b> <b>FOLLOW A SYSTEMATIC</b>, disciplined and structured approach which is efficient and produces consistent, comparable and reliable results;</p>	<p><b>6</b> <b>BASED ON RELIABLE INFORMATION SOURCES</b> such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement;</p>
<p><b>8</b> <b>REMAIN RELEVANT AND UPDATED</b> by involving key stakeholders and decision makers regularly and on a timely basis;</p>	<p><b>9</b> <b>CONTINUOUSLY ADAPT TO CHANGE</b>, including occurrence of internal and external events, change in risks and emergence of new risks; and</p>	<p><b>10</b> <b>CONTINUOUSLY IMPROVE STARHUB'S</b> capability/capacity, adequacy of resources and availability of requisite experience to identify, manage, mitigate and take on new risks.</p>

## Risk Structure

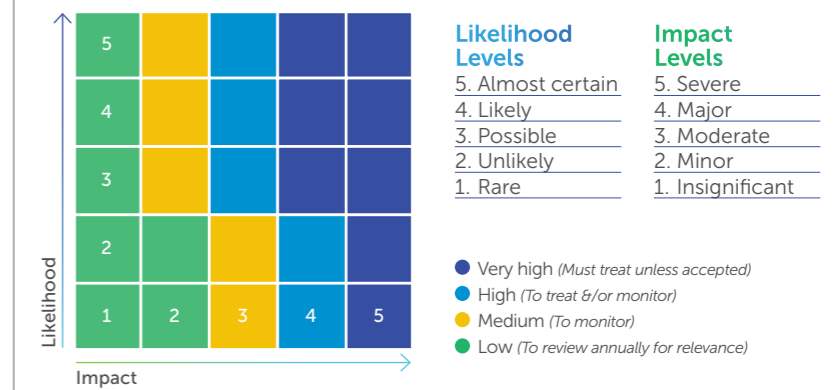
The risk structure sets out our risk management functions, roles and responsibilities of key stakeholders for the governance of risk, as illustrated below:



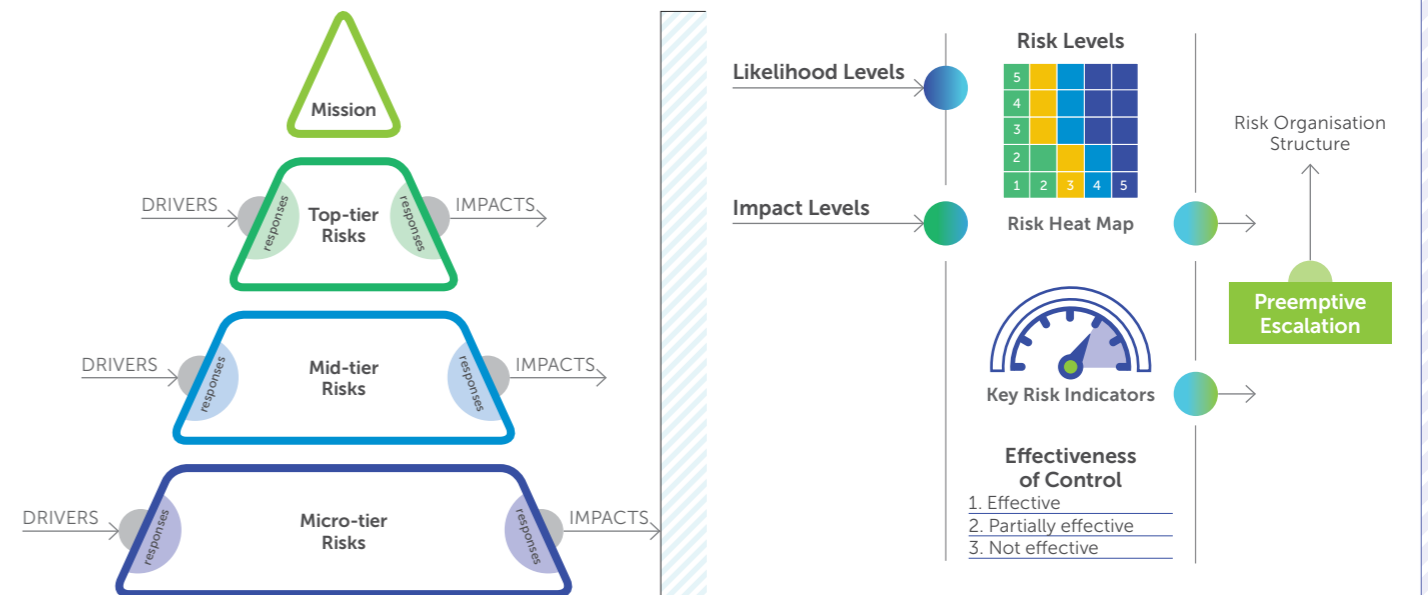
## Risk Considerations

StarHub's external environment is characterised by numerous challenges, including rapid technological changes; cyber security threats, increased competition in a saturated local market; growing government and sectoral regulations; as well as unfavourable global and domestic economic conditions.

## Risk Levels



StarHub's current risk management process, which is an integral part of our key business activities is summarised and illustrated in the diagram below:



## Risk Management Training

For effective risk governance and management, it is important for employees to be risk-aware. We create training programmes for employees to build up competency for managing risk through workshops, communication bulletins and other channels.

## Risk Management continued



StarHub is committed to upholding high standards of corporate governance and applying consistent and effective risk management to enhance shareholder value. The Group faces a variety of internal and external risks due to complex business operations and the dynamic and competitive market in which it operates. The Group recognises risk management as an optimisation of the risk-reward relationship, within known and agreed risk appetite levels. The Group will manage or avoid situations or actions that risk having a negative impact on its reputation and brand, network integrity and business continuity. StarHub seeks to treat its customers reasonably and fairly. StarHub requires its staff to uphold integrity. StarHub also seeks to meet applicable legal and regulatory requirements. The Group is prepared to take measured risks to seek new growth and pursue value-creation opportunities as they arise, while leveraging its current scale and core strengths.

StarHub's corporate risk appetite statement as approved by the Board

### Key Risks

## 1

### Technology, IT, Security and Resiliency

StarHub's business as an info-communications service provider is dependent on the security, availability and resilience of the underlying network infrastructure and information systems it operates on. While our network is designed to be resilient and robust, points of failure, network outages and external events such as cyber-attack, accidents stemming from human error and disasters beyond our control could cause an extended disruption to our network services and business operations.

The technology evolution cycle is fast-changing in our industry and the emergence of disruptive technologies across all industries continuously influences strategic decisions necessary to identify the most appropriate technology to adopt due to the high levels of capital expenditure involved and the uncertainty of the return on investment.

Cyber risks, a real and increased concern especially in today's digital economies, can potentially lead to security breaches, compromise of network integrity and loss of customer information, resulting in potential breaches of statutory or regulatory as well as contractual obligations.

StarHub is careful in its investments to upgrade and modernise its network and IT infrastructure, expand capacity to handle growth in data traffic, address security issues while controlling capital expenditure. Network infrastructure and information systems are kept refreshed, secured and up-to-date with technological changes. In response to disruptive technologies, StarHub is swift and proactive to embrace and leverage, adopting them as part of our business processes and offerings.

We have established specialised security, business continuity and disaster recovery functions and programmes to prevent, monitor, detect, respond and escalate security incidents as well as coordinate and operate across the company to mitigate the security and resiliency risk.

## 2

### Customers

In Singapore where the consumer market is over-saturated and fixed broadband and mobile networks are widely used for access to services on the Internet, global technology players, device manufacturers and over-the-top providers continue to enter the highly competitive market.

Customers have increasing demands on network capacity, including faster network speeds while being price sensitive.

StarHub seeks to understand our customer needs and has put in place strategies to meet and exceed their expectations to win their loyalty. Our Hubbing strategy continues to evolve to meet changing market and customers' needs. Targeted marketing and promotional activities are launched to counter increased competition.

We are also constantly looking into capitalising emerging technologies to retain and attract customers, so as to support the growth of the business.

Our leading position in content and channel offerings is aligned with our strategy to move into content development and internet delivery of content to our customers across different technical platforms. We continue to make investments to improve our customer service excellence. Our products and services are continuously reviewed, refreshed and improved so as to be up-to-date with technology changes and our customers' needs.

## 3

### Legal & Regulatory

A change in laws and regulations could potentially impact StarHub's business and we are exposed to a dynamic regulatory landscape in the local technology and info-communications sector. In recent years, regulators have lowered the barriers for new entrants, enforced stringent requirements in a competitive and highly saturated local market and imposed heavier penalties for failure to meet regulatory and licence requirements. As part of our operations, we are also exposed to litigation risks from regulators, customers and suppliers.

StarHub engages with regulators by participating in consultations conducted by the relevant government ministries and authorities.

Our in-house legal and regulatory support functions provide prompt communications and guidance to ensure that internal stakeholders are aware of and comply with the existing and new legislations, as well as regulatory and contractual obligations.

## 4

### Human Resource

Human resource is a significant StarHub asset. Attracting, hiring, retaining and developing talented, experienced, innovative and passionate people are vital and strategic factors to the company's success. In a tight labour market, it poses additional challenge to recruit the right people with the right skill-sets to support the company's strategic imperatives.

We regularly invest in developing our people with ongoing learning and training to keep them relevant to the business needs. Effective employee learning and development are a "must-have" to support the business strategies and growth, build intellectual capital and develop innovative products and services to meet customer needs.

Retention strategies are in place to minimise employee turnover including talent and performance management, competitive remuneration, recognition and reward programmes and fast-tracking of high-performing employees. Human resource policies and functions are also in place to support attracting, retaining and growing talent as well as creating a conducive work environment.

We also have succession planning programmes to mitigate key employee risks.

## 5

### Partnership

StarHub works with partners for various aspects of its info-communications business and also forms strategic partnerships with key vendors and other complementary service providers to expand its footprint and serve new market segments. These expose us to potential supply chain risks.

The ability to build and sustain partnerships is a strategic differentiator for StarHub. Our senior management regularly engages with key partners and plays an active role in sustaining the strength and commitments of our strategic relationships and joint ventures. We have also established service standards, training programmes, and feedback mechanisms to drive consistent and desirable service standards from our partners.

## 6

### Financial

StarHub is exposed to billing, credit, liquidity, interest rate and foreign currency risks in the normal course of its business, which are generally governed by policies, processes and guidelines. Please refer to the notes to the financial statements for more details.

For more details, go to [page 129](#)



"I'm the one who watches the most StarHub TV programmes at home. I also love the fast speeds on StarHub fibre broadband to access my favourite apps & follow rugby and golf games."

Ethan Koh  
Young Hubber

# Sustainability Report

## Significant Achievements FY2016

**JAN**  
Ranked 8<sup>th</sup> in the Corporate Knights Global 100 Most Sustainable Corporations list. Remains the only local telco on the list

**MAY**  
Raised \$122,000 for Hair for Hope, with 122 StarHubbers and business partners shaving their heads

**JUN**  
Contributed \$200,000 to Central Singapore Community Development Council (CDC) to support learning opportunities and literacy for disadvantaged children

**AUG**  
Organised annual StarHub Open and raised \$209,700 for Metta School, MINDS Towner Garden School and Lighthouse School

**OCT**  
Won the Sustainable Business category at the 2016 Singapore Apex Corporate Sustainability Awards

**NOV**  
Won "Best Sustainability Report within an Annual Report" at the 2016 Asia Sustainability Reporting Awards (ASRA)

## Sustainability Report

StarHub's sixth annual sustainability report presents a balanced overview of our environmental, social and governance (ESG) performance for the calendar year 2016.

### About This Report

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, the latest set of standards issued by the GRI Global Sustainability Standards Board which will supersede the GRI G4 Guidelines from July 2018. We have decided to be an early adopter of the GRI Standards starting with this report. The report continues to include relevant indicators from GRI's Telecommunications Sector Supplement and the G4 Media Sector Disclosures. In developing the report, we have also incorporated some of the International Integrated Reporting Council's (IIRC) Integrated Reporting principles to communicate value created by our ESG strategies, wherever possible. A GRI Content Index has been included at the end of this report indicating the disclosures' locations.

This report covers ESG performance of all business divisions and subsidiaries which are under StarHub's financial and operational control.

Information presented in the report has been extracted from the primary internal records and documents to ensure accuracy using internationally accepted measurement data units.

### Reporting Principles

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

### Reporting Process

StarHub's Sustainability Committee, which includes senior executives from major functions, provides the overall direction for preparing the report. The Committee's responsibilities include reviewing, assessing and determining the sustainability context, material ESG topics, report content and topic boundaries, scope and prioritisation of issues to be included in the report. The Committee also considers formal and informal feedback from a range of internal and external stakeholders received throughout the year to determine the most material topics to be covered in the report. The Committee is supported by a cross-functional project team which gathers and verifies ESG performance data.

Our reporting cycle begins with a review of the current sustainability report to re-assess the material topics and their boundaries in the light of business environment changes, stakeholder feedback and sustainability trends.

StarHub's Corporate Sustainability and Responsibility (CSR) advocate has the responsibility for coordinating the entire reporting process.

### Restatements

This report does not include any restatement of previously published data.

## SR2016 Sustainability Report

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**External Assurance**

While the financial statements in the report are audited by independent auditors, we rely on our internal process to verify the accuracy of ESG performance data and information presented in the report.

**Availability**

A PDF version of the report is available for download on our website [www.starhub.com](http://www.starhub.com). Smart device users can also download the StarHub Annual Report app to browse and experience the StarHub Annual Reports on their smart devices.

A small number of copies of this report have been printed on Forest Stewardship Council (FSC) certified sustainable paper to reduce environmental impact.

**Feedback**

We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to [StarHubCSR@StarHub.com](mailto:StarHubCSR@StarHub.com)

**StarHub Value Creation Scorecard**

Strategic Area	FY 2016	FY 2015	FY 2014
<b>Environmental</b>			
CO <sub>2</sub> e emissions (tonnes)	54,518	56,706	54,625
Carbon emission intensity per \$million revenue (tonnes CO <sub>2</sub> e)	22.7	23.2	22.9
Energy intensity per \$million revenue (gigajoules)	183	183	183
Water consumption (cubic metres)	28,421	27,500	27,832
General waste (non-hazardous) (tonnes)	40	30	33
Internal e-waste recycled (tonnes)	379	117	385
Paper recycled (kilogrammes)	16,012	19,295	12,210
Copier paper consumption (kilogrammes)	28,340	40,065	53,230
Electricity used (million kWh)	119.9	121.7	118.8
<b>Social</b>			
<b>Employees</b>			
Permanent employees <sup>+</sup>	91%	88%	88%
Local employees (Singapore citizens) <sup>++</sup>	75%	75%	76%
New hires	283	320	346
Female employees <sup>++</sup>	42%	43%	43%
Female managers (% of Senior level)	37%	36%	35%
Female managers (% of Middle level)	36%	38%	38%
Female Heads of Department (% of HODs)	33%	33%	33%
Average training hours per employee	19	20	17
Training expenditure per employee	\$784	\$611	\$873
HR Satisfaction Survey (Employee satisfaction level based on survey scores)	91%	92%	92%
Employee turnover rate	12%	12%	14%
Number of reported work injuries	2	2	9
Fatal Accidents	0	0	0
+ % refers to base of total StarHub workforce ++ % refers to base of StarHub permanent employees			
<b>Suppliers</b>			
Share of local suppliers as % of total supplier payments	86%	89%	91%
Proportion of local suppliers	85.0%	82.7%	86.4%
<b>Community</b>			
Employee volunteerism (number of days)	124	144	214
Community investment and donations to charities (\$million)	0.8	1.1	1.4
<b>Financial</b>			
Revenue (\$million)	2,397	2,444	2,387
Net profit (\$million)	341	372	371
Dividends paid to shareholders (\$million)	346	346	345

**Sustainability Governance**

At StarHub, the Board of Directors has oversight of the Group's sustainability strategy. The Board's responsibilities include providing guidance on the material environmental, social and governance (ESG) factors that impact the Group's activities.

In managing sustainability throughout the Group, the Board is assisted by the StarHub Sustainability Committee. The Sustainability Committee is headed by the CEO, and comprises senior executives of the Group representing key functions. The Sustainability Committee reviews and determines material ESG factors, develops sustainability strategy, considers stakeholder feedback and expectations, and establishes priorities, goals and targets.

StarHub's CSR advocate is responsible for developing, managing and executing CSR programmes and is supported by a cross-functional project team which has the responsibility to collect, verify, monitor and provide ESG performance data for sustainability reporting.

**StarHub Core Values: ExCiTe**

Our approach to sustainable development of the business is guided by StarHub's four pillars of Core Values:

- Excellence
- Creativity
- Integrity—social, environmental and financial
- Teamwork

Our sustainability strategy to create shared value for shareholders and stakeholders is deeply rooted in our core values.

**StarHub Sustainability Reporting Committee**



**Case Study**

**StarHub in the TOP 8 OF THE GLOBAL 100 RANKING**  
StarHub's ranking in the 2016 Global 100 Most Sustainable Corporations in the World index jumped to the 8<sup>th</sup> place from the previous 24<sup>th</sup> place. StarHub, ranked for the fourth consecutive year, is the only Singaporean info-communications provider included in this prestigious index.

The Global 100 is a list of the world's 100 most sustainable corporations compiled by Corporate Knights based on an extensive data-driven sustainability assessment.

**Asia Sustainability Reporting Awards**

For its reporting excellence, StarHub won Best Sustainability Report within an Annual Report at the Asia Sustainability Reporting Awards (ASRA) 2016.

**Singapore Apex Corporate Sustainability Awards 2016**

StarHub was recognised for outstanding performance in corporate sustainability in the Sustainable Business category at the Singapore Apex Corporate Sustainability Awards, which recognise companies in Singapore for their commitment to sustainable business.

Sustainability Report  
continued

Value  
Creation

We are focused on providing every person, every home and every business in Singapore with world-class information, communication and entertainment services. As a fully integrated info-communications company, our services enrich lives, connect people, facilitate business and empower the community.

Mobile communication, Pay TV, ultra-high speed broadband services, and data and voice services for businesses make lives better and help businesses thrive. Our communications services help people connect with family and friends, and access information when they need it. Our communications solutions help

businesses, both small and large, run their operations efficiently. Superfast and reliable connectivity that we offer allows people to access a host of public services from their mobile phones on the go. Our Pay TV services bring world-class entertainment to everyone's home.

We operate an islandwide mobile and HFC network for delivering TV and cable broadband services. Both, part of the nation's crucial info-communications infrastructure, enable inclusive growth and support economic development.

We strongly believe that sustainable growth of our business depends on our ability to create value for our customers and society. We therefore take a balanced approach to sustainable development of our business and the communities around us. A summary of how we create value for our stakeholders is presented below.

Creating Sustainable Value for All

Strategic Areas	Value Created	Challenges	Beneficiaries
<b>ENVIRONMENT</b>			
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>Lower environmental footprint</li> <li>Reduced energy cost</li> </ul>	<ul style="list-style-type: none"> <li>Cost of upgrading technology</li> <li>Building employee and customer awareness</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Environment</li> <li>Community</li> </ul>
<b>Climate change mitigation</b>	<ul style="list-style-type: none"> <li>Lower carbon footprint</li> <li>New business opportunities in a low carbon economy</li> </ul>	<ul style="list-style-type: none"> <li>Cost of upgrading technology</li> <li>Ensuring continued awareness among employees and customers</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Environment</li> <li>Community</li> </ul>
<b>Waste minimisation</b>	<ul style="list-style-type: none"> <li>Resource efficiency</li> <li>Lower pollution</li> </ul>	<ul style="list-style-type: none"> <li>Collection, segregation and tracking of all waste across business</li> <li>Building employee and customer awareness</li> <li>Cost of disposal</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Environment</li> <li>Community</li> </ul>
<b>Water conservation</b>	<ul style="list-style-type: none"> <li>Saving water</li> <li>Employees' pride in saving water</li> </ul>	<ul style="list-style-type: none"> <li>Cost of retrofitting</li> <li>Cost of water efficient fittings</li> <li>Creating employee awareness</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Environment</li> <li>Community</li> </ul>
<b>SOCIAL</b>			
<b>Employee development</b>	<ul style="list-style-type: none"> <li>Employee satisfaction</li> <li>Innovative problem-solving</li> <li>Motivated and engaged employees</li> <li>Higher productivity</li> <li>Lower turnover and reduced hiring cost</li> </ul>	<ul style="list-style-type: none"> <li>Competition for talent</li> <li>Instilling personal ownership of career planning and skills upgrading</li> <li>Engaging multi-generational workforce</li> <li>Developing leadership and mentoring skills</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Employees</li> <li>Local economy</li> <li>Community</li> </ul>
<b>Customer service excellence</b>	<ul style="list-style-type: none"> <li>Customer retention</li> <li>Customer loyalty</li> <li>Reduced cost of new customer acquisition</li> <li>Avoid expensive administrative time in solving customer problems by being proactive</li> </ul>	<ul style="list-style-type: none"> <li>Increasing competition</li> <li>Frequent training to keep pace with new products and technologies</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> </ul>
<b>Uninterrupted availability of services</b>	<ul style="list-style-type: none"> <li>Trust in brand</li> <li>Attract and retain customers</li> <li>Customer satisfaction</li> <li>Reduced regulatory risk</li> </ul>	<ul style="list-style-type: none"> <li>Cost of preventive maintenance</li> <li>Investment in expanding infrastructure</li> <li>Cyber-attack threats</li> <li>Reliance on upstream providers</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> <li>Local economy</li> </ul>
<b>High speed mobile and broadband connectivity</b>	<ul style="list-style-type: none"> <li>Faster, reliable communication</li> <li>Convenient access to public services such as government e-services, banking, and online shopping</li> <li>Supporting the growth of digital economy such as e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>Cost of network upgrade</li> <li>Rapid evolution of new technologies</li> <li>Keeping prices affordable</li> <li>Increasing competition</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Businesses</li> <li>Local economy</li> </ul>
<b>Access to telecom services for all</b>	<ul style="list-style-type: none"> <li>Inclusive growth</li> <li>Narrowing digital divide</li> <li>More resilient and stronger communities</li> </ul>	<ul style="list-style-type: none"> <li>Cost of subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> </ul>
<b>Fair market practices</b>	<ul style="list-style-type: none"> <li>Build trust through transparency</li> <li>Attract /retain customers and business partners</li> <li>Reduced regulatory risk</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring ongoing employee training and awareness</li> <li>Building customer awareness</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> <li>Local economy</li> </ul>
<b>Community development</b>	<ul style="list-style-type: none"> <li>Goodwill of community</li> <li>Stronger brand equity and respect</li> <li>More resilient, stable and stronger communities</li> <li>Trusted relations with society</li> </ul>	<ul style="list-style-type: none"> <li>Complex to determine return on investment</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Employees</li> <li>Shareholders</li> </ul>
<b>Employee volunteering</b>	<ul style="list-style-type: none"> <li>Greater employee engagement</li> <li>Enhanced job satisfaction</li> <li>Stronger community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Identifying high impact programmes</li> <li>Meeting employees' expectations for choice of programmes</li> <li>Cost of volunteering</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Employees</li> <li>Shareholders</li> </ul>

Strategic Areas	Value Created	Challenges	Beneficiaries
<b>ECONOMIC</b>			
<b>Info-communications infrastructure</b>	<ul style="list-style-type: none"> <li>State-of-the-art energy efficient mobile and cable TV infrastructure to support customers and the local economy</li> </ul>	<ul style="list-style-type: none"> <li>Rapid technological advancements and innovation</li> <li>High investment cost</li> <li>Competitive market place</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Economy</li> <li>Community</li> <li>Government</li> <li>Shareholders</li> </ul>
<b>Local suppliers</b>	<ul style="list-style-type: none"> <li>Supporting local businesses' growth</li> <li>Creating indirect local jobs</li> <li>Contributing to local economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Local suppliers may have cost disadvantage due to adverse economies of scale</li> <li>Capacity limitations</li> <li>Limited capital for expansion or modernisation</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Suppliers' employees</li> <li>Suppliers' suppliers</li> <li>Government</li> </ul>
<b>Supply chain sustainability assessments</b>	<ul style="list-style-type: none"> <li>Reducing social and environmental impacts and risks in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Cost of supplier training, assessments and monitoring</li> <li>Limited influence on dominant suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Suppliers' employees</li> <li>Communities</li> <li>Government</li> </ul>
<b>GOVERNANCE</b>			
<b>Board diversity</b>	<ul style="list-style-type: none"> <li>Holistic guidance to the company</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of suitable directors</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Investors</li> <li>Regulators</li> </ul>
<b>Risk management and internal controls</b>	<ul style="list-style-type: none"> <li>Effective risk taking and management, aligned with the organisation's business objectives with an integrated, proactive and systematic approach in risk management</li> <li>Better corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Creating a risk-aware culture</li> <li>Keeping updated with the latest emerging risks and threats</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Investors</li> </ul>
<b>Whistle blowing policy</b>	<ul style="list-style-type: none"> <li>Mitigate business risks</li> <li>Fraud prevention</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing training and awareness for existing and new employees</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Investors</li> </ul>
<b>Employee code of conduct</b>	<ul style="list-style-type: none"> <li>Ethical conduct</li> <li>Conducive working environment with high level of trust and professionalism</li> <li>Minimise business risks</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing training and awareness for existing and new employees</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Investors</li> <li>Business partners</li> </ul>
<b>Strategic Business Continuity Management</b>	<ul style="list-style-type: none"> <li>Robust plans to keep business operational during crisis or emergency situations such as haze, pandemic periods etc</li> <li>Mitigate regulatory risk</li> </ul>	<ul style="list-style-type: none"> <li>Increase resiliency of core network infrastructure to meet stakeholders' requirements</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Investors</li> <li>Regulators</li> <li>Customers</li> </ul>
<b>Data protection</b>	<ul style="list-style-type: none"> <li>Safety of sensitive commercial and strategic data and information</li> <li>Mitigate regulatory risk</li> <li>Increased confidence of customers, business partners and employees</li> </ul>	<ul style="list-style-type: none"> <li>Investment in automated systems</li> <li>Mitigating cyber attacks</li> <li>Employee training and awareness</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Investors</li> <li>Regulators</li> <li>Customers</li> </ul>

External Initiatives

We support or are committed to a number of national and international economic, environmental and social principles, codes and frameworks. Some of these include:

- GRI Standards (our first sustainability report (SR 2011) followed GRI 3.1 and the last four sustainability reports (SR 2012-SR 2015) were in accordance with the latest GRI G4 guidelines)
- The Universal Declaration of Human Rights
- International Labour Organisation's (ILO) Core Labour Standards
- UN Sustainable Development Goals
- Tripartite Alliance for Fair Employment Practices (TAFEP)
- bizSAFE Level 3 certification, the second highest level, awarded by the Workplace Safety and Health Council Singapore
- The Greenhouse Gas (GHG) Protocol
- The Carbon Disclosure Project (We participate through CDP Supply Chain and CDP Climate Change programmes)
- Advertising Standards Authority of Singapore (ASAS) Code
- Mobile Operators' Content Code

Sustainability Report  
continued

# Our Stakeholders

Stakeholder engagement is at the core of our sustainability strategy. We engage with a range of stakeholders who may be impacted by our business operations or whose opinion may influence our business. Insights from our interactions with stakeholders enrich our decision making and enable us to create value for all.

We seek stakeholder feedback using both formal and informal channels. Ongoing stakeholder feedback allows us to offer the right products and services that meet our customers' needs and expectations, create a fulfilling workplace for employees, and serve the community.

Stakeholder feedback also helps us identify, prioritise and address the most significant ESG issues. To prepare this report, we engaged key internal stakeholders to seek their views and input for reporting. Assessments that we receive from numerous sustainability analysts and ranking organisations help us improve our sustainability reporting.

Our approach is to build trusted relationships with all stakeholders through respectful conversations and upholding the highest standards of professionalism and ethics in conducting our business.

How we engage with diverse stakeholders, including how we respond to the topics and concerns raised by them, is presented below.

## Customers

**HOW WE ENGAGE:**

Customer surveys, Twitter®, Facebook® pages, advertisements, StarHub retail stores, online stores, Customer Service Hotlines.

**STAKEHOLDERS' EXPECTATIONS:**

Seamless, high-quality coverage, rich content, affordability, data security, prompt level of service.

- Friendly processes and policies
- Ease of use
- Hassle-free sign up
- Employees with excellent product knowledge
- Easy to understand promotional packages and mechanics

**HOW WE RESPOND:**

By committing ourselves to respect consumers' rights, provide clear product information, offer value for money, ensure product performance and quality, reliable service, prompt handling of complaints, and respect for privacy. Provide customers with fulfilment channels such as Retail, Online, Roadshow, Telesales and also self-help options like *My StarHub* app.

**PROGRESS DURING 2016:**

- We continued to simplify processes at all touch points for both sales and service transactions, launched e-appointments for existing and new customers at retail stores, created Hub Trooper experience corner at our StarHub retail stores for personalised solution sales, offered seamless customer experiences through launch of "click and collect" for mobile e-commerce sales
- Revamped the online My Account Manager for more digital self-services to be performed
- Outcomes measured in elevated NPS results for both retail and Hub Troopers
- Revamped *My StarHub* app with new look and feel and additional features
- Strengthened Social Media team to provide better response times to customers, better handling of queries, and greater engagement with customers

**PLANS FOR 2017:**

- Focus on episodic NPS to reduce customer pain points such as billing and relocation
- Strengthen the image of our partner stores to be more representative of our StarHub brand stores
- Increased engagement across our Social Channels
- Improve upon our Social Health Index rating
- More effective query management during periods of high traffic on social channels
- Add new features to *My StarHub* app to encourage higher use

## Employees

**HOW WE ENGAGE:**

Through social media platforms such as StarHub Community and HubbaVoice where they can share their comments and observations on topics of interest, be it local or world events, new technology/applications etc. We also continue to engage via Intranet, emails, internal newsletter, workshops, company-sponsored sporting and social activities such as in-house games organised for employees, small group discussions, twice-yearly employee communication sessions, twice-yearly video addresses by CEO, encouragement of employees to interact more personally in and out of the office, free health snacks on the last Friday of every month.

**STAKEHOLDERS' EXPECTATIONS:**

A caring and conducive environment where employees are equipped and motivated to do their best work and continue to excel in personal development.

**HOW WE RESPOND:**

By adopting sound HR policies and practices that promote fair treatment, safe working conditions, reward and recognition for performance, teamwork and career growth, e.g. we promote work-life balance and a conducive work environment for employees through provision of nursing rooms, a well-equipped gym and encouraging employees to take part in sporting activities such as marathons, bowling, futsal, as well as giving employees early release from work on the last Friday of each quarter for them to spend meaningful family time with their loved ones. We also organised Bring-Your-Kids-to-Work Day for our employees.

**PROGRESS DURING 2016:**

We continued to focus on bringing out the best in our people and building a high performing work culture through the following areas:

- Revamped internal performance rating system to allow for greater differentiation of employee performance
- Equipped people managers with relevant skillsets to hold effective performance conversations with their teams
- Rolled out Leadership Development Program (5E2P) for senior managers and above to inculcate key leadership traits and encouraged leaders to walk the talk
- Sustained our Career Development efforts for employees through internal Career Fairs and actively facilitated internal transfers and job expansion
- Achieved the People Developer (PD) certification in 2016 in recognition of our efforts to develop our people for the better

**PLANS FOR 2017:**

We are putting in place an all-empowering Human Capital Management (HCM) system to empower our employees through digitisation to achieve collaboration, productivity and innovation at work.

- To create a truly employee-centric experience through:
- Spontaneous 360 Feedback tool to heighten self-awareness and development
  - Transparency of shared goals to drive job clarity and accountability among employees
  - Creating space and varied opportunities for learning, peer socialising and cross-functional collaboration
  - Simplifying and automating processes in employee lifecycle e.g. benefits, performance management, learning and engagement

## Suppliers

**HOW WE ENGAGE:**

Quotations, Request For Proposals, tenders, regular meetings, email correspondence, and teleconferences.

**STAKEHOLDERS' EXPECTATIONS:**

Compliance with terms and conditions of prevailing purchasing policies and procedures, while maintaining ethical standards; appropriate costs.

**HOW WE RESPOND:**

By establishing policies and practices that ensure a fair selection and procurement process, ethical business practices and respect for contractual obligations.

**PROGRESS DURING 2016:**

We completed the Supplier Sustainability Survey covering 73 key suppliers, more than the target of 60 suppliers.

**PLANS FOR 2017:**

Continue supplier sustainability survey.

## Distributions/Retailers

**HOW WE ENGAGE:**

Regular meetings, shop visits, email correspondence.

**STAKEHOLDERS' EXPECTATIONS:**

Timely delivery; quality assurance; strong dealer collaboration, driving good customer experience; after-sales support.

**HOW WE RESPOND:**

By proactive sales planning; sales support; regular visits by Account Managers and providing Single Point of Contact for distributors/partners for timely response.

**PROGRESS DURING 2016:**

- We continued to engage through quarterly and yearly performance updates, and sharing sales trends
- Enabled Partners to provide post sales transactions (SIM mapping and Set Top Box swops) for customers to integrate sales and post sales in partners' shops
- Maintained our Quarterly Partner Delight Index Score at 3.98 and above for the Mobile Pre-paid business

**PLANS FOR 2017:**

- Continue to support Partners with simplified processes and systems; training and selling tools
- Enhance the service offerings to be closer to that provided at StarHub shops
- Introducing Salesforce tool to further improve our channel management in the Mobile Pre-paid business

## Business Partners

**HOW WE ENGAGE:**

Frequent discussions with telecom and content partners.

**STAKEHOLDERS' EXPECTATIONS:**

Partnerships for business opportunities and growth.

**HOW WE RESPOND:**

By engaging them to seek mutually beneficial business opportunities.

**PROGRESS DURING 2016:**

Rolled out more *StarHub Go*, SVOD, on demand content for viewers.

**PLANS FOR 2017:**

To work together with partners to combat piracy.

## Investors

**HOW WE ENGAGE:**

Quarterly briefings, annual press conference, Investors' Day, regular meetings, discussions, emails with over 240 institutional investors, across Asia, Europe and the US.

**STAKEHOLDERS' EXPECTATIONS:**

Transparency, timely information on company progress and status, profitability.

**HOW WE RESPOND:**

By endeavouring to generate optimum return on investment, good governance, transparency and disclosure, as well as sustainable and long-term growth of business.

**PROGRESS DURING 2016:**

We continued a strong investor engagement in the reporting year that included 214 face-to-face investor meetings.

**PLANS FOR 2017:**

To maintain current levels of investor engagement, with good corporate governance, transparency and disclosure.



Local Communities

**HOW WE ENGAGE:**  
Community outreach programmes, corporate sponsorships.

**STAKEHOLDERS' EXPECTATIONS:**  
Support from a caring corporate citizen.

**HOW WE RESPOND:**  
By regularly reviewing community needs, partnering with Voluntary Welfare Organisations (VWO), and investing in community projects to support underprivileged youth and families.

**PROGRESS DURING 2016:**  
For greater, more targeted impact, we have streamlined sponsorships to align with the business and our community investment focus.

**PLANS FOR 2017:**  
To work with high-performing VWOs and/or other organisations to effect meaningful outcomes for disadvantaged groups in the community.

Media

**HOW WE ENGAGE:**  
Invitations to media events, regular media releases.

**STAKEHOLDERS' EXPECTATIONS:**  
Exposure and access to company developments and news, as well as breaking stories on products, services, entertainment and related content.

**HOW WE RESPOND:**  
By providing dedicated media contacts, and offering timely and accurate information on company affairs of public interest.

**PROGRESS DURING 2016:**

- With 64 press releases, media engagement remained consistently strong in 2016
- Timely announcements. Well-handled communications on outages through timely updates on various channels including mainstream media and social media

**PLANS FOR 2017:**  
To maintain the existing level of media engagement, with timely and accurate company information.

Government & Regulators

**HOW WE ENGAGE:**  
Regular discussions with relevant agencies and departments.

**STAKEHOLDERS' EXPECTATIONS:**  
Adherence to regulations, reporting of any service delivery issues as required by regulators, prompt resolution of issues.

**HOW WE RESPOND:**  
By committing ourselves to comply with applicable laws, putting in place policies and procedures to ensure compliance.

**PROGRESS DURING 2016:**  
No significant changes were implemented in the reporting year.

**PLANS FOR 2017:**  
To maintain the current level of dialogue with adherence to regulations, as well as prompt reporting and resolution of issues.

Trade Associations

**HOW WE ENGAGE:**  
Joining relevant trade associations.

**STAKEHOLDERS' EXPECTATIONS:**  
Support in addressing issues facing the industry.

**HOW WE RESPOND:**  
By contributing through active membership and participating in industry forums and dialogues, sharing knowledge and information.

**PROGRESS DURING 2016:**  
No significant changes were implemented in the reporting year.

**PLANS FOR 2017:**  
No major plans for enhanced engagement have been scheduled for the year 2017.

Trade Unions

**HOW WE ENGAGE:**  
Open, timely dialogue with the union. Collaborative partnership to enhance employees' welfare and skills upgrading.

**STAKEHOLDERS' EXPECTATIONS:**  
Access to employees for promoting membership, open and honest dialogue with management.

**HOW WE RESPOND:**  
By maintaining open communication with the union. We have signed a Memorandum of Understanding (MOU) with Singapore Industrial and Services Employees' Union (SISEU) which allows rank and file employees to participate in recreational and social activities organised by the Union.

**PROGRESS DURING 2016:**

- We have extended our sponsorship of membership fees from rank and file employees to include junior executive positions
- We continue our collaborative efforts with SISEU in encouraging employees' training and skills upgrading

**PLANS FOR 2017:**  
We will continue to work closely with SISEU to ensure our employees' skills stay relevant as we undergo business transformation, by tapping on the NTUC, WSG and e2i training programmes and grants to support upgrading of our employees' skills.

NGOs & Advocacy Groups\*

**HOW WE ENGAGE:**  
Attending conferences, meeting with interest groups, and sustainability reporting.

**STAKEHOLDERS' EXPECTATIONS:**  
Responsible business practices, reducing environmental impacts, and disclosing information about sustainability performance.

**HOW WE RESPOND:**  
By committing to wider sustainability programmes that seek to harmonise our economic, social and environmental goals.

**PROGRESS DURING 2016:**  
Worked with a number of VWOs and NGOs to support programmes for communities and the environment as reported in the chapters on *Our Environment* and *Our Community*.

**PLANS FOR 2017:**  
To work more closely with advocacy groups to integrate sustainability more broadly into the business.

\* e.g. GCNS, human rights groups, WWF, etc.

Membership of Associations

StarHub actively engages with a number of national and international trade associations and advocacy organisations through membership and participation in committees or work groups.

For example, **Tan Tong Hai**, CEO of StarHub, is a corporate representative to Singapore Chinese Chamber of Commerce & Industry (SCCCI).

**Jeannie Ong**, StarHub's CSPO and Head of Sustainability, serves on the Management Committee of Global Compact Network Singapore (GCNS), and is a Director of Investor Relations Professional Association of Singapore. She is also a council member at the Singapore-Guangdong Collaboration Council and a member of Business China Singapore's Publicity sub-committee.

**Kevin Lim**, CCO of StarHub holds the following positions: Councillor with the Singapore infocomm Technology Federation (SiTF) where he is also advisor to the Digital Media Chapter.

**Howie Lau**, CMO of StarHub, is President of Singapore Computer Society.

A list of StarHub's membership to some of the associations and other organisations is provided here:

Membership of Associations/Organisations

American Chamber of Commerce, Singapore	Current Analysis	Ovum Enterprise IT knowledge Centre	Singapore Chinese Chamber of Commerce & Industry	Singapore International Chamber of Commerce
Asia Digital Marketing Association	Games Exchange Alliances	Pacific Telecommunications Council	Singapore Computer Society	Singapore National Employers' Federation
Asia Pacific Network Information Centre	Global Compact Network Singapore	Promax Asia	Singapore Corporate Counsel Association	Singapore Press Club
Association of Media Owners	GSMA Development Fund	Routing Asset Database	Singapore Hotel Association	Singapore Training and Development Association
Association of Small & Medium Enterprises (ASME), Singapore	GSMA Wireless Intelligence Subscription	Singapore Academy of Law	Singapore Human Resource Institute	Singapore Manufacturing Federation
British Chamber of Commerce, Singapore	Institute of Advertising, Singapore	Singapore Advanced Research & Education Network	Singapore Indian Chamber of Commerce & Industry	Singapore Retailers Association
Cable Television Laboratories (CableLabs)	Institute of Public Relations, Singapore	Singapore Association of Chartered Secretaries & Administrators	Singapore infocomm Technology Federation	TM Forum
CASBAA	Investor Relations Professional Association, Singapore	Singapore Business Federation	Singapore Institute of Management	Wireless Broadband Alliance
Contact Centre Association of Singapore	Law Society of Singapore			
	Lawnet for Legal Research			

## Our Materiality Topics

We identify material topics for reporting based on the significance of our ESG and economic impacts and the degree of influence they have on stakeholder assessments and decisions. We review our material topics every year in the light of fresh stakeholder feedback, new trends in sustainability, challenges facing the telecom and media industries, experts' views and our own business goals.

We are focused on those ESG and economic topics where we see the most potential for creating maximum value for shareholders and stakeholders. This involves managing ESG risks and opportunities across the value chain. The impacts that occur outside StarHub, such as in the value chain, are challenging to deal with as we may have little or no control on some of these. Our approach is to engage our value chain partners, wherever possible, to address the ESG impacts in their operations. For example, we engage with our key suppliers through an annual supplier sustainability assessment and share the results in this report (see *Our Marketplace* chapter).

Presented here is a summary of our material topics and their boundaries.

### Environment



- Energy
- Emissions
- Effluents and Waste

For more details, go to [page 98](#)

#### Important but not material topic:

- Water

### Social



#### Marketplace

- Customer Satisfaction
- Cyber Security
- Customer Privacy
- Procurement Practices

For more details, go to [page 104](#)

#### GRI Telecommunication Sector Indicators:

- Reliable access to telecom services
- Clarity of Charges and Tariffs
- Customer Relations

#### GRI G4 Media Sector Disclosures:

- Content Creation
- Content Dissemination

#### Other Topics:

- Cyber Security

#### Workplace

- Employment
- Diversity and Equal Opportunity
- Training and Education
- Employee Turnover
- Occupational Health and Safety

For more details, go to [page 108](#)

#### Important but not material topic:

- Non-discrimination
- Freedom of Association
- Child Labour
- Forced or Compulsory Labour

#### Community

- Local Communities

For more details, go to [page 114](#)

#### GRI Telecommunication Sector Indicators:

- Access to Telecom Products and Services/Bridging Digital Divide
- Access to Content

### Economic



- Economic Performance
- Indirect Economic Impacts

For more details, go to [page 118](#)

#### GRI Telecommunication Sector Indicators:

- Infrastructure

### Boundary of Our Material Topics

A summary of StarHub's material environmental, social and economic topics, where the impacts occur and StarHub's involvement with the impacts is presented below. Our indirect involvement indicates the impacts that occur outside StarHub such as the value chain where we may not have much control. A more detailed discussion on the material topics, including the management approach, how we evaluate the management approach, StarHub's involvement with the impacts, and the topic boundary limitations, if any, is provided in the respective chapters of this report.

Our Material Topics (GRI Standards)	Where the Impacts Occur	StarHub's Involvement	Material for StarHub Subsidiaries
<b>Environment</b>			
• Energy	○	---	All
• Emissions	○	---	All
• Effluents and Waste	○	---	All
<b>Social</b>			
<b>Workplace</b>			
• Employment	○	---	All
• Diversity and Equal Opportunity	○	---	All
• Training and Education	○	---	All
• Employee Turnover	○	---	All
• Health and Safety	○	---	All
• Human Rights	○	---	All
<b>Marketplace</b>			
• Supply Chain Sustainability	○	~	All
• Cyber Security	○	---	StarHub Mobile Pte Ltd
• Customer Privacy	○	---	All
GRI Telecommunication Sector Disclosure:			
• Customer Relations	○	--- & ~	StarHub Mobile Pte Ltd
GRI G4 Media Sector Disclosure:			
• Content Creation	○	~	StarHub Cable Vision Ltd
• Content Dissemination	○	---	StarHub Cable Vision Ltd
• Audience Interaction	○	---	StarHub Cable Vision Ltd
• Media Literacy	○	---	StarHub Cable Vision Ltd
<b>Community</b>			
• Local Communities	○	---	All
GRI Telecommunication Sector Disclosure:			
• Access to Telecom Products and Services/Bridging Digital Divide	○	---	StarHub Mobile Pte Ltd
• Access to Content	○	~	StarHub Mobile Pte Ltd
<b>Economic</b>			
• Economic Performance	○	---	All
• Indirect Economic Impacts	○	~	All
GRI Telecommunication Sector Disclosure:			
• Infrastructure	○	---	StarHub Mobile Pte Ltd

○ StarHub   ○ Suppliers/Business Partners/Suppliers   ○ StarHub/Business Partners   ○ Business Partners   --- Direct   ~ Indirect

Sustainability Report  
continued  
**OUR ENVIRONMENT**



**How We Create Value**

- 1** Minimise energy intensity.

**2** Reduce greenhouse gas emissions.

**3** Conserve water.
- 4** Reduce and recycle waste.

**5** Increase employee awareness about environmental issues.
- 6** Encourage customers to minimise environmental impact.
- 7** Comply with regulations.

**Performance Highlights**

Energy Intensity: <b>183</b> GJ per \$M revenue	Carbon Emissions Intensity: <b>22.7</b> tonnes CO <sub>2</sub> e per \$M revenue	Water Use: <b>28,421</b> m <sup>3</sup>	General Waste: <b>40</b> tonnes	Total e-waste recycled (including RENEW): <b>438</b> tonnes
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# OUR ENVIRONMENT

**We are focused on creating value by continuously minimising the environmental impacts of our business operations.**

Our management approach is to minimise our environmental impacts even as we expand and upgrade our network infrastructure to continuously enhance customer experience. We support a precautionary approach to environmental challenges by addressing the material environmental risks and impacts in our operations.

Our environmental efforts are focused on reducing energy consumption, greenhouse gas emissions and waste management. We also try to conserve water which is a precious natural resource. Other than our operational efforts to minimise environmental impacts, we actively encourage our employees, customers and communities to participate in StarHub's environmental programmes.

We regularly review and evaluate the effectiveness of our approach by various means including stakeholder feedback and our environmental performance.

**StarHub Commitment**

We have refreshed the StarHub Green Policy, first launched in 2009, to address our material environmental impacts. The six commitments we have made through the Green Policy are:

- 1** We will adopt responsible and sustainable practices in our corporate activities to minimise the environmental impact of our operations. We will continually review our goals and commitment to protect the global environment as much as possible.
- 2** We will adhere to, as much as possible, environmental recommendations by the relevant authorities and also implement in-house targets to improve our environmental performance.
- 3** We will reduce our environmental loads by efficiently using resources, saving energy, reducing waste, encouraging material recycling and minimising emissions of greenhouse gases and ozone-depleting substances.

- 4** We will adopt environmentally friendly technologies as far as possible, when ordering and purchasing necessary resources.
- 5** We will implement education programmes to raise environmental awareness among our employees so that they recognise the essence of this Green Policy by actively addressing environmental concerns.
- 6** We will make social contributions in close partnership with local communities by disclosing environmental information and supporting environmental conservation initiatives.

This report presents several initiatives we have taken in line with our Green Policy.

**Climate Change**

Singapore, where our operations are mainly concentrated, is not immune to climate change. According to studies undertaken by the National Climate Change Secretariat, the annual mean temperature has increased from 26.6°C to 27.7°C from 1972 to 2014. The mean sea level in the Straits of Singapore has also risen at the rate of 1.2mm to 1.7mm per year in the period 1975 to 2009. Recent years have also witnessed an increase in rainfall. The annual average rainfall has increased from 2,192mm in 1980 to 2,727mm in 2014.

Singapore has pledged to reduce national emission intensity by 36% from 2005 levels by 2030 and to stabilise the country's emissions with the aim of peaking around 2030. We are committed to doing our part by striving to become more energy efficient and minimise our carbon footprint. We adopted energy efficient technologies when we recently upgraded our telecom infrastructure. As a result, our absolute GHG emissions have dropped 11% in 2016 compared with 2010 even as we expanded our infrastructure.

We believe the information and communications technology (ICT) industry has great potential especially in the area of developing green data centres through research and innovation. In our view, wireless and telecom technologies have an important role to play in the world's transition to a lower carbon economy.

Sustainability Report  
continued  
**OUR ENVIRONMENT**

**We also joined hands with ST Telemedia to jointly develop STT MediaHub, a highly specialised tele-communications, media and data centre facility which was awarded the BCA-IDA Green Mark Platinum for New Data Centres.**

**Our Performance**

**Green Building**

We reduce our environmental impact by operating from certified green buildings. Our head office StarHub Green is located in a Green Mark Gold certified building. The building, certified green by the Building and Construction Authority (BCA), saves energy and water and provides healthier indoor air for our employees and visitors.

We also joined hands with ST Telemedia to jointly develop STT MediaHub, a highly specialised telecommunications, media and data centre facility which was awarded the BCA-IDA Green Mark Platinum for New Data Centres.

**Energy**

Our management approach is to minimise the use of fossil fuel energy. Data centres, base stations, offices and transport operations account for most of our energy use. We are focused on adopting energy-efficient technologies and saving energy through employee awareness. We have improved energy efficiency in our data centres by improvements in cabling and air-conditioning equipment. This year's electricity data includes consumption at STT MediaHub where we started moving some of the telco and media operations from July 2016.

**Green Network**

We have modernised our 2G and 3G networks which consume less power and added an energy-efficient 4G network resulting in a substantial reduction in energy consumption.

**Solar Energy**

We operate two solar-powered mobile base transceiver stations (BTS) located at our headquarters, StarHub Green and on the roof of IKEA Alexandra. The two stations annually save approximately 8,000 kWh energy or about 3,599 kg of CO<sub>2</sub>. We have also invested in Singapore's first solar-powered BTS-enabled vehicle used to boost signal strength.

**GHG Emissions**

Our management approach is to progressively reduce our organisational carbon footprint by improving energy efficiency and minimising energy consumption. StarHub's greenhouse gas (GHG) emissions can be attributed to the use of electricity, diesel and petrol. Our emission intensity in 2016 was calculated to be 22.7 tCO<sub>2</sub> per million \$ in revenue, compared with 23.2 tCO<sub>2</sub> in the preceding year. Emissions from electricity represented 99% of our total carbon. Our overall GHG emission was slightly lower in 2016, mainly attributable to less use of refrigerant gases included in the Kyoto Protocol.

**Ozone Depleting Fugitive Emissions**

Our ozone depleting fugitive emissions, attributed to the use of refrigerant R22 in air-conditioning equipment, amounted to 143 tCO<sub>2</sub>e in 2016 as against 786 tCO<sub>2</sub>e in the prior year.

**Scope 3 Emissions**

Our current reporting of Scope 3 emissions or other indirect emissions includes emissions from use of electricity by our exclusive retail partners. In 2016, the Scope 3 emissions were calculated to be 187 tCO<sub>2</sub>, compared to 217 tCO<sub>2</sub> in the prior year.

**Detailed Emissions Summary (CO<sub>2</sub>e tonnes)**

Emission Sources	FY 2016	FY 2015	FY 2014
<b>Scope 1</b>			
Stationary Combustion	65	112	87
Mobile Combustion	487	568	600
Fugitive emissions (refrigerant gases)	9	1,252	494
Total Scope 1 emissions	561	1,932	1,181
<b>Scope 2</b>			
Purchased electricity	53,957	54,774	53,444
Total Scope 2 emissions	53,957	54,774	53,444
Total CO <sub>2</sub> e emissions	54,518	56,706	54,625

**Waste**

Our management approach is to reduce, reuse and recycle waste wherever possible through employee awareness. Waste from our operations includes paper, packaging waste and e-waste. We recycle our e-waste through licensed waste management contractors. We also help our customers recycle their used mobile phones and cable TV set top boxes and remote controls.

**REcycling Nation's Electronic Waste (RENEW)**

RENEW is an award-winning initiative aimed at encouraging the public to recycle their e-waste. RENEW, our collaboration with logistics provider DHL and waste recycler TES-AMM, collects e-waste from public through collection bins placed across the island.

People can drop their unwanted electronic items such as answering machines, cables, car stereos, computer mice, CDs/ DVDs, docking stations, CD/ DVD/ VCD players, electronic toys, hard drives, keyboards, laptops, lithium-ion (Li-ion) batteries, mobile phones, modems, MP3 players, printed circuit boards, printers, remote controls, routers, set-top boxes, telephones, VCRs and wires in the designated bins. DHL helps transport the e-waste safely to TES-AMM's recycling facility.

There are now 325 bins across 274 locations. Close to 59 tonnes of e-waste collected from the public in 2016 was recycled, as against 31.7 tonnes in the preceding year.

**Recycling**

Figures for our paper and e-waste recycling programmes are presented in the chart.

**Water**

We use water only for drinking, washing, and cooling equipment. Even though water is not considered a material impact of our operations, we make efforts to conserve water as Singapore lacks natural fresh water resources. Our office building, which is certified Green Mark Gold, is installed with water efficient fittings, fixtures and flushing system. We also regularly measure, monitor and report our water consumption.

**StarHub's Green Marketing Journey**

Over the years, we have implemented several initiatives to reduce printed marketing material.

Invitations to our marketing events are mostly sent as e-invites. We have switched to sending e-cards during festive seasons from the conventional printed greeting cards. Electronic version of the latest issues of our newsletters to business customers are now available online on our website. Our Annual Reports are printed in limited number on FSC certified sustainably sourced paper.

Other initiatives have included:

- 2009**: Annual Reports and EGM Circulars available in digital format.
- 2012**: StarHub customers can opt to save paper by receiving electronic statements instead of printed bills with MyStarHub e-bill. Complementing MyStarHub e-bill is the My StarHub app, available on both the iOS and Android platforms. The app allows StarHub customers to view their account details, such as billing information, on their mobile devices at their convenience, encouraging them to go paperless. StarHub also removed Business Reply Envelopes from mailed bills in 2012, an effort which saves about 15 tonnes of paper each year.
- 2013**: A paperless bill payment process was introduced at our retail shops, printing out bills only for customers who request a hard copy for retention. Introduced the Board Portal to replace all printed Board documents. The initiative saves an estimated 2,000 sheets of paper each year.
- 2014**: We also replaced our paper bags with new reusable carrier bags. The bags are labelled with the Recycling Code 5 symbol, to help recyclers identify the specific type of recycling required.

**Case Study**

**My StarHub e-Bill**

My StarHub e-bill is an initiative to encourage customers to switch from receiving printed bills to electronic statements. As of 31 December 2016, 242,740 billing accounts were on the scheme as against 154,060 accounts at the end of 2015. We have introduced paperless billing system at our retail shops, printing out bills only for customers who request a hard copy for retention. The initiative saved an estimated 1.1 million sheets of paper in 2016.

**Sustainable Paper**

To reduce impact on the environment, we use sustainably sourced Forest Stewardship Council (FSC) Certified office paper. Through employee awareness, we strive to reduce paper use by judicious printing. We have also implemented Managed Print Services (MPS) to optimise paper use. Our FSC paper consumption in 2016 was 28,340kg, compared with 40,065 kg in the previous year. Consequently, through the transition to MPS, the use of printer toner cartridges has also been reduced.

**StarHub Customers Donate Reward Points**

The StarHub Rewards Redemption for Charity programme encourages our customers to use their Rewards points to make a tax-deductible \$5 donation to World Wide Fund for Nature (WWF). In 2016, the redemption donation amounted to \$10,375.

**Compliance**

StarHub was not fined or sanctioned for any non-compliance with environmental laws or regulations in 2016.

**Environmental advocacy**

Environmental advocacy is one of the key components of our environmental programme. Our approach is to engage our employees, customers, business partners, students and other stakeholders to spread awareness of environmental issues. Some of the initiatives we undertook in 2016 are described below.

**Awareness**

As part of our Green Learning Journey, an ongoing in-house programme to raise environmental awareness amongst employees, trips to the NEWater Plant and Semakau Landfill were organised. Both tours centred on innovations in resource conservation and waste management in resource-scarce Singapore, along with practical tips on reducing our personal carbon footprint.

**Annual School Green Awards**

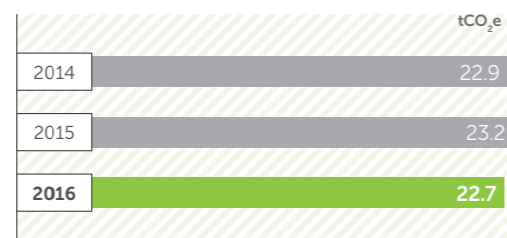
Continuing our 3-year title sponsorship of the Singapore Environment Council (SEC)-StarHub School Green Awards (SGA) for the second year, the SGA has reached out to more youth in raising awareness of environmental issues and challenges. The SGA is a programme aimed at nurturing values and skills within our young, enabling them to be environmentally-savvy and proactive in leading and advocating a sustainable lifestyle. To reflect current environmental challenges, a new outreach component was introduced, resulting in involvement among more than 320,000 students, residents and the wider community.

**Earth Hour 2016**

Non-essential lights were switched off at the headquarters at StarHub Green and our stores on 19 March 2016 for an hour. Our logo on StarHub Green was also switched off.

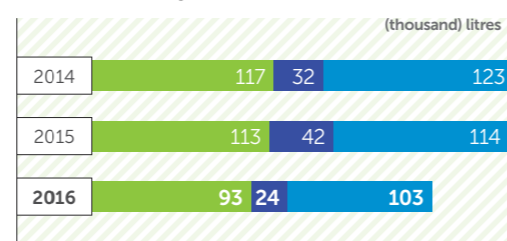
**Performance Charts**

**Emission Intensity**



■ tCO<sub>2</sub>e emission per \$million revenue

**Fuel Consumption**

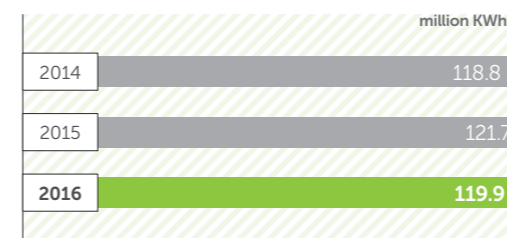


■ Diesel (mobile combustion)  
■ Diesel (stationary combustion)  
■ Petrol (mobile combustion)

**General Waste**



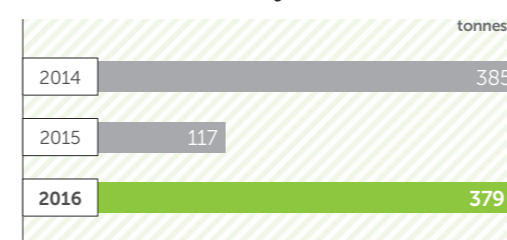
**Electricity Use**



**Water Consumption**



**Internal e-waste Recycled**

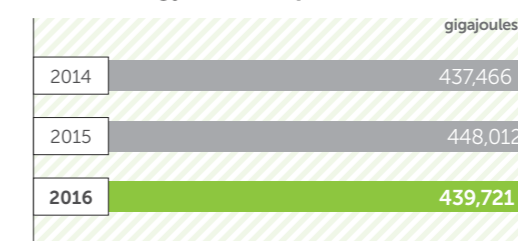


**Energy Intensity**

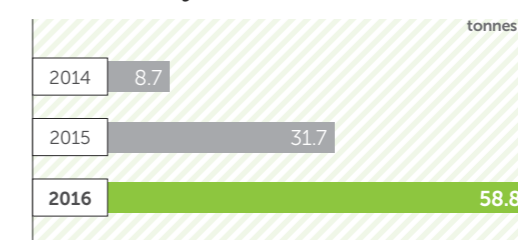


■ Energy consumption – GJ per \$million revenue

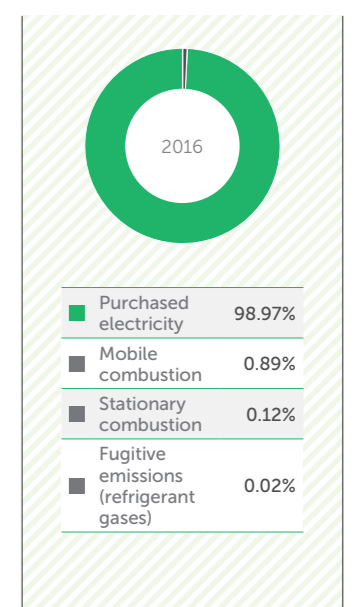
**Total Energy Consumption**



**E-waste Recycled via RENEW**



**Sources of GHG Emissions 2016**



Sustainability Report  
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**OUR MARKETPLACE**



**How We Create Value**

- 1 Ensure reliable access to telecom, broadband and TV services.
- 2 Customer satisfaction through service excellence.
- 3 Cyber Security.
- 4 Protect customer privacy and personal data.
- 5 Create and disseminate content with responsibility.
- 6 Protect children against undesirable content through safeguards.
- 7 Ensure clarity of tariffs.

# OUR MARKETPLACE

**We are focused on providing every person, every home and every business in Singapore with world-class information, communication and entertainment services.**

Our management approach is to build a trusted brand through innovation, integrity and customer service excellence. Our marketplace practices are aimed at creating long-term value for our business.

Our mobile, broadband and fixed network services connect millions of customers and businesses making their lives better. Our Pay TV service delivers world-class entertainment to almost half a million households, enriching their lives. Continuously enhancing customer experience is our number one priority. Our people work round the clock to ensure that our customers enjoy uninterrupted digital communication and entertainment the way they like it.

We believe that tariff transparency, customer experience, privacy, accessibility to telecom services, responsible content and supply chain sustainability are all important issues for us to focus on.

**Mobile Accessibility**

As smartphones become indispensable tools for everyone to communicate, connect, shop and access a host of personal and public services, mobile accessibility has become more important than ever before. StarHub's quality and reliability of service has consistently remained above 99.9% as we have continued to strengthen our network.

Our telecom services are available in a wide range of packages to meet the needs of all sections of society. We respect human rights to the access and use of telecommunication products and services and follow the policies issued by the IMDA.

Our Business Continuity Management (BCM) programme focuses on providing, maintaining and promptly recovering our info-communication services in the event of an emergency, disaster or crisis situations including pandemic, haze and cyber attacks.

**Service Disruption by Cyber Attacks**

We experienced intentional and potentially malicious Distributed Denial-of-Service (DDoS) attacks on our Domain Name Servers (DNS)

on 22 October and 24 October which caused intermittent web connection issues for some of our home broadband customers.

On both occasions, we mitigated the attacks and restored service within two hours. No impact was observed on the rest of our services, and the security of our customers' information was not compromised. We kept customers informed on these matters via our hotline and social media.

**StarHub Cyber Security Centre of Excellence**

StarHub has committed to supporting the development of the cyber security ecosystem in Singapore.

In May 2016, we launched StarHub's Cyber Security COE. The Cyber Security COE, established by StarHub and supported by the Economic Development Board (EDB) serves as a hub for the cyber security ecosystem, bringing together the best of brains and expertise to tackle cyber threats, which are among other serious risks affecting economies globally today.

The Cyber Security COE is a broad collaboration between StarHub and a number of industry partners and Institutes of Higher Learning (IHL). Early partners include Blue Coat, Cyberbit, Fortinet, Wedge Networks and Coronet as well as Nanyang Polytechnic (NYP), Republic Polytechnic, Temasek Polytechnic and Singapore University of Technology and Design.

Together with StarHub, the partners will undertake various initiatives to strengthen Singapore's capabilities in cyber security, focusing on talent development, innovation and industry partnerships.

We have also committed to addressing the shortage of cyber security talent in Singapore by training at least 300 specialists on different cyber related capabilities and skill sets over the next five years. We have teamed up with the four IHLs and the Cyber Security Agency of Singapore (CSA) to enhance cyber security training curriculum and programmes, and to collaborate on research and development.

As a first step, StarHub and NYP have jointly established a lab on NYP campus to provide hands-on training for students of Cyber

**Sustainability Report**  
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**OUR MARKETPLACE**

Security & Forensics. These students will subsequently have the opportunity to learn directly from experienced cyber security professionals during their internship placements at StarHub or our industry partners.

The Cyber Security COE's first commercial initiative is the first-of-its-kind Security Operations Centre at StarHub (named StarHub Security Operations Centre), whereby StarHub's core infrastructure is integrated with round-the-clock proactive cyber threat detection capabilities.

Cyber-attacks come through wired and wireless networks. As a telco, StarHub's core networks are thus a strategic location to monitor and detect potential malicious data traffic early and perform mitigation. In addition, cyber security solutions to protect industrial control systems and cloud-based cyber security solutions are being developed.

StarHub and the Cyber Security COE partners will jointly invest \$200 million over the next five years to support a sustainable cyber security ecosystem.

**Content Responsibility**

Protecting young users of our services from harmful content is an important issue for us. JuniorProtect Basic is a StarHub service that lets kids explore the Internet safely across devices, blocking out harmful websites and content on both mobile and PC. Targeted at StarHub's pre-defined categories as Juniors (Age 7 to 12) and Teens (Age 13 to 16), the service uses default content filters as required by the IMDA. Parents, who have subscribed to the service for their child, can also set access rules across 15 categories considered undesirable for young minds via a web portal.

**Content Values**

We are committed to promoting safe and responsible use of our mobile services. In line with the Voluntary Code for Self-regulation of Mobile Content in Singapore, our policies prohibit content that is objectionable on the grounds of public interest, public morality, public

security, national harmony, or that is illegal under Singapore laws.

We offer services that help customers to make informed choices with respect to what kind of content their children can access. For example, our Parental Control facility offers Parental Lock and Purchase Lock features. Customers can use the Parental Lock feature to control what their children can watch. The Purchase Lock feature allows customers to prevent their children from making unauthorised channel subscription(s) or Video on Demand (VOD) purchase(s). Customers can use the Rating Level feature to block rated VOD content according to rating level set.

We continue to promote content in all national languages. We support art, culture and education by promoting TV programmes for schools, educational TV shows, news and information programmes; arts and cultural programmes; and drama and sports programmes.

We have partnered with the IMDA to produce local content for PSB. In 2016, StarHub committed to commissioning about 110 hours of original productions aimed at supporting PSB values, such as celebration of the Singapore's culture and heritage, and promotion of the Singaporean identity, through innovative storytelling.

**Tariff Transparency**

We are committed to transparent communication of our tariffs and charges through various marketing channels. Our price plans are prominently displayed at all retail outlets and are available on our website. Our customer service staff are provided training to clearly communicate the pricing structure and the contract terms to all customers at the time of signing contracts.

We measure and publish typical range of Internet speeds for our broadband plans on our website to maintain transparency. We have taken measures to protect our customers from 'bill shock'. Customers can use *My StarHub*

app to manage their overseas data bills and cap roaming expenses.

**Customer Satisfaction**

We gather feedback and insights from our customers through various channels. Insights gathered through the NPS, a customer loyalty metric, have helped us improve our customer service and systems in a targeted manner.

Since 2013, frontliners have been successfully cross-trained to handle both sales and post-sales transactions. This seamless integration, the visual revamp and enhanced customer flow within the StarHub retail stores has delighted customers. We will continue to introduce a number of enhancements to customer service.

Customers who are pressed for time can now make e-appointments prior to shop visits. In 2016, we also piloted a Click and Collect option for customers who wish to collect their devices from our shops instead of home deliveries. This 'shop online-collect offline' option has been well received. At the contact centre, we introduced guided workflows via an e-Butler tool to facilitate our staff's interactions with customers over the phone. This tool also fetched relevant information from various sources to enable our staff to resolve customers' concerns promptly during the call interaction. With our omni-channel focus, we are constantly refining the 'how' and 'when' of interacting with customers. Simple transactions can be done over a mobile application called *My StarHub*. The app has seen constant improvements over the years and its latest enhancement in late 2016 aims to make transactions as effortless as possible for our customers. They can pay bills, check data, book e-appointments, redeem rewards and activate roaming with just a few taps.

**Privacy and Data Security**

We respect our customers' privacy. Our approach is to adhere to the privacy and data protection laws of Singapore and other applicable regulations and standards. We regularly review our customer privacy and data protection processes to ensure compliance. We have implemented a strict personal data protection policy and have taken the necessary measures to protect our customers' personal data. For example, we do not send promotional and marketing messages via phone calls, text messages and faxes to the customers who have opted out from receiving marketing messages through these channels. Customers can modify their consent through our StarHub web portal.

Our detailed Personal Data Protection Policy is available on the StarHub website.

**Supply Chain Sustainability**

Our management approach is to source responsibly and work with our suppliers to promote ethical conduct throughout the value chain. We choose vendors, suppliers and contractors fairly and require them to commit to our ethical code of conduct.

Our supply chain includes providers of products and services for our Mobile, Pay TV, Broadband and Enterprise Fixed business lines. This also covers network equipment, consumer handsets and customer premise equipment.

Our supplier relationships include dominant vendors who are among the largest corporations in the world. Several of them have publicly committed to sustainability. We recognise that our ability to influence them is somewhat limited. Our approach is to engage with them whenever possible and work together to support responsible business practices. We also engage a selected group of suppliers and business partners through a supplier sustainability survey questionnaire.

Our supply chain spend exceeded \$1.9 billion in 2016. Out of the 2,449 vendors that we purchased from, 85% were local. Local suppliers' share in our total purchase was 86%.

An overview of our supply chain is illustrated below.

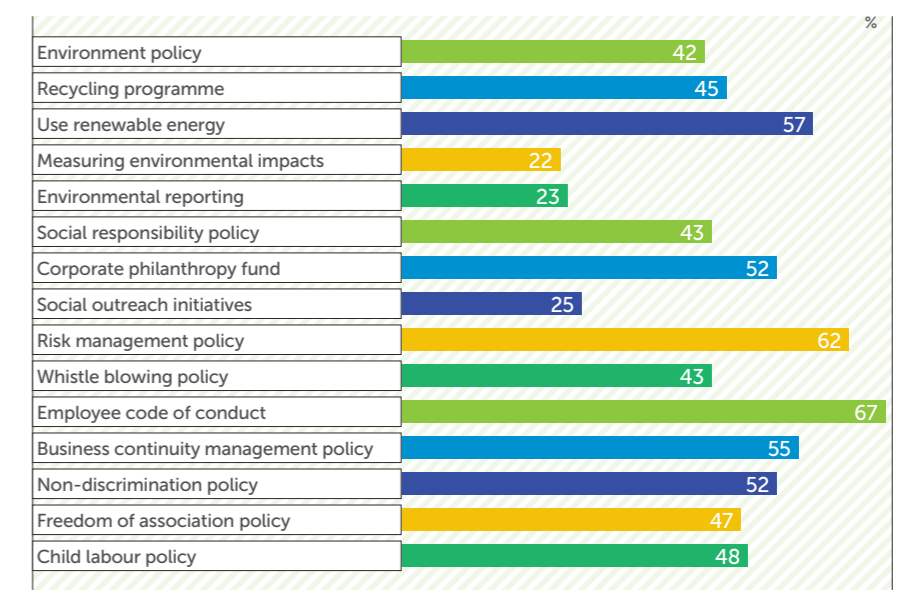
Business Unit	External	Collaterals Suppliers	Soft Content Suppliers	IT suppliers	Own Network	Customer Premise Equipment	Sales & Fulfillment Channels	End of Life
Mobile		Printers (of publicity/marketing materials), corporate gift vendors, etc.	Apps	Customer Relationship Management, Enterprise Planning Resource, Billing Database, Storage, etc.	2G, 3G, 4G	Mobile handsets, SIM cards, mobile accessories	Stores, Exclusive Partners, Resellers, Sales Partners, Direct Sales, Retail Chain Stores, Field Services	Traded-in handsets, donated handsets, take-back of faulty/obsolete equipment for recycling, recycling of surplus/old marketing/publicity material
TV	Fibre		Programmes (content providers and production partners)		Hybrid Fibre Coaxial (HFC), Fibre IP	Set-top boxes		
Broadband					HFC, Fibre IP	Cable modems, routers		
Enterprise Fixed						Fibre, Fibre IP, Undersea Cable	Customer premise equipment	
Corporate				Intranet Office IT hardware		Expendable office supplies		

**Supplier Sustainability Survey**

Our annual Supplier Sustainability Survey covered our top 73 vendors and business partners in 2016. The Survey, based on a set of questions relating to important sustainability topics, aims to assess our suppliers' sustainability commitment and performance. The 2016 Survey findings are presented below.

**Supplier Sustainability Survey Result**

(proportion of vendors with sustainability initiatives in 2016)



**Anti-corruption**

We follow a zero-tolerance policy toward fraud and unethical conduct including corruption and bribery. StarHub's Employee Code of Conduct and Ethics and the Corporate Gift and Hospitality Policy cover business conduct including employees' compliance with anti-corruption and anti-bribery laws. There was no reported incident of corruption in the reporting period.

Sustainability Report  
continued  
**OUR WORKPLACE**



**How We Create Value**

- 1 Attract, nurture and retain talent.
- 2 Nurture a caring workplace based on fair and inclusive employment practices.
- 3 Promote teamwork as a core value.
- 4 Promote diversity and providing equal opportunity.
- 5 Develop people through regular training and education.
- 6 Ensure health and safety at workplace.
- 7 Encourage employee volunteering.

**Performance Highlights**

Women in Workforce:	Women Heads of Department:	Local Employees (Singaporeans):	Training Hours Per Employee:	Training Spend Per Employee:	Employee Turnover:	Fatal Accidents:	Employee Satisfaction Rate:
<b>42%</b>	<b>33%</b>	<b>75%</b>	<b>19</b>	<b>\$784</b>	<b>12%</b>	<b>0</b>	<b>91%</b>

# OUR WORKPLACE

**We are focused on creating a high performing organisation based on respect, teamwork, inclusivity and excellence.**

Our management approach is to continually invest in people so that they can deliver value to our customers and other stakeholders. Our human resource policies are aimed at developing a high-performing organisation by creating a fair, inclusive, engaging and fulfilling workplace. Our policies promote merit-based hiring and remuneration, teamwork, safe and healthy working conditions, diversity, reward and recognition for performance, people development, career growth, work-life balance, and employee volunteering. StarHub management regularly reviews HR policies and performance including hiring, diversity and equal opportunity, training, performance management and occupational health and safety.

We are proud to have achieved the People Developer (PD) certification in 2016, awarded by SPRING Singapore, in recognition of our efforts to develop our people to drive business excellence.

**Our People**

StarHub employed 2,965 people in 2016 with a median age of 37 years. Permanent employees, which include part-time employees, represented 90.6% of the total headcount. Employees with managerial or supervisory roles accounted for 16% of the workforce. The Customer Service Experience (30%), StarHub Integrated NW Engineering (23%), Enterprise Business Group (13%), and Information Services (11%) divisions accounted for the largest shares of the headcount.

**Our Performance**

**Diversity and equal opportunity**

Our mission is to nurture a diverse and inclusive workplace. Our policies promote diversity and meritocracy. We strive to offer equal opportunity in hiring, career advancement, promotions and remuneration strictly based on merit irrespective of gender, age, racial, ethnic or cultural background.

StarHub's Board includes one female director who holds the position of an independent director. There are four women in the 11-member strong senior management team.

We are also committed to promoting an inclusive workplace and offering employment opportunities to persons with disabilities. We employed four persons with physical disabilities in 2016.

**Equal Remuneration for Men and Women**

Our management approach is to offer remuneration based on merit and experience without any gender discrimination.

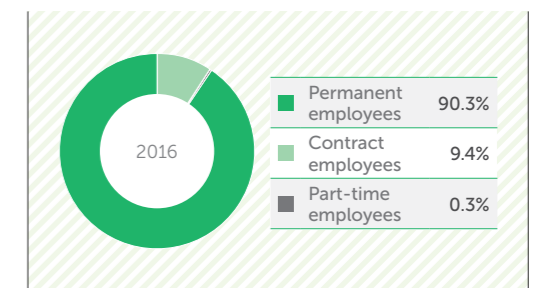
**Ratio of base salary: Female to Male (2016)**

Employee Category	Female	Male
Senior Manager & above	1.0	1.1
Middle Manager	1.0	1.1
Executive	1.0	1.0
Non-Executive	1.0	1.1

	2016	2015	2014
Female	1	1	1
Male	1.1	1.1	1.1

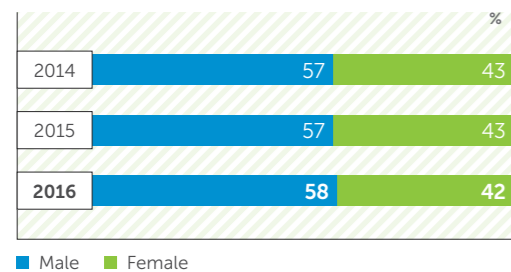
**Employee Profile**



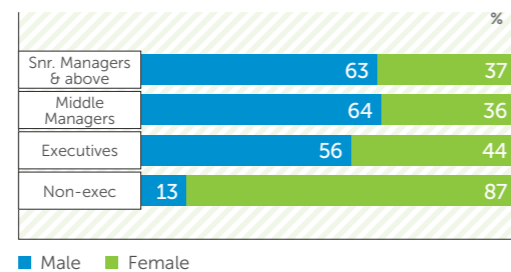


Diversity at StarHub

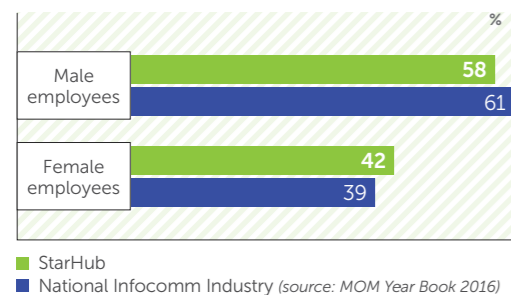
Gender Diversity



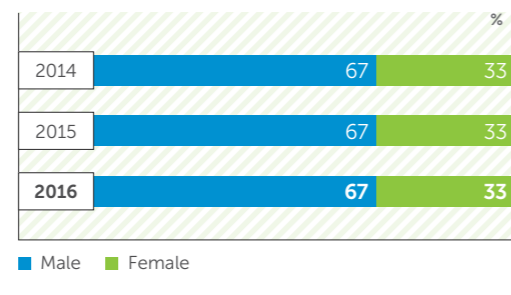
Gender Profile by Employee Category



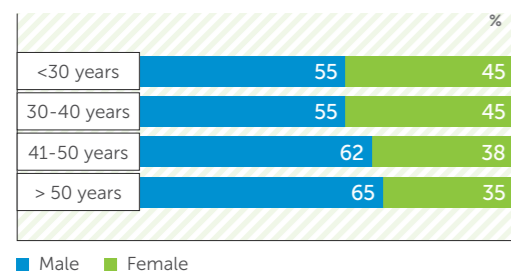
Gender Diversity: StarHub Vs Infocomm



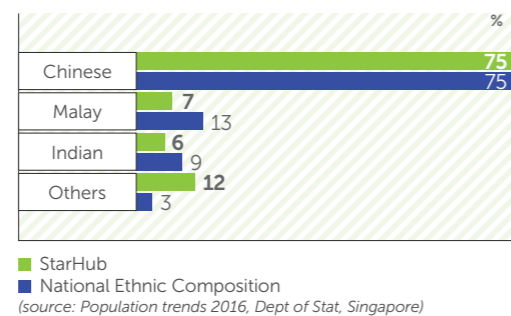
Gender Diversity (Department/Division/Section Heads)



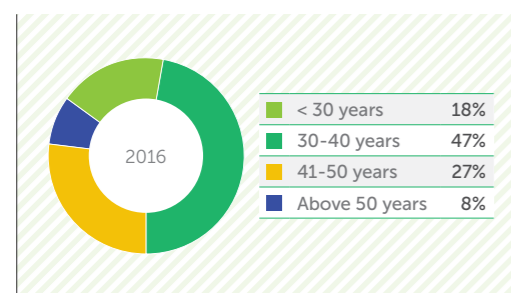
Age Diversity by Gender



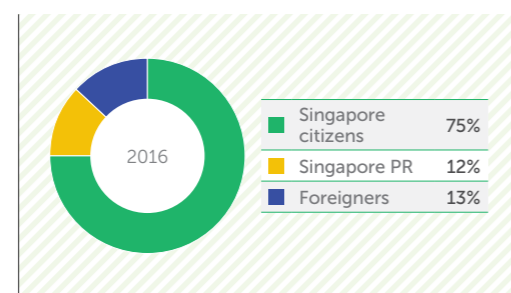
Ethnic Diversity



Age Diversity

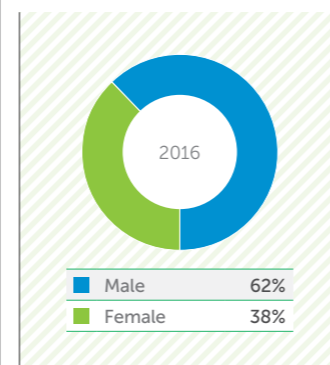


Local Employees

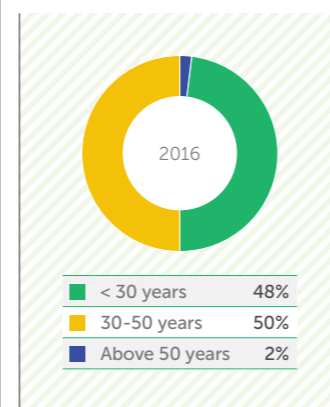


New Hiring

New Hiring by Gender

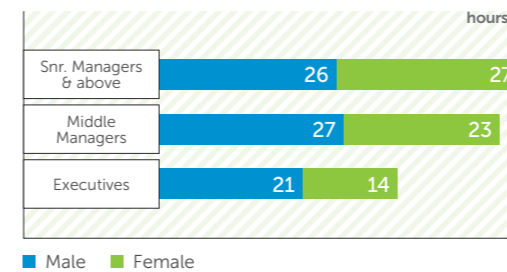


New Hiring by Age Group

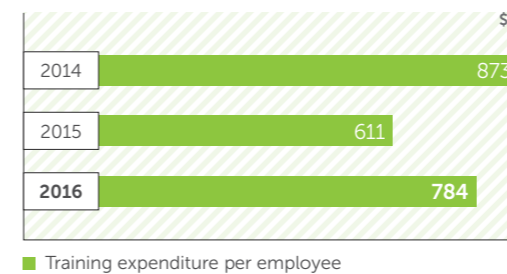


Learning and Development

Average Training Hours by Category and Gender



Training Expenditure



Learning and Development

Our management approach is to invest in people development to build a high performing organisation. Our Learning & Development Framework is focused on ensuring our employees have the appropriate learning and development opportunities to build functional and technical skills to succeed in their jobs, and the management and leadership skills to inspire and lead teams to perform.

We also collaborate with multiple government agencies such as SkillsFuture Singapore, the IMDA, and the Economic Development Board to maximise learning and funding opportunities for our employees.

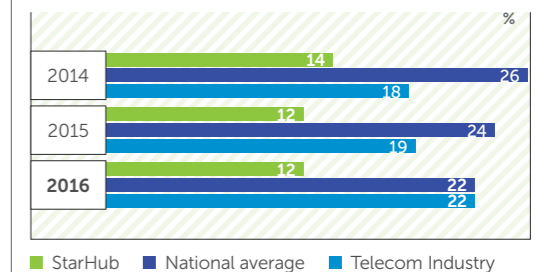
In 2016, we rolled out an enhanced development roadmap for first-time managers to provide ongoing coaching support, build a sense of community and interaction among peers and more targeted learning opportunities. We also organised several experiential micro-learning sessions on topics like coaching, management skills and change management to encourage practical application of learning after training.

We achieved PD certification in 2016 in recognition of our continued efforts to strive for improvement and business excellence by bringing out the best in our people and make StarHub a truly high performing organisation.

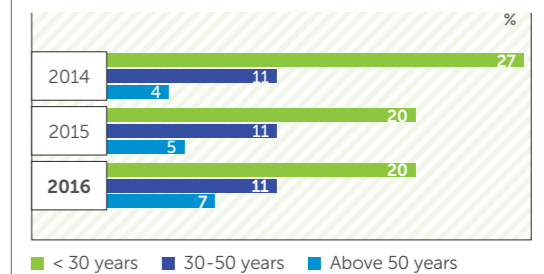
We invested \$2.1 million on training in 2016, up from \$1.7 million spent in the previous year. We received a confirmed amount of \$368,915 in training subsidy from various government agencies. In total, we provided 52,354 hours of training. Training expenditure per employee was \$784, higher than \$611 per employee in the prior year.

Employee Turnover

Employee Turnover



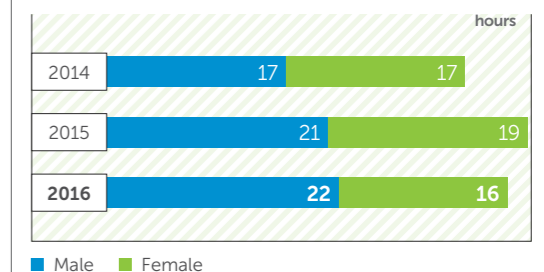
Employee Turnover by Age Group



Employee Turnover by Gender



Training Hours per Employee by Gender





**We will continue to stay focused on the sustainability aspects that are most material for our business and for our main stakeholders.**



**Performance Management**

Our performance management system covers all StarHub employees and includes periodic performance reviews and career development discussions with employees. All StarHub employees, irrespective of gender or category, received regular performance and career development reviews in 2016.

We revamped the performance rating system in 2016 to make our performance management system more robust and effective. Comprehensive training was provided to people managers to equip them with relevant skills to hold effective performance conversations with their teams. We also rolled out a new Leadership Development Programme for senior managers and above to inculcate key leadership traits. Like previous years, we continued to organise internal Career Fairs, Career Guidance workshops and Career Coaching to support employees' career development efforts.

**Employee Benefits**

Benefits exclusive to StarHub's permanent employees, include product benefits, comprehensive Health Screening, additional insurance coverage other than Work Injury Compensation insurance coverage, medical and dental consultation and/or treatment reimbursement, transport allowance, training, claim for professional fees for joining professional associations, Long Service Award, entry passes for places of interest, and tokens for special occasions.

StarHub employees also enjoy other benefits which include childcare leave, paternity leave and shared parental leave, eldercare leave, and access to the supplementary major medical insurance coverage to the employees' family at special rates.

**Human Rights**

StarHub is committed to upholding human rights in line with nationally and internationally accepted principles and labour standards such as the core labour standards advocated by the International Labour Organisation. Our policies prohibit child labour, discrimination and forced labour in our operations as well as in our supply chains.

Our own operations are mainly concentrated in Singapore. We have determined that the potential risk of child labour, forced labour, discrimination and violation of freedom of association rights in our own operations is highly unlikely given our strong HR policies and management oversight. We have limited or no control over our supply chain which includes several dominant suppliers who have their own publicly known commitment to supporting human rights. However, we engage with our key suppliers through an annual supplier sustainability survey that covers the topics of child labour, discrimination, forced labour and freedom of association (see *Our Marketplace* chapter for more).

**MOU with Employees Union**

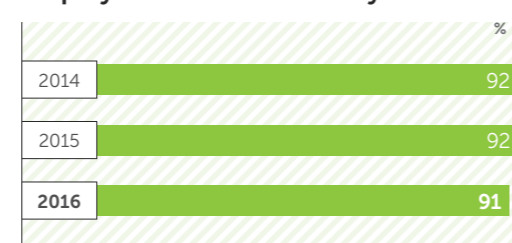
We respect our employees' right to freedom of association in accordance with local laws. In a significant move to collaborate with employees union, StarHub and the Singapore Industrial and Services Employees Union (SISEU) signed a MOU for five years in August 2016. The scope of the collaboration includes enhancing the well-being of employees and providing social, recreational, training and skills upgrading benefits.

There were no reported incidents of child labour, discrimination or forced labour in our own operations in the reporting period.

**Employee Satisfaction**

We assess the effectiveness of our people initiatives and policies and the overall HR support through an annual survey to measure employee satisfaction. In the 2016 Annual HR Satisfaction Survey, 91% of the participants said that the overall HR performance met or exceeded expectations.

**Employee Satisfaction Survey**



■ Employee satisfaction rate

**Occupational Health and Safety**

Our management approach is to ensure workplace health and safety by taking preventive measures based on risk assessment and creating employee awareness.

StarHub's Workplace Safety and Health Committee, represented by management and employees, periodically reviews policies, procedures and practices relating to occupational health and safety. Nominated Risk Management Champions across the organisation work closely with the Risk Assessment team to assess risks for every work activity and process carried out at the workplace. StarHub continues to be a certified bizSafe Level 3 organisation, awarded by the Workplace Safety and Health Council Singapore based on an independent audit.

In 2016, we prioritised workplace health and safety through continued investment in first aid training and certification. A number of learning conversations were also organised at our StarHub Green and Tanjong Pagar offices to spread first aid awareness. During the year, 84 employees were certified in the new Office First-aid course where these first-aiders are trained to use automated external defibrillator.

There were no fatal accidents in 2016. There were two reported cases for Work Injury Compensation. Injuries sustained included those relating to traffic accident, trips and falls at workplace, with an absenteeism payroll of \$1,188 based on 18 days of medical leave.

**Safety for Field Employees**

Our field employees and contractors involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside work are required to adhere to strict safety procedures.

A detailed Code of Practice on WSH Risk Management, Risk Assessment, safety procedures for installation of radio equipment and a disaster recovery plan are included in our Workplace Safety and Health system.

We require the contractors undertaking work at our sites to comply with the provisions of the Workplace Safety & Health Act. We also require contractors to submit a risk assessment report for approval prior to carrying out any work on site.

**Siting of masts**

Our policies and practices on the siting of masts and transmission sites encourage stakeholder consultation, site sharing and measures to reduce visual impacts.

A brief summary of our sites as of end 2016 is presented below:

Type of Site	%
Stand-alone Mobile Sites	7.3
Shared Sites (Mobile-CAS)	29.1
Sites on Existing Structures	63.6

**Health Education**

We continued organising lunch talks and workshops throughout 2016 to raise employee awareness on health issues.

Enrichment talk topics and engagement activities organised in 2016 included Eye Care Talk, Healthy Crepes Making Workshop, Urban Gardening Workshop, Kayaking to Seletar Island, and Bring Your Kids to Work Day. In total, 2,562 participants attended these events, significantly more than 976 participants in the prior year.

**Collaboration with Educational Institutions**

We continued to collaborate with post-secondary educational institutions in 2016. We signed a collective three-year MOU with Institute of Technical Education, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic and Temasek Polytechnic to provide a collaborative framework for supporting the enhanced internships and Earn-and-Learn Programme in the Retail Sector under SkillsFuture, a Government initiative to provide Singaporeans with the opportunities to develop their fullest potential throughout life, regardless of their starting points.

The scope of collaboration includes offering relevant enhanced internship placements in two key functions in the organisation, jointly developing and implementing the planned training programme and assessments that are aligned with the learning outcomes, and providing on-the-job training, mentoring of interns, career guidance and explaining earn-and-learn opportunities.



**Our management approach is to invest in people development to build a high performing organisation.**



Sustainability Report  
continued  
**OUR COMMUNITY**



**How We Create Value**

- 1** Make positive contribution to local communities, focus on the underprivileged.
- 2** Bridge digital divide.
- 3** Encourage employee volunteering.
- 4** Encourage customers to participate in community initiatives.

**Performance Highlights**

Community investment: **\$844,769** | Employee volunteering: **124** days | VWOs supported: **12** | Beneficiaries: **More than 35,500** disadvantaged youth and families

# OUR COMMUNITY

**We are focused on building long-term relationships based on trust with the community by making a positive contribution.**

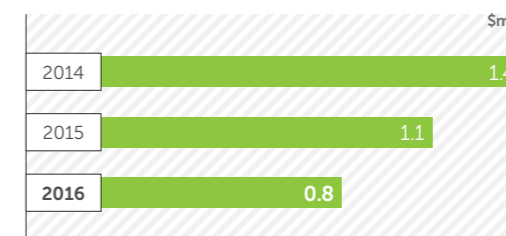
Our management approach is to contribute toward building a strong and resilient community. We also actively involve our employees and customers in community programmes.

We reviewed our community investment programme in 2016 and identified two areas of priority: improving employability and life skills, and supporting connectivity needs for disadvantaged youth and families. In addition, we contributed to a number of other community causes. In total, our investment in community development programmes amounted to \$844,769. We partnered with 12 VWOs in various initiatives, enhancing employability and critical life skills.

**Community Chest Awards**

StarHub's fundraising efforts were recognised at the annual ComChest Awards in September 2016 with a Corporate Gold (for our donation of \$213,850 for StarHub Open 2015) and a Special Events Silver (for StarHub Rewards Redemption Programme 2015). We also received a token of appreciation from President's Challenge for our in-kind sponsorship of airtime worth \$400,000.

**Community Investment**



■ Amount disbursed from StarHub Sparks Fund

**Employee Volunteering**

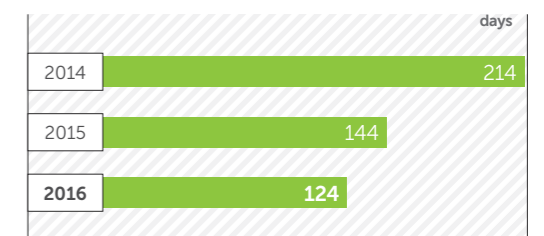
We encourage our employees to participate in community and environmental initiatives through volunteering. We provide up to two working days of paid leave a year to our employees for volunteering. Several StarHub employees volunteer for a number of social and environmental causes each year. Our employees volunteered 124 man-days in 2016.

**StarHub Community Investment 2016**

Together with employees, customers and business partners, we supported several community initiatives throughout the year. Our key community investment programmes in 2016 are described below.

624 children benefitted from the Nurture 2.0 programme, a volunteer programme that tutors underprivileged children in Central Singapore District in English and Mathematics with financial support from StarHub. Nurture 2.0, a weekly volunteer-driven programme for children aged seven to 12 run by the Central Singapore CDC, received \$200,000 from the StarHub Sparks Fund, our corporate philanthropic vehicle. Working closely with the Central Singapore CDC, we have refined and introduced several non-academic modules such as creativity through IT, crafts and robotics to complement the academic curriculum. StarHub employees continued to volunteer at the Nurture 2.0 initiative in

**Employee Volunteering**



**We continued our support for the Children's Cancer Foundation's annual Hair for Hope event for the fifth consecutive year.**

2016. A group of 35 staff volunteers acted as mentors and took 202 Nurture beneficiaries for a day-long interactive learning experience to KidZania, an indoor theme park in Sentosa, where the children learnt about various vocations and basic financial literacy.

People with special needs and/or disabilities have been identified as one of the most vulnerable groups in Singapore. To support this group, StarHub donated \$209,700 from the StarHub Sparks Fund through the annual StarHub Open, a golf event for corporate clients, joined by StarHub management with guest appearances by TVB artists.

Funds went towards Metta School, MINDS Towner Garden School and Lighthouse School, to equip special needs students with the knowledge and skills necessary for independent functioning. This includes training of functional academic, independence, vocational and life skills to maximise their potential towards independent living and integration into the community.

Our two-year sponsorship of \$300,000 of SPD's Infocomm Accessibility Centre Certificate in Office Skills (ICOS) from 2015 to 2017, an office skills training programme that enables people with disabilities to find open, gainful employment in administrative positions has reaped positive outcomes. In 2016, over 70 persons were trained. Out of these, 19 found open employment.

We continued our support for the Children's Cancer Foundation's annual Hair for Hope event for the fifth consecutive year. To raise awareness of childhood cancer, StarHub pledged \$1,000 for every person who shaved his/her head at the satellite event held at our main office in StarHub Green. A record 122 shavees including employees, partners and customers went bald in support of children with cancer, raising a total of \$122,000 from the StarHub Sparks Fund.

**Beneficiaries of StarHub's Community Outreach Programmes in 2016**

**\$200,000** funding of Nurture 2.0.

**\$209,700** to three special needs schools: Metta School, MINDS Towner Garden School and Lighthouse School through the StarHub Open.

**\$122,000** for Hair for Hope in total donations to Children's Cancer Foundation.

**\$50,000** to Entrepreneurs with Disability to support disadvantaged/deaf entrepreneurs in starting their own enterprises.

**\$150,000** for SPD's ICOS, final tranche of a 2-year commitment from 2015.

**\$10,000** to Football with a Heart Fundraiser.

**\$47,860** for MINDS Towner Garden School, Care Corner Counselling Centre, and WWF through Rewards Redemption.

**\$16,420** donated to Daughters of Tomorrow, helping single or disadvantaged mothers get employability skills, in conjunction with the National Day campaign.

**Media Spots for Social Campaigns**

Our in-kind donations in the form of TV commercial spots for social and environmental campaigns amounted to \$1.44 million in 2016. The campaigns included WWF's Earth Hour 2016, Children Cancer Foundation's Hair for Hope 2016, Make a Wish Foundation's Santa Run for Wishes 2016 and President's Challenge.



StarHubbers bringing children from the Nurture programme to KidZania, to learn about various vocations.

StarHub CEO presenting a cheque to ComChest for funds raised through the StarHub Open.



Sustainability Report  
continued  
**ECONOMIC PERFORMANCE**



**How We Create Value**

- 1 Create sustainable economic value for shareholders as well as stakeholders.
- 2 Make a positive indirect impact on local economy and communities.
- 3 Support local suppliers.
- 4 Invest in infrastructure.

**Performance Highlights**

Net Profit: <b>\$341m</b>	Direct Jobs: <b>2,965</b>	Local Suppliers: <b>2,090</b>	Local Suppliers' Share in Total Supplier Payments: <b>86%</b>
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# ECONOMIC PERFORMANCE

**We are focused on creating long-term value for shareholders and stakeholders by pursuing sustainable business growth strategies.**

Our management approach is to create value for our shareholders and stakeholders by ensuring sustainable growth of our business. We are focused on adopting strategies that maximise shareholder returns while creating environmental, social and economic value for our stakeholders. We regularly review our management approach in view of the business goals, stakeholder expectations and the actual performance to evaluate effectiveness.

Our shareholders have enjoyed consistent and healthy dividends over the years.

**Indirect Economic Impacts**

Our management approach is to support projects, initiatives, services and infrastructure which allows us to pursue sustainable business growth and at the same time make a positive difference to the society where we operate.

StarHub plays a critical role in augmenting Singapore's national infocomm infrastructure by regularly investing in the upgrade of our mobile, wireless communications and cable TV infrastructure. As we upgrade our networks, we strive to adopt energy-efficient technologies to reduce the impact on the environment and contribute to climate change mitigation efforts.

Our modern infocomm infrastructure and technologies enable people to connect and businesses to run their operations using our fast and reliable networks.

StarHub continues to create and support high quality direct jobs benefitting the local economy and the communities. Our significant purchase from local suppliers supports indirect jobs and helps in the development of local businesses.

Our other contributions to the local economy include tax payments, payment of wages, and community investments.

StarHub provided 2,965 direct jobs across the Group as of end-December 2016. Our operating expenditure, including employee costs, exceeded \$2 billion in 2016. We paid \$281 million in wages, adding further value to the local economy.

**Supporting Local Suppliers**

We indirectly contribute to the local economic development through our purchases. In 2016, our vendor payments exceeded \$1.9 billion. In 2016, the share of local suppliers was 86% of the total purchases. Local suppliers constitute 85% of our vendor base.

Our significant purchase from local suppliers supports local jobs and businesses and creates tax opportunities for the government. Read more about our Supply Chain Sustainability in the chapter on *Our Marketplace* chapter.

**Infrastructure Development**

We regularly invest in upgrading the mobile, broadband and cable TV infrastructure. A major portion of our \$367 million CAPEX was used for infrastructural investments and 4G spectrum licences in 2016.

**Research and Development**

We regularly invest in research and development projects and forge cross-industry collaborations that promise new technological breakthroughs, reinvigorate our infrastructure, enhance productivity for customers and empower the community. These projects include enhancing mobile network evolution technologies and speed, strengthening complementary capabilities for data business services, the development of opportunities in the Internet of Things and cyber security. StarHub launched the Cyber Security COE in 2016 and together with the COE partners, will jointly invest S\$200 million over the next five years to support a sustainable cyber security ecosystem. More information on the COE is available in the section under *Our Marketplace*.

**Financial Assistance from the Government**

We received \$368,915 in subsidy for employee training in 2016 under various schemes run by the IMDA, SkillsFuture Singapore, and Employment and Employability Institute (e2i).

**Financial Performance**

A summarised version of our economic performance is presented below in line with the GRI Standards. The figures have been extracted from the Audited Annual Report approved by the Board of Directors for the respective financial years. To learn more about StarHub's financial performance, please refer to the Group Financial Review and Financial Statements sections of this report.

**Summary of StarHub's Economic Performance (\$m)**

Economic Performance Indicators	FY 2016	FY 2015	FY 2014
Operating revenue	2,397	2,444	2,387
Net profit	341	372	371
Operating costs (including staff costs)	2,004	2,049	1,957
Staff costs	281	271	275
Dividends paid to shareholders	346	346	345

## GRI Content Index

‘In accordance’ – Core

GRI Standard	Disclosure	Page Number(s) and/or URL(s)
<b>GRI 101: Foundation 2016</b> (GRI 101 does not include any standards)		
<b>GENERAL DISCLOSURES</b>		
<b>GRI 102:</b> General Disclosures 2016	<b>Organisational Profile</b>	
	102-1 Name of the organisation	StarHub Ltd
	102-2 Activities, brands, products, and services	3
	102-3 Location of headquarters	Singapore
	102-4 Location of operations	Mainly Singapore
	102-5 Ownership and legal form	204-205
	102-6 Markets served	3, 5
	102-7 Scale of the organisation	3-5
	102-8 Information on employees and other workers	108-112
	102-9 Supply chain	107
	102-10 Significant changes to the organisation and its supply chain	None
	102-11 Precautionary Principle or approach	96, 99
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	102-13 Membership of associations	95
	<b>Strategy</b>	
	102-14 Statement from senior decision maker	15-17
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	<b>Stakeholder Engagement</b>	
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<b>Economic Performance</b>		
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	103-2 The management approach and its components	118-119
	103-3 Evaluation of the management approach	119
<b>GRI 201:</b> Economic Performance 2016	201-1 Direct economic value generated and distributed	119
	201-4 Financial assistance received from government	119
<b>Indirect Economic Impacts</b>		
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<b>GRI 203:</b> Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	119
<b>Procurement Practices</b>		
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	103-3 Evaluation of the management approach	107, 119
<b>GRI 204:</b> Procurement Practices 2016	204-1 Proportion of spending on local suppliers	107, 119
<b>Anti-corruption</b>		
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	103-2 The management approach and its components	107
	103-3 Evaluation of the management approach	107
<b>GRI 205:</b> Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	107
	205-3 Confirmed incidents of corruption and actions taken	107
<b>Energy</b>		
<b>GRI 103:</b> Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	90, 96-97
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	305-4 GHG emissions intensity	102
	305-6 Emissions of ozone-depleting substances (ODS)	100
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## Sustainability Report

continued

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## Group Financial Review

### 1.1 Revenue

	Year ended 31 December					
	2016 \$m	2016 %	2015 \$m	2015 %	Incr/(Decr) \$m	%
Mobile revenue	1,214.6	50.7	1,239.8	50.7	(25.2)	(2.0)
Pay TV revenue	377.8	15.8	391.0	16.0	(13.2)	(3.4)
Broadband revenue	216.8	9.0	200.3	8.2	16.5	8.2
Enterprise Fixed revenue	400.0	16.7	384.9	15.8	15.1	3.9
Total service revenue	2,209.2	92.2	2,216.0	90.7	(6.8)	(0.3)
Sales of equipment	187.5	7.8	228.3	9.3	(40.8)	(17.9)
Total	2,396.7	100.0	2,444.3	100.0	(47.6)	(1.9)

The Group's total revenue of \$2,396.7 million was \$47.6 million or 1.9% lower year-on-year (YoY), attributed to lower revenues from sales of equipment and services.

Compared to 2015, mobile service revenue was lower by 2.0% due to lower usage revenue from voice services, IDD and roaming services from both post-paid and pre-paid services, partly mitigated by higher subscription revenue from a larger customer base.

Pay TV service revenue was lower by 3.4% YoY, primarily due to a decrease in the customer base.

Broadband service revenue was higher by 8.2% when compared to 2015. The higher revenue was driven by an increase in the mix of customers taking fibre plans, resulting in higher average revenue per user (ARPU) of \$37 in 2016, up from \$34 in 2015.

YoY, enterprise fixed service revenue was higher by 3.9%, primarily due to growth in data & internet services.

Revenue from sales of equipment decreased 17.9% YoY primarily due to lower volume of handsets sold.

### 1.2 Operating Expenses

	Year ended 31 December			
	2016 \$m	2015 \$m	Incr/(Decr) \$m	%
Cost of sales	974.6	1,053.1	(78.5)	(7.5)
Other operating expenses	1,029.2	995.5	33.7	3.4
Total	2,003.8	2,048.6	(44.8)	(2.2)

Total operating expenses were 2.2% lower YoY at \$2,003.8 million, attributed to lower cost of sales (primarily cost of equipment and traffic expenses), offset by higher other operating expenses.

As a percentage of revenue, total operating expenses were at 83.6% when compared to 83.8% in 2015.

A breakdown of total operating expenses is as follows:

#### (i) Cost of Sales

	Year ended 31 December			
	2016 \$m	2015 \$m	Incr/(Decr) \$m	%
Cost of equipment sold	447.8	487.1	(39.3)	(8.1)
Cost of services	409.5	415.8	(6.3)	(1.5)
Traffic expenses	117.3	150.2	(32.9)	(21.9)
Total	974.6	1,053.1	(78.5)	(7.5)

Cost of equipment decreased 8.1% YoY with fewer handsets sold.

Cost of services in 2016 included some reversals of accruals not required. Excluding these reversals, cost of services were 1.1% higher YoY, mainly due to higher enterprise fixed costs, coupled with increase in installation costs driven by higher

take-up of fibre broadband plans. This was partly mitigated by lower TV programming and production costs.

Traffic expenses were lower by 21.9% YoY due to lower domestic and international traffic volume.

#### (ii) Other Operating Expenses

	Year ended 31 December			
	2016 \$m	2015 \$m	Incr/(Decr) \$m	%
Staff costs	281.4	270.7	10.7	4.0
Operating leases	116.1	121.7	(5.6)	(4.6)
Marketing and promotions	133.7	144.6	(10.9)	(7.5)
Allowance for doubtful receivables	21.0	18.4	2.6	14.5
Repair and maintenance	96.9	86.0	10.9	12.6
Other expenses	115.1	82.7	32.4	39.0
Subtotal	764.2	724.1	40.1	5.5
Depreciation and amortisation (net of asset grants)	265.0	271.4	(6.4)	(2.4)
Total	1,029.2	995.5	33.7	3.4

The Group's other operating expenses were higher by 3.4% when compared to 2015. As a percentage of revenue, other operating expenses were at 42.9%, up from 40.7% in 2015.

Analysis of major variances in other operating expenses is provided below:

#### Staff costs

The higher staff costs were due to annual increments and provision for restructuring costs, mitigated by reversal of staff costs accruals not required.

#### Operating leases

The higher operating leases in 2015 were mainly due to the catch up of property tax on our network offices. Excluding this catch up in 2015 and reversal of accruals not required in 2016, operating leases were 1.2% higher YoY mainly due to commencement of new office's rental.

#### Marketing and promotions

Compared to 2015, the lower marketing and promotions expenses in 2016 were primarily due to the lower acquisition and re-contract costs driven by lower sales volume and reclassification of certain expenses to cost of sales.

#### Allowance for doubtful receivables

The higher allowance for doubtful receivables was due to an increase in provision rate with effect from 4Q2016 after the review of the outstanding accounts receivables profile.

#### Repair and maintenance

Compared to 2015, the higher repair and maintenance expenses in 2016 were mainly due to the provision for submarine cable repair costs for cable cuts in the first half of 2016 and higher maintenance costs driven by expanded network and systems infrastructure.

#### Other expenses

YoY, the higher other expenses were due to higher licence fees (\$11.7m), foreign exchange losses (\$7.3m), professional and outsourcing fees (\$5.0m) and lower gain on disposal of fixed assets (\$3.2m).

#### Depreciation and amortisation

The lower depreciation and amortisation expenses were mainly due to property, plant and equipment and intangible assets fully depreciated and amortised respectively, offset by new additions of CAPEX.



## Group Financial Review

continued

### 1.3 Profitability

	Year ended 31 December			
	2016 \$m	2015 \$m	Incr/(Decr) \$m	%
Total revenue	<b>2,396.7</b>	2,444.3	(47.6)	(1.9)
Operating expenses	<b>(2,003.8)</b>	(2,048.6)	(44.8)	(2.2)
Other income	<b>32.2</b>	45.6	(13.4)	(29.2)
Profit from operations	<b>425.1</b>	441.3	(16.2)	(3.6)
Finance income	<b>3.5</b>	2.0	1.5	73.3
Finance expenses	<b>(26.2)</b>	(17.8)	8.4	46.7
	<b>402.4</b>	425.5	(23.1)	(5.4)
Non-operating income	<b>9.5</b>	15.0	(5.5)	(37.1)
Share of loss of associate (net of tax)	<b>(1.6)</b>	(0.3)	1.3	nm
Profit before taxation	<b>410.3</b>	440.2	(29.9)	(6.8)
Taxation	<b>(68.9)</b>	(67.9)	1.0	1.5
Profit for the year	<b>341.4</b>	372.3	(30.9)	(8.3)
EBITDA	<b>690.1</b>	712.7	(22.6)	(3.2)
Service revenue	<b>2,209.2</b>	2,216.0	(6.8)	(0.3)
EBITDA as a % of service revenue	<b>31.2%</b>	32.2%	-1% pts	

nm – not meaningful

Profit from operations was 3.6% lower YoY at \$425.1 million due mainly to lower service revenue and income grant as all rollout grant has been fully amortised and recognised in the income statement.

2016 EBITDA was lower by 3.2% when compared to 2015. As a percentage of service revenue, EBITDA margin was 31.2% in 2016 compared to 32.2% in 2015.

The higher finance income YoY was due to higher cash and cash equivalent balances, while higher finance expenses were attributed to increase in interest expenses following the issue of the \$300.0 million medium term notes in 2Q2016, coupled with higher interest rate.

For 2016, the non-operating income of \$9.5 million was due to the fair value gain on initial recognition from an investment

in mm2 Asia Ltd. In 2015, the non-operating income of \$15.0 million was due to the deconsolidation of one of its subsidiaries, SHINE Systems Assets Pte. Ltd.

Compared to 2015, the share of loss from associate was higher at \$1.6 million in 2016.

2016 profit before taxation decreased \$29.9 million YoY, largely due to lower profits from operations (\$16.2 million) and non-operating income (\$5.5 million), coupled with higher net interest expenses (\$6.9 million) and share of loss from associate (\$1.3 million).

Taxation in 2015 included catch up for prior periods' tax losses benefits. Excluding this adjustment, taxation for 2016 was lower by 10.3% due to lower profits before taxation.

### 1.4 Liquidity and Resources

	Year ended 31 December	
	2016 \$m	2015 \$m
Profit before taxation	<b>410.3</b>	440.2
Non-cash items & net finance expenses adjustments	<b>257.8</b>	233.7
Changes in operating assets and liabilities	<b>(63.7)</b>	(36.7)
Income tax paid	<b>(53.7)</b>	(92.7)
Net cash from operating activities	<b>550.7</b>	544.5
Net cash used in investing activities	<b>(389.3)</b>	(300.3)
Net cash used in financing activities	<b>(49.6)</b>	(335.3)
Net change in cash and cash equivalents	<b>111.8</b>	(91.1)
Exchange difference on cash and cash equivalents	<b>–</b>	0.3
Cash and cash equivalents at beginning of the year	<b>173.4</b>	264.2
Cash and cash equivalents at end of the year	<b>285.2</b>	173.4
Free Cash Flow <sup>(1)</sup>	<b>184.0</b>	215.7

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

YoY, the Group's net cash from operating activities was \$6.2 million higher due to lower tax paid offset by higher requirements from working capital and lower cash flows from operations.

The negative changes in working capital of \$63.7 million was attributed to lower net balances due to related parties, higher trade receivables, other receivables, deposits and prepayments. This was mitigated by higher trade and other payables.

Net cash used in investing activities increased by \$89.0 million YoY, due to higher CAPEX payments and loans disbursed to associate of \$8.7 million in 2016 as compared to a repayment of loan from associate of \$36.9 million in 2015. In addition, 2016 cash outflow also included the investment in mm2 Asia Ltd of \$18.0 million compared to \$12.0 million additional capital injected in associate in 2015.

The Group's CAPEX payments in 2016 totalled \$366.7 million. Excluding the \$80 million spectrum paid in 3Q2016, the CAPEX payments in 2016 were 12.0% of total revenue.

Free cash flow was \$31.7 million lower at \$184.0 million as a result of higher CAPEX payments.

Net cash used in financing activities were lower at \$49.6 million in 2016 as compared to \$335.3 million in 2015. The lower cash outlay was due to the proceeds received from the issue of \$300.0 million medium term notes offset by purchase of treasury shares in 2016.

The resulting net cash generated was a surplus of \$111.8 million. As a result, cash and cash equivalents balance was higher at \$285.2 million, up from \$173.4 million in 2015.

## Group Financial Review

continued

### 1.5 Financial Position

	As at 31 December	
	2016 \$m	2015 \$m
Non-current assets	<b>1,455.3</b>	1,305.6
Current assets	<b>741.0</b>	603.8
Less: Current liabilities	<b>855.5</b>	1,027.9
Less: Non-current liabilities	<b>1,145.9</b>	693.9
Net assets	<b>194.9</b>	187.6
Shareholders' equity	<b>194.9</b>	187.6

Compared to 2015, the Group's non-current assets of \$1,455.3 million as of 31 December 2016 were higher by \$149.7 million. The increase was mainly due to higher net book values for fixed assets which included the addition of 4G spectrum rights in 3Q2016, and higher non-current balance due from related parties resulting from the loan disbursement to associate. In addition, the investment in mm2 Asia Ltd with a fair value of \$40.0 million recorded as of 31 December 2016 also contributed to the higher non-current assets.

Total current assets of \$741.0 million as of 31 December 2016 were \$137.2 million higher YoY, primarily due to higher cash and cash equivalents which was up by \$111.8 million when compared to 31 December 2015.

Total current liabilities as of 31 December 2016 were \$172.4 million lower at \$855.5 million when compared to a year ago. The decrease was due to the reclassification of bank borrowings from current liabilities to non-current liabilities as a result of extension of bank borrowings. Balance due to related parties was also lower by \$55.4 million upon the finalisation of outstanding claims and timing in settlement of payables.

Against 31 December 2015, total non-current liabilities were \$452.0 million higher at \$1,145.9 million. The increase was largely due to the \$300.0 million medium term notes issued in 2Q2016 and reclassification of bank borrowings from current liabilities.

The Group's shareholders' equity increased by \$7.3 million to \$194.9 million as of 31 December 2016. The increase was primarily due to higher share capital of \$6.2 million and favourable changes in fair value of available-for-sale investments of \$12.5 million, offset by the purchase of treasury shares of \$12.3 million.

#### Gearing

The Group's unsecured borrowings of \$987.5 million as of 31 December 2016 were \$300.0 million higher when compared to a year ago. The increase was due to the \$300.0 million 3.55% fixed rate 10-year medium term notes issued in June 2016, with maturity due in 2026.

Against 31 December 2015, net debt was \$188.2 million higher at \$702.3 million as of 31 December 2016, attributed to higher borrowings mitigated by an increase in ending cash balances. As a ratio of the full year EBITDA, the Group's net debt was higher at 1.02 times as of 31 December 2016, up from 0.72 times as of 31 December 2015.

# Financial Statements 2016

## Financials

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## Directors' Statement

Year ended 31 December 2016

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

- (a) the financial statements set out on pages 147 to 202 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance and the cash flows of the Group, and changes in equity of the Group and of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### Directors

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

Steven Terrell Clontz	(Chairman)
Tan Tong Hai	(Chief Executive Officer)
Ma Kah Woh	
Nihal Vijaya Devadas Kaviratne CBE	
Rachel Eng Yaag Ngee	
Teo Ek Tor	
Stephen Geoffrey Miller	(Appointed on 1 January 2017)
Lim Ming Seong	
Liu Chee Ming	
Nasser Marafih	
Takeshi Kazami	

### Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Names of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>The Company</b>		
<i>Ordinary Shares</i>		
Steven Terrell Clontz	62,900	80,700

### Directors' Interests (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>The Company</b>		
<i>Ordinary Shares</i>		
Tan Tong Hai	1,049,830	1,343,530
Ma Kah Woh	78,580	81,780
Nihal Vijaya Devadas Kaviratne CBE	21,000	19,000
Rachel Eng Yaag Ngee	–	6,900
Teo Ek Tor	153,838	168,738
Lim Ming Seong	222,036	237,136
Liu Chee Ming	180,184 <sup>+</sup>	191,584 <sup>+</sup>
Nasser Marafih	59,930	66,330
Peter Seah Lim Huat*	578,092	592,092
Sio Tat Hiang*	25,600	39,300
<b>Related Corporations</b>		
<b>Olam International Limited</b>		
<i>Euro Medium Term Note Programme</i>		
Nihal Vijaya Devadas Kaviratne CBE	US\$200,000 <sup>(1)</sup>	US\$200,000 <sup>(1)</sup>
<b>Singapore Technologies Engineering Ltd</b>		
<i>Ordinary Shares</i>		
Lim Ming Seong	98,336	98,336
Peter Seah Lim Huat*	545,325	545,325
<b>Singapore Telecommunications Limited</b>		
<i>Ordinary Shares</i>		
Ma Kah Woh	380	380
Peter Seah Lim Huat*	3,217	3,217
<b>TeleChoice International Limited</b>		
<i>Ordinary Shares</i>		
Lim Ming Seong	60,000	60,000
Peter Seah Lim Huat*	50,000	50,000
Sio Tat Hiang*	253,000	325,000

<sup>+</sup> Held (partly or wholly) by a nominee.

\* Peter Seah Lim Huat and Sio Tat Hiang resigned as directors on 1 January 2017.

<sup>(1)</sup> US\$200,000 of the US\$300,000,000 in principal amount of 4.5% fixed rate notes due 2020 under Olam International Limited's Euro Medium Term Note Programme.

## Directors' Statement

Year ended 31 December 2016

### Directors' Interests (continued)

Names of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>The Company</b>		
<i>Conditional awards of shares under StarHub Performance Share Plan</i>		
Tan Tong Hai	210,000 <sup>(2)</sup> 278,600 <sup>(3)</sup>	– 278,600 <sup>(3)</sup>
<i>Conditional awards of shares under StarHub Performance Share Plan 2014</i>		
Tan Tong Hai	261,200 <sup>(4)</sup> –	261,200 <sup>(4)</sup> 261,200 <sup>(5)</sup>
<i>Conditional awards of shares under StarHub Restricted Stock Plan</i>		
Tan Tong Hai	87,200 <sup>(6)</sup> 195,400 <sup>(7)</sup>	– 64,464 <sup>(7)</sup>
<i>Conditional awards of shares under StarHub Restricted Stock Plan 2014</i>		
Tan Tong Hai	156,200 <sup>(8)</sup> –	156,200 <sup>(8)</sup> 156,200 <sup>(9)</sup>

<sup>(2)</sup> A conditional award was granted in May 2013. The performance period was from 2013 to 2015. The final award was granted in March 2016 based on the actual level of achievement of the pre-determined targets. The shares under the final award were delivered in April 2016.

<sup>(3)</sup> A conditional award was granted in March 2014. The performance period was from 2014 to 2016. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

<sup>(4)</sup> A conditional award was granted in March 2015. The performance period is from 2015 to 2017. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

<sup>(5)</sup> A conditional award was granted in March 2016. The performance period is from 2016 to 2018. No shares will be delivered if the threshold performance targets are not achieved while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

<sup>(6)</sup> A conditional award was granted in May 2013. The performance period was from 2013 to 2014. The final award was granted in March 2015 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2015, and the balance was delivered in 2016.

<sup>(7)</sup> A conditional award was granted in March 2014. The performance period was from 2014 to 2015. The final award was granted in March 2016 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2016, and the balance will be delivered in 2017.

<sup>(8)</sup> A conditional award was granted in March 2015. The performance period was from 2015 to 2016. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

<sup>(9)</sup> A conditional award was granted in March 2016. The performance period is from 2016 to 2017. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

### Directors' Interests (continued)

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

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed under the "Share-based Payments" section of this statement, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Share-based Payments

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

The StarHub Share Plans 2014 were approved and adopted at the Extraordinary General Meeting ("EGM") of the Company held on 14 April 2014, in replacement of the then existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan which were adopted by the Company on 16 August 2004 (collectively, "StarHub Share Plans 2004", and each, "StarHub PSP 2004" and "StarHub RSP 2004" respectively).

The StarHub Share Plans 2004 together with the StarHub Share Option Plan 2004 were terminated at the EGM of the Company held on 14 April 2014. The Company had also in 2000 adopted the StarHub Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") and terminated the same in 2004. Since 31 May 2015, there were no outstanding or unexercised options under the StarHub Share Option Plans.

The StarHub Share Plans 2014, the StarHub Share Plans 2004, the StarHub Share Option Plan 2004 and the StarHub Share Option Plan 2000 (collectively, "Plans") are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising three directors, namely Teo Ek Tor, Stephen Geoffrey Miller and Lim Ming Seong.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

*StarHub Share Plans 2014 and StarHub Share Plans 2004 (collectively, the "StarHub Share Plans")*

- (i) The StarHub Share Plans were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.
- (ii) The termination of the StarHub Share Plans 2004 was without prejudice to the rights of holders of awards accepted and outstanding under the StarHub Share Plans 2004 as at the date of termination. The outstanding awards under the StarHub Share Plans 2004 were vested according to the terms of the StarHub Share Plans 2004 and the respective grants.

## Directors' Statement

Year ended 31 December 2016

### Share-based Payments (continued)

- (iii) The following persons were/shall be eligible to participate in the StarHub Share Plans, respectively at the absolute discretion of the ERCC:
- (1) employees (including executive directors) and non-executive directors of the Group;
  - (2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Share Plans; and
  - (3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.
- (iv) Under the StarHub PSP 2004 and the StarHub PSP 2014, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period.

Since the commencement of the StarHub PSP 2004 to the financial year ended 31 December 2016, conditional awards aggregating 9,050,250 shares have been granted under the aforesaid plan. For share awards granted prior to and during the financial year ended 31 December 2013, no shares will be delivered if the threshold performance targets are not achieved, while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. For share awards granted during and after the financial year ended 31 December 2014, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

Since the commencement of the StarHub PSP 2014 to the financial year ended 31 December 2016, conditional awards aggregating 1,191,000 shares have been granted under the aforesaid plan. For share awards granted during and after the financial year ended 31 December 2015, no shares will be delivered if the threshold performance targets are not achieved, while up to 1.825 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity as a benchmark.

### Share-based Payments (continued)

Details of share awards granted under the StarHub PSP 2004 and StarHub PSP 2014 (collectively, the "StarHub PSP Share Plans") are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub PSP Share Plans to 31 December 2016	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2016
<b>StarHub PSP 2004</b>				
Executive director:				
Tan Tong Hai	–	960,400	42,000	278,600
Key executives	–	7,178,650	37,800	291,500
Total	–	8,139,050	79,800	570,100
<b>StarHub PSP 2014</b>				
Executive director:				
Tan Tong Hai	261,200	522,400	–	522,400
Key executives	395,100	668,600	–	668,600
Total	656,300	1,191,000	–	1,191,000

- (v) Under the StarHub RSP 2004 and the StarHub RSP 2014, awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related, after a further period of service beyond the performance period (performance-based restricted awards).

No minimum vesting periods are prescribed under the StarHub RSP 2004 and the StarHub RSP 2014 and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the StarHub PSP 2004 and the StarHub PSP 2014 in that an extended vesting period is imposed beyond the performance period.

The performance-based restricted awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets. The actual number of shares to be released depends on the level of attainment of the performance targets over the performance period.

For performance-based restricted awards granted prior to and during the financial year ended 31 December 2007, (a) the first performance target benchmarks the performance of the Company's TSR measured against the Straits Times Index ("STI") over the performance period; and (b) the second performance target used is measured against Free Cash Flow ("FCF").

For performance-based restricted awards granted during and from financial year ended 31 December 2008 to financial year ended 31 December 2013, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the FCF respectively.

For performance-based restricted awards granted during and from financial year ended 31 December 2014 onwards, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA").

## Directors' Statement

Year ended 31 December 2016

### Share-based Payments (continued)

Since the commencement of the StarHub RSP 2004 to the financial year ended 31 December 2016:

- (1) performance-based restricted awards aggregating 17,413,000 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times or as the case may be 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;
- (2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award were vested in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule;
- (3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award were vested in May 2011 upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant;
- (4) a restricted award of 155,900 shares has been granted on 7 June 2012. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2011 and were vested immediately without any further vesting period;
- (5) a restricted award of 99,400 shares has been granted on 10 May 2013. The shares under this award formed 30% of the non-executive directors' remuneration for the financial year ended 31 December 2012 and were vested immediately without any further vesting period; and
- (6) a time-based restricted award of 30,000 shares has been granted on 10 March 2014. The shares under this award were vested in two equal tranches over a 2-year period from 1 January 2015 to 31 December 2016 according to a specified vesting schedule.

Since the commencement of the StarHub RSP 2014 to the financial year ended 31 December 2016:

- (1) performance-based restricted awards aggregating 4,758,100 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;
- (2) restricted awards aggregating 365,300 shares have been vested to non-executive directors of the Company as part of their directors' remuneration, and were vested immediately upon grant;
- (3) a time-based restricted award of 32,500 shares has been granted on 8 July 2015. The shares under this award will vest in two equal tranches over a 2-year period from 8 July 2015 to 7 July 2017 according to a specified vesting schedule; and
- (4) a time-based restricted award of 240,000 shares has been granted on 20 May 2016. The shares under this award will vest in two equal tranches over a period from 20 May 2016 to 7 July 2017 according to a specified vesting schedule.

### Share-based Payments (continued)

Details of share awards granted under the StarHub RSP 2004 and the StarHub RSP 2014 (collectively, the "StarHub RSP Plans") are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the StarHub RSP Share Plans to 31 December 2016	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2016
<b>StarHub RSP 2004</b>				
Non-executive directors:				
Steven Terrell Clontz	–	40,100	–	–
Nihal Vijaya Devadas Kaviratne CBE	–	103,700	–	–
Teo Ek Tor	–	91,100	–	–
Lim Ming Seong	–	106,900	–	–
Liu Chee Ming	–	76,100	–	–
Nasser Marafih	–	50,400	–	–
Peter Seah Lim Huat*	–	98,700	–	–
Sio Tat Hiang*	–	4,400	–	–
Executive director:				
Tan Tong Hai	–	739,400	151,700	64,464
Key employees	–	15,143,700	1,296,995	628,880
<b>StarHub RSP 2014</b>				
Non-executive directors:				
Steven Terrell Clontz	17,800	40,600	17,800	–
Ma Kah Woh	3,200	3,200	3,200	–
Nihal Vijaya Devadas Kaviratne CBE	16,900	42,000	16,900	–
Rachel Eng Yaag Ngee	6,900	6,900	6,900	–
Teo Ek Tor	14,900	38,100	14,900	–
Lim Ming Seong	15,100	38,900	15,100	–
Liu Chee Ming	11,400	29,900	11,400	–
Nasser Marafih	6,400	23,300	6,400	–
Peter Seah Lim Huat*	14,000	35,900	14,000	–
Sio Tat Hiang*	13,700	34,900	13,700	–
Executive director:				
Tan Tong Hai	156,200	312,400	–	312,400
Key employees	2,571,100	4,718,200	136,300	4,337,400

\* Peter Seah Lim Huat and Sio Tat Hiang resigned as directors on 1 January 2017.

## Directors' Statement

Year ended 31 December 2016

### Share-based Payments *(continued)*

During the financial year, a total of 1,856,315 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Plans.

As at 31 December 2016, no participant has been granted and/or received shares pursuant to the release of awards granted under the StarHub Share Plans, which, in aggregate, represents 5% or more of the aggregate of:

- (a) the total number of new shares available under the StarHub Share Option Plans and the StarHub Share Plans collectively; and
- (b) the total number of existing shares delivered pursuant to options exercised under the StarHub Share Option Plans and awards released under the StarHub Share Plans collectively.

### Audit Committee

The members of the Audit Committee as at the date of this statement are as follows:

Ma Kah Woh, independent non-executive director (Chairman)  
 Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director  
 Rachel Eng Yaag Ngee, independent non-executive director  
 Lim Ming Seong, non-executive director

The Audit Committee has held four meetings since the last directors' statement. In performing its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee has also reviewed the following:

- (1) assistance provided by the Company's officers to the internal and external auditors;
- (2) financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- (3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

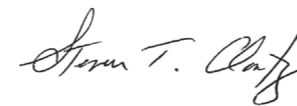
The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied that the independence, objectivity and effectiveness of the external auditors are not compromised as a result thereof, and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

### Auditors

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

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

On behalf of the Board of Directors



**Steven Terrell Clontz**  
 Director



**Tan Tong Hai**  
 Director

**Singapore**  
 3 February 2017

# Independent Auditors' Report

Members of the Company  
StarHub Ltd

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of StarHub Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 147 to 202.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue recognition (\$2,396.7 million)

(Refer to note 3.11 'Significant accounting policies' and note 20 'Revenue')

### The key audit matter

The Group's five largest revenue streams are derived from the provision of Mobile, Pay TV, Broadband, Enterprise Fixed services and sales of equipment.

The Group provides its services from its integrated fixed, mobile, cable and broadband operations through its fixed and wireless networks.

Information used to recognise revenue is based on data captured in the network switches which are interfaced with management IT reporting system. Complexities in the telecommunication systems and the related configurations of the system generated information give rise to the risk that revenue may not be accurately recognised.

In addition, products and services offered with promotional rates and discounts, adds to the complexities in the calculation of revenue to be recognised.

### How the matter was addressed in our audit

Our audit was performed with a high reliance on the Group's IT systems and key manual internal controls.

Our audit procedures included:

- Testing the design and implementation, and operating effectiveness of the IT environment over systems in which billings, ratings and other relevant support activities reside.
- Evaluating the relevant IT systems and the design and operating effectiveness of controls over the capture and recording of revenue transactions from network switches to the billing system, and subsequently to the accounting system. In doing so, we involved our IT specialists to assist in the test of automated controls, including interface controls between different IT applications.
- Testing the design and implementation, and effectiveness of controls over initiation, authorisation, recording, and processing of revenue transactions.
- Testing key reconciliations used by management to assess the completeness and accuracy of revenue including testing the period in which it is recorded.
- Assessing the suitability of revenue recognition policy for the products and services offered by the Group.
- Performing analytical procedures on revenue by corroborating with non-financial data and test of details.

### Findings

Based on our procedures, we noted no significant issues on the completeness, existence and accuracy of revenue recorded in the year, except for the recognition of revenue from sales and usage of pre-paid phone cards.

Management identified errors in the data in the pre-paid mobile rating and accounting systems that are used for the recognition of revenue from the sales and usage of pre-paid phone cards. Management is in the process of reconciling the differences between pre-paid and accounting systems. The effects of the errors and the unreconciled differences is not significant to the income statement for the year.

We noted that the revenue recognition policies relating to recognition for some of the pre-paid card programmes were not in accordance with the requirements of financial reporting standards. The effect of these deviations is not material to the income statement for the year.



## Independent Auditors' Report

Members of the Company  
StarHub Ltd

<b>Accruals (\$472.1 million)</b> <i>(Refer to note 3.6(i) 'Significant accounting policies' and note 14 'Trade and other payables')</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group incurs significant costs in its operations. Accounting for certain costs at year end is considered a significant audit risk due to the judgement and complexities involved.</p> <p>Judgement is required in determining the level of accrual needed for costs that span the year end where settlement has not been fully and finally made.</p> <p>Judgement is also required where there are invoices under negotiation because agreement on amounts payable to suppliers may take a significant amount of time due to the complexities in the telecommunication industry.</p> <p>Management performed a detailed review of each of its significant accrual accounts relying on historical trend of observable claims and actual costs to assess the sufficiency of these accruals.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Reading contracts of certain significant accruals and considering the accounting treatment and timing of recognition.</li> <li>• Understanding and assessing management's process and basis of accruals for each significant accruals category.</li> <li>• Testing the accruals utilised during the year to actual invoices received and checking that the utilisation of accruals have been correctly accounted for.</li> <li>• Testing key reconciliations used by management to assess the completeness and accuracy of liabilities and accruals.</li> <li>• Assessing management's basis of reversal of significant accruals resulting from changes in management's assessment of the likelihood of economic outflows.</li> <li>• Performing search for unrecorded liabilities to assess the completeness of liabilities.</li> </ul>
<p><b>Findings</b> We have identified certain over accruals made in the financial statements. The effects of these over-accruals were not found to be significant to the income statement for the year.</p> <p>Based on our assessment of historical utilisation patterns, we found that the estimates used by management to determine the accruals were conservative. Management is continually refining its processes to improve the accuracy of the estimates used to determine these accruals.</p>	

<b>Impairment assessment of goodwill (\$220.3 million)</b> <i>(Refer to note 3.7 (ii) 'Significant accounting policies' and note 5 'Intangible assets')</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Goodwill is subject to an annual impairment test or more frequently if there are indications of impairment. The determination of the recoverable amount of the cash generating unit ("CGU") requires judgement on the part of management in both identifying and valuing the CGU.</p> <p>The Group recorded goodwill of \$220.3 million arising from the acquisition of StarHub Cable Vision Ltd ("SCV") in 2002. Management considers SCV to be an essential part of the Group's fully integrated info-communications business. Hence, for impairment testing purposes, management has allocated the goodwill to the CGU comprising the Group's integrated fixed, mobile, cable and broadband operations.</p> <p>Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGU. Any shortfall of the recoverable amount against the carrying amount would be recognised as an impairment loss.</p> <p>Key assumptions and estimates used in the value-in-use calculations include revenue growth rates, expected changes in profit margins, and the applicable discount rate. These estimates require judgement and the determination of the recoverable amount is a key focus area for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating management's basis of determination and identification of the CGU within the Group.</li> <li>• Challenging management's estimates applied in the value-in-use model based on our knowledge of the CGU's operations, by: <ul style="list-style-type: none"> <li>- Comparing historical forecasts against historical performance to assess management's forecast ability; and</li> <li>- Comparing current forecasts against historical performance to assess the reasonableness of the forecasts.</li> </ul> </li> <li>• Obtaining an understanding of management's revenue growth forecasts and capital expenditure on network assets, and independently deriving applicable discount rates and comparing these to those used by management.</li> <li>• Stress testing management's value-in-use calculations through applying and analysing the impact to the headroom when possible but unlikely key assumptions or discount rates were applied.</li> <li>• Assessing the sufficiency of related disclosures in Note 5 to the financial statements including those in respect of the sensitivities of the recoverable amount to variations in assumptions.</li> </ul>
<p><b>Findings</b> In view of the Group's "Hubbing" strategy whereby the majority of its customers are on a suite of services using an integrated network, we agree with management on the allocation of the goodwill to the CGU.</p> <p>Based on our procedures, we consider management's assumptions to be within the range of likely market trends and our stress tests showed sufficient headroom for the carrying value of the CGU. We therefore agree with management that there is no impairment in the goodwill allocated to the CGU. We found the Group's disclosure in the financial statements to be compliant with financial reporting standards.</p>	

## Independent Auditors' Report

Members of the Company  
StarHub Ltd

<b>Valuation of trade receivables (\$172.2 million)</b> <i>(Refer to note 3.7 (i) 'Significant accounting policies' and note 11 'Trade receivables')</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group has a policy to provide allowances for trade receivables on specific individual balances and on its receivables portfolio collectively.</p> <p>Determining the amount of allowance requires management's judgement on overdue debts and the amount of collection default based on past collection trends.</p> <p>There is a risk that the allowance of doubtful debts recognised may be insufficient.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Performing tests of controls over the Group's collection procedures, and the Group's assessment of the provision required at every period end.</li> <li>Assessing the suitability of its policy for the allowance of doubtful debts.</li> <li>Evaluating the ageing profile of trade receivables and critically assessing the Group's provision levels by considering the historical cash collection trends.</li> <li>Discussing with management on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisioning.</li> <li>Reviewing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the provision.</li> </ul>
<p><b>Findings</b> We found that the level of allowance of doubtful debts as at 31 December 2016 to be adequate. We have considered the adequacy of the Group's disclosures about the degree of estimation involved in deriving the allowance is sufficient.</p>	

### Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we obtained prior to the date of this auditor's report, the other sections included in the Annual Report are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs. We have nothing to report in this regard with respect to the Directors' Statement.

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditors' Report

Members of the Company  
StarHub Ltd

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Chai Yan.

**KPMG LLP**  
Public Accountants and  
Chartered Accountants

**Singapore**  
3 February 2017

## Statements of Financial Position

As at 31 December 2016

	Note	Group		Company	
		2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Non-current assets</b>					
Property, plant and equipment	4	918.0	890.0	431.0	411.4
Intangible assets	5	463.8	388.1	78.3	70.6
Subsidiaries	6	–	–	2,472.8	1,758.1
Associate	7	25.9	27.5	27.8	27.8
Available-for-sale financial assets	8	40.0	–	40.0	–
Amounts due from related parties	9	7.6	–	7.6	344.2
		<b>1,455.3</b>	1,305.6	<b>3,057.5</b>	2,612.1
<b>Current assets</b>					
Inventories	10	49.6	54.3	0.7	50.1
Trade receivables	11	172.2	153.3	141.7	137.5
Other receivables, deposits and prepayments	12	212.2	196.8	43.6	34.1
Amounts due from related parties	9	21.8	26.0	19.4	110.8
Cash and cash equivalents	13	285.2	173.4	236.0	154.2
		<b>741.0</b>	603.8	<b>441.4</b>	486.7
<b>Current liabilities</b>					
Trade and other payables	14	(707.9)	(687.3)	(309.4)	(297.7)
Amounts due to related parties	9	(67.1)	(122.5)	(356.5)	(404.4)
Borrowings	15	(10.0)	(137.5)	(10.0)	(137.5)
Provision for taxation		(70.5)	(80.6)	(15.4)	(49.1)
		<b>(855.5)</b>	(1,027.9)	<b>(691.3)</b>	(888.7)
<b>Net current liabilities</b>		<b>(114.5)</b>	(424.1)	<b>(249.9)</b>	(402.0)
<b>Non-current liabilities</b>					
Trade and other payables	14	(21.6)	(22.7)	(21.6)	(22.7)
Borrowings	15	(977.5)	(550.0)	(977.5)	(550.0)
Deferred income	16	(1.4)	(1.1)	(1.4)	(1.1)
Deferred tax liabilities	17	(145.4)	(120.1)	(73.5)	(61.3)
		<b>(1,145.9)</b>	(693.9)	<b>(1,074.0)</b>	(635.1)
<b>Net assets</b>		<b>194.9</b>	187.6	<b>1,733.6</b>	1,575.0
<b>Equity attributable to equity holders of the Company</b>					
Share capital	18	299.7	293.5	299.7	293.5
Reserves	19	(104.8)	(105.9)	1,433.9	1,281.5
<b>Total equity</b>		<b>194.9</b>	187.6	<b>1,733.6</b>	1,575.0

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

## Income Statement

Year ended 31 December 2016

	Note	Group	
		2016 \$m	2015 \$m
Revenue	20	2,396.7	2,444.3
Operating expenses	21	(2,003.8)	(2,048.6)
Other income	22	32.2	45.6
Profit from operations		425.1	441.3
Finance income	23	3.5	2.0
Finance expense	23	(26.2)	(17.8)
Net finance costs		(22.7)	(15.8)
Non-operating income	24	9.5	15.0
Share of loss of associate, net of tax	7	(1.6)	(0.3)
Profit before taxation		410.3	440.2
Taxation	25	(68.9)	(67.9)
<b>Profit for the year attributable to equity holders of the Company</b>		<b>341.4</b>	<b>372.3</b>
<b>Earnings per share (in cents)</b>			
- Basic	26	19.8	21.5
- Diluted	26	19.7	21.4
<b>EBITDA</b>	27	<b>690.1</b>	<b>712.7</b>

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

## Statement of Comprehensive Income

Year ended 31 December 2016

	Group	
	2016 \$m	2015 \$m
<b>Profit for the year</b>	<b>341.4</b>	372.3
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Change in fair value of available-for-sale financial assets, net of taxation	12.5	–
Foreign currency translation differences	–	0.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	3.9	1.9
<b>Other comprehensive income for the year, net of taxation</b>	<b>16.4</b>	2.4
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>	<b>357.8</b>	374.7

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

## Statements of Changes in Equity

Year ended 31 December 2016

Group	Share capital \$m	Goodwill written off \$m	Share-based payments reserve \$m	Hedging reserve \$m	Translation reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At January 2015	282.6	(276.3)	13.4	(1.4)	0.8	129.9	(133.6)	149.0
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	–	–	372.3	372.3	372.3
<b>Other comprehensive income</b>								
Foreign currency translation differences	–	–	–	–	0.5	–	0.5	0.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	1.9	–	–	1.9	1.9
Total comprehensive income for the year	–	–	–	1.9	0.5	372.3	374.7	374.7
<b>Transactions with equity holders of the Company, recognised directly in equity</b>								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	10.9	–	(10.6)	–	–	–	(10.6)	0.3
Share-based payment expenses	–	–	9.5	–	–	–	9.5	9.5
Dividends paid (Note 29)	–	–	–	–	–	(345.9)	(345.9)	(345.9)
Total transactions with equity holders of the Company	10.9	–	(1.1)	–	–	(345.9)	(347.0)	(336.1)
At 31 December 2015	293.5	(276.3)	12.3	0.5	1.3	156.3	(105.9)	187.6

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

Group	Share capital \$m	Treasury shares \$m	Goodwill written off \$m	Share-based payments reserve \$m	Fair value reserve \$m	Hedging reserve \$m	Translation reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
<b>At 1 January 2016</b>	<b>293.5</b>	<b>–</b>	<b>(276.3)</b>	<b>12.3</b>	<b>–</b>	<b>0.5</b>	<b>1.3</b>	<b>156.3</b>	<b>(105.9)</b>	<b>187.6</b>
<b>Total comprehensive income for the year</b>										
Profit for the year	–	–	–	–	–	–	–	341.4	341.4	341.4
<b>Other comprehensive income</b>										
Net change in fair value of available-for-sale financial assets	–	–	–	–	12.5	–	–	–	12.5	12.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	–	–	–	–	–	3.9	–	–	3.9	3.9
Total comprehensive income for the year	–	–	–	–	12.5	3.9	–	341.4	357.8	357.8
<b>Transactions with equity holders of the Company, recognised directly in equity</b>										
<i>Contributions by and distributions to equity holders of the Company</i>										
Treasury shares purchased by the Company	–	(12.3)	–	–	–	–	–	–	(12.3)	(12.3)
Issue of shares pursuant to share plans	6.2	–	–	(6.2)	–	–	–	–	(6.2)	–
Share-based payment expenses	–	–	–	7.2	–	–	–	–	7.2	7.2
Tax impact on transfer of treasury shares	–	–	–	0.8	–	–	–	–	0.8	0.8
Dividends paid (Note 29)	–	–	–	–	–	–	–	(346.2)	(346.2)	(346.2)
Total transactions with equity holders of the Company	6.2	(12.3)	–	1.8	–	–	–	(346.2)	(356.7)	(350.5)
<b>At 31 December 2016</b>	<b>299.7</b>	<b>(12.3)</b>	<b>(276.3)</b>	<b>14.1</b>	<b>12.5</b>	<b>4.4</b>	<b>1.3</b>	<b>151.5</b>	<b>(104.8)</b>	<b>194.9</b>

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

## Statements of Changes in Equity

Year ended 31 December 2016

Company	Share capital \$m	Merger/ capital reserve \$m	Share-based payments reserve \$m	Hedging reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1 January 2015	282.6	276.5	13.4	(1.4)	823.2	1,111.7	1,394.3
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	514.9	514.9	514.9
<b>Other comprehensive income</b>							
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	1.9	-	1.9	1.9
Total comprehensive income for the year	-	-	-	1.9	514.9	516.8	516.8
<b>Transactions with equity holders of the Company, recognised directly in equity</b>							
<i>Contributions by and distributions to equity holders of the Company</i>							
Issue of shares pursuant to share plans	10.9	-	(10.6)	-	-	(10.6)	0.3
Share-based payment expenses	-	-	9.5	-	-	9.5	9.5
Dividends paid (Note 29)	-	-	-	-	(345.9)	(345.9)	(345.9)
Total transactions with equity holders of the Company	10.9	-	(1.1)	-	(345.9)	(347.0)	(336.1)
At 31 December 2015	293.5	276.5	12.3	0.5	992.2	1,281.5	1,575.0

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

Company	Share capital \$m	Treasury shares \$m	Merger/ capital reserve \$m	Share-based payments reserve \$m	Fair value reserve \$m	Hedging reserve \$m	Retained profits \$m	Total reserves \$m	Total equity \$m
At 1 January 2016	293.5	-	276.5	12.3	-	0.5	992.2	1,281.5	1,575.0
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	-	497.1	497.1	497.1
<b>Other comprehensive income</b>									
Net change in fair value of available-for-sale financial assets	-	-	-	-	12.5	-	-	12.5	12.5
Effective portion of changes in fair value of cash flow hedges, net of taxation	-	-	-	-	-	(0.5)	-	(0.5)	(0.5)
Total comprehensive income for the year	-	-	-	-	12.5	(0.5)	497.1	509.1	509.1
<b>Transactions with equity holders of the Company, recognised directly in equity</b>									
<i>Contributions by and distributions to equity holders of the Company</i>									
Treasury shares purchased by the Company	-	(12.3)	-	-	-	-	-	(12.3)	(12.3)
Issue of shares pursuant to share plans	6.2	-	-	(6.2)	-	-	-	(6.2)	-
Share-based payment expenses	-	-	-	7.2	-	-	-	7.2	7.2
Tax impact on transfer of treasury shares	-	-	-	0.8	-	-	-	0.8	0.8
Dividends paid (Note 29)	-	-	-	-	-	-	(346.2)	(346.2)	(346.2)
Total transactions with equity holders of the Company	6.2	(12.3)	-	1.8	-	-	(346.2)	(356.7)	(350.5)
At 31 December 2016	299.7	(12.3)	276.5	14.1	12.5	-	1,143.1	1,433.9	1,733.6

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

## Consolidated Cash Flow Statement

Year ended 31 December 2016

	2016 \$m	2015 \$m
<b>Operating activities</b>		
Profit before taxation	410.3	440.2
Adjustments for:		
Depreciation and amortisation, net of asset grants	265.0	271.4
Income related grants	(32.0)	(45.4)
Share-based payments	7.2	9.5
Changes in fair value of financial instruments	1.2	(1.0)
Net finance costs	22.7	15.8
Non-operating income	(9.5)	(15.0)
Share of loss of associate, net of tax	1.6	0.3
Others	1.6	(1.9)
	<b>668.1</b>	<b>673.9</b>
Changes in:		
Inventories	4.7	(11.9)
Trade receivables	(18.9)	7.6
Other receivables, deposits and prepayments	(19.3)	(2.9)
Trade and other payables	19.9	(55.8)
Amounts due from related parties	5.3	(8.9)
Amounts due to related parties	(55.4)	35.2
Cash generated from operations	<b>604.4</b>	<b>637.2</b>
Income tax paid	(53.7)	(92.7)
<b>Net cash from operating activities</b>	<b>550.7</b>	<b>544.5</b>
<b>Investing activities</b>		
Interest received	3.3	2.0
Proceeds from disposal of property, plant and equipment and intangible assets	0.8	1.6
Purchase of property, plant and equipment and intangible assets	(366.7)	(328.8)
Purchase of available-for-sale financial assets	(18.0)	–
(Loan to)/Repayment of loan from an associate	(8.7)	36.9
Investment in an associate	–	(12.0)
<b>Net cash used in investing activities</b>	<b>(389.3)</b>	<b>(300.3)</b>
<b>Financing activities</b>		
Proceeds from exercise of share options	–	0.3
Treasury shares purchased by the Company	(12.3)	–
Grants received	34.0	30.0
Proceeds from issue of medium term notes	300.0	–
Dividends paid	(346.2)	(345.9)
Interest paid	(25.1)	(19.7)
<b>Net cash used in financing activities</b>	<b>(49.6)</b>	<b>(335.3)</b>
<b>Net change in cash and cash equivalents</b>	<b>111.8</b>	<b>(91.1)</b>
Exchange difference on cash and cash equivalents	–	0.3
Cash and cash equivalents at beginning of year	173.4	264.2
<b>Cash and cash equivalents at end of year (Note 13)</b>	<b>285.2</b>	<b>173.4</b>

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

## Notes to the Financial Statements

Year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of StarHub Ltd on 3 February 2017.

### 1 Domicile and Activities

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together the "Group" and individually as "Group entities"), and the Group's interest in its equity-accounted investee.

### 2 Basis of Preparation

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

#### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

#### 2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements in the application of accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported income and expenses during the financial year. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

# Notes to the Financial Statements

Year ended 31 December 2016

## 2 Basis of Preparation (continued)

### 2.4 Significant accounting estimates and judgements (continued)

In the application of the Group's accounting policies, which are described in Note 3, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Measurement of recoverable amounts relating to goodwill impairment

The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. The impairment assessment requires an estimation of the value-in-use of the cash generating unit ("CGU") to which the goodwill is allocated.

Assessing the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and apply an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations (see Note 5).

- Measurement of impairment losses on investments in subsidiaries and recoverable amounts of loan receivables to subsidiaries

The carrying values of investments in subsidiaries are reviewed for impairment whenever there is any indication that the investment is impaired. This determination requires significant judgement. As the Group's fixed, mobile, cable and broadband operations are integrated and generate interdependent cash flows, the assessment is performed on the same CGU determined for purposes of assessment of impairment of goodwill (see Note 5).

- Measurement of recoverable amounts of trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit worthiness of the debtors and historical write-off experience. The Group has a policy to provide allowance for trade receivables on specific individual balances and on its receivables portfolio collectively. If financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

- Adequacy of accruals

Assessing the adequacy of accruals made at the reporting date requires the Group to make judgements in determining the level of accruals needed for costs that span the year end where settlement has not been fully and finally made. Due to the complexities in the telecommunication industry, agreement on amounts payable to suppliers may take a significant amount of time. The Group determines the sufficiency of these accruals based on historical trend of observable claims and actual costs. Actual payments may differ from these estimates when the final settlements are reached between the parties.

## 2 Basis of Preparation (continued)

### 2.5 Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2016. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

### 2.6 New accounting standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has set up project teams to assess the transition options and the potential impact on its financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

#### Applicable to 2018 financial statements

##### New standards

Summary of the requirements

##### Potential impact on the financial statements

##### Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.



# Notes to the Financial Statements

Year ended 31 December 2016

## 2 Basis of Preparation (continued)

### 2.6 New accounting standards and interpretations not yet adopted (continued)

Applicable to 2018 financial statements (continued)

#### New standards

Summary of the requirements

Potential impact on the financial statements

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreement for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

During 2016, the Group performed an initial assessment of the impact on the Group's financial statements.

Based on its initial assessment, the Group expects the following key changes:

FRS 115 will require the Group to identify deliverables in contracts with customers that qualify as performance obligations taking into consideration the estimated value of material rights and variable considerations offered.

Currently, revenue from bundled products and services are recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element. Under FRS 115, revenue will be allocated to these individual elements within bundled products and services based on their relative stand-alone selling prices.

The Group expects an increase in the revenue allocated to sales of equipment and a corresponding reduction in the revenue allocated to services under FRS 115. In addition, the Group expects to defer the recognition of the cost of acquiring customers over the contract duration.

**Transition** – The Group intends to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group intends to elect all the practical expedients under FRS 115 and is currently performing the detailed analysis to quantify the transition adjustments on its financial statements.

## 2 Basis of Preparation (continued)

### 2.6 New accounting standards and interpretations not yet adopted (continued)

Applicable to 2018 financial statements (continued)

#### New standards

Summary of the requirements

Potential impact on the financial statements

#### FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

During 2016, the Group completed its initial assessment of the impact on the Group's financial statements.

The Group's initial assessment of the three elements of FRS 109 is as described below.

**Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109. The expected classification and measurement of these financial assets under FRS 109 is summarised below:

Available-for-sale equity securities are held as long-term investments. For these, the Group expects to elect to present subsequent changes in fair value in other comprehensive income. Under FRS 109, only dividend income is recognised in the income statement. Any subsequent fair value changes are recognised in other comprehensive income and will not be reclassified to the income statement even upon divestment.

**Impairment** – The Group intends to adopt the simplified approach and is currently assessing the impact of impairment loss allowance under the new standard.

**Hedge accounting** – The Group intends to adopt the general hedge accounting model under the new standards, using prospective application of hedge accounting requirements in the standards. The Group is currently assessing the impact of adopting the new standard.

**Transition** – The Group intends to adopt the standard when it becomes effective in 2018 without restating comparative information. The Group is currently gathering data to quantify the potential impact arising from the adoption.

# Notes to the Financial Statements

Year ended 31 December 2016

## 2 Basis of Preparation *(continued)*

### 2.6 New accounting standards and interpretations not yet adopted *(continued)*

#### Applicable to 2019 financial statements

#### New standards

Summary of the requirements

#### Potential impact on the financial statements

#### FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The Group is currently assessing the quantitative impact on the financial statements.

The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2018.

The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

## 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

### 3.1 Basis of consolidation

#### (i) Subsidiaries

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

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

#### (ii) Loss of control

When control over a subsidiary is lost as a result of a transaction, event or other circumstances, the Group derecognises all assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. Any remaining interest in the previous subsidiary is recognised at its fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (iii) Associates

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

Investment in associates is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

# Notes to the Financial Statements

Year ended 31 December 2016

## 3 Significant Accounting Policies (continued)

### 3.1 Basis of consolidation (continued)

#### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Foreign currencies

#### (i) Foreign currencies transactions

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the income statement, except for the following differences which are recognised in other comprehensive income arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to the income statement); or
- qualifying cash flow hedges to the extent the hedge is effective.

#### (ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at average rates during the year.

Foreign currency translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

## 3 Significant Accounting Policies (continued)

### 3.3 Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, and when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing costs.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

#### (ii) Subsequent costs

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### (iii) Depreciation

Depreciation is provided on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment as follows:

Leasehold buildings	-	30 years to 42 years
Leasehold improvements	-	Shorter of lease term or 5 years
Network equipment	-	2 years to 15 years
Office equipment, computers and furniture and fittings	-	2 years to 5 years
Motor vehicles	-	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.

No depreciation is provided on freehold property or in respect of property, plant and equipment under construction.

### 3.4 Intangible assets

#### (i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

#### Acquisitions prior to 1 January 2010

Goodwill arising on acquisitions prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

# Notes to the Financial Statements

Year ended 31 December 2016

## 3 Significant Accounting Policies (continued)

### 3.4 Intangible assets (continued)

#### (i) Goodwill (continued)

##### Acquisition on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in Note 3.7(ii).

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves in the year of acquisition and has not been retrospectively capitalised and amortised.

Goodwill that has previously been taken to the reserves is not taken to the income statement when the business is disposed of or the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

#### (ii) Telecommunications and spectrum licences

Telecommunications and spectrum licences costs incurred are measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over the period of the licence, being 10 years to 21 years, commencing from the effective date of the licence.

#### (iii) Computer software

Computer software comprises software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 2 years to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

## 3 Significant Accounting Policies (continued)

### 3.5 Inventories

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

### 3.6 Financial instruments

#### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables (including amounts due from related parties), cash and bank balances, trade and other payables (including amounts due to related parties), and borrowings.

Cash and cash equivalents comprise cash balances, deposits with financial institutions with maturities of three months or less, and bank overdrafts. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in the income statement. Any amount in the fair value reserve relating to that asset is reclassified to the income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (including amounts due from related parties).

# Notes to the Financial Statements

Year ended 31 December 2016

## 3 Significant Accounting Policies (continued)

### 3.6 Financial instruments (continued)

#### (i) Non-derivative financial instruments (continued)

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value (normally the transaction price) plus any directly attributable transaction costs.

When the fair value at initial recognition differs from the transaction price, for fair value evidenced by a quoted price in an active market, the difference will be recognised as a gain or loss in the income statement. For all other cases, the difference would be recognised to other comprehensive income.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to the income statement.

Available-for-sale financial assets comprise equity securities.

##### Trade and other payables

Trade and other payables (including amounts due to related parties) are carried at amortised cost using the effective interest method.

##### Borrowings

Borrowings are carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of borrowings is recognised in the income statement over the period of the borrowings.

#### (ii) Share capital

##### Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

##### Repurchase, disposal and reissue of share capital (treasury shares)

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

## 3 Significant Accounting Policies (continued)

### 3.6 Financial instruments (continued)

#### (iii) Derivative financial instruments, including hedge accounting

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in below.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

##### Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the hedging reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

##### Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the income statement.

# Notes to the Financial Statements

Year ended 31 December 2016

## 3 Significant Accounting Policies (continued)

### 3.7 Impairment

#### (i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

#### Loans and receivables

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables at both specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical write-off patterns and ageing of receivables. Bad debts are written off when incurred.

#### Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the income statement. An impairment loss in respect of on the cumulative loss that is reclassified from equity to the income statement is the difference between the acquisition cost, and the current fair value, less any impairment loss recognised previously in the income statement. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income and presented in the fair value reserve in equity.

#### Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7(ii). An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

## 3 Significant Accounting Policies (continued)

### 3.7 Impairment (continued)

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amounts.

The recoverable amount of an asset or its CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level within the Group at which goodwill is monitored for internal reporting purposes.

Impairment losses recognised in the income statement in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of units) and then, to reduce the carrying amount of other assets in the CGU (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

### 3.8 Employee benefits

#### (i) Share-based payment

##### Share Option Plans

The Share Option Plans allow the Group employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

##### Performance Share Plans and Restricted Stock Plans

The Performance Share Plans and the Restricted Stock Plans are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

# Notes to the Financial Statements

Year ended 31 December 2016

## 3 Significant Accounting Policies (continued)

### 3.8 Employee benefits (continued)

#### (ii) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

#### (iii) Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### (iv) Other long-term benefits

Long-term employee benefit obligations are measured on performance conditions over a period of three years.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added ("EVA") for its management personnel executives. An EVA bank is used to hold incentive compensation credited in any year. Typically one-third of the accumulated EVA-based bonus, comprising the EVA declared in the financial year and the balance of such bonus brought forward from preceding years is paid out in cash each year, with the balance being carried forward to the following year. The balances of the EVA bank in future will be adjusted by the yearly EVA performance of the Group and the payouts made from the EVA bank.

### 3.9 Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as unearned revenue until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

### 3.10 Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## 3 Significant Accounting Policies (continued)

### 3.11 Revenue recognition

Revenue comprises fees earned from telecommunications services, broadband access, Pay TV, related advertising space and sales of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- Revenue from managed services is recognised at the time such services are rendered.
- Revenue from sales of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.
- Revenue from sales of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.

### 3.12 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

Finance costs comprise interest expense and similar charges. They are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

### 3.13 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

### 3.14 Marketing and promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the income statement when incurred.

### 3.15 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

## Notes to the Financial Statements

Year ended 31 December 2016

### 3 Significant Accounting Policies (continued)

#### 3.16 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 3.17 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividends to the Company's shareholders are recognised in the financial year in which the dividends are approved by the shareholders.

#### 3.18 Segment reporting

Segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Enterprise Fixed revenue and equipment sales on an operationally integrated network, and has a centralised customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

### 4 Property, Plant and Equipment

Group	Leasehold land \$m	Leasehold buildings \$m	Leasehold improvements \$m	Freehold property \$m	Network equipment \$m	Office equipment, computers and furniture and fittings \$m	Motor vehicles \$m	Construction in progress \$m	Total \$m
<b>Cost</b>									
At 1 January 2015	34.3	9.1	49.2	1.7	3,209.2	160.3	6.6	89.9	3,560.3
Additions	–	–	–	–	4.2	19.3	0.4	228.6	252.5
Transfers	–	0.1	1.8	–	236.5	–	–	(238.4)	–
Disposals/Write-offs	–	–	(2.8)	–	(103.2)	(8.5)	(0.5)	–	(115.0)
Disposal of subsidiary	(34.3)	–	–	–	–	–	–	(19.6)	(53.9)
At 31 December 2015	–	9.2	48.2	1.7	3,346.7	171.1	6.5	60.5	3,643.9
<b>At 1 January 2016</b>	–	<b>9.2</b>	<b>48.2</b>	<b>1.7</b>	<b>3,346.7</b>	<b>171.1</b>	<b>6.5</b>	<b>60.5</b>	<b>3,643.9</b>
Additions	–	–	–	–	6.8	16.4	0.7	231.6	255.5
Transfers	–	–	1.3	–	234.4	–	–	(235.7)	–
Disposals/Write-offs	–	–	(3.2)	–	(117.0)	(10.9)	(0.3)	–	(131.4)
At 31 December 2016	–	9.2	46.3	1.7	3,470.9	176.6	6.9	56.4	3,768.0
<b>Accumulated depreciation and impairment losses</b>									
At 1 January 2015	1.0	1.7	45.7	–	2,459.8	135.4	5.6	–	2,649.2
Charge for the year	0.3	0.3	1.8	–	203.2	13.7	0.5	–	219.8
Impairment losses	–	–	–	–	0.6	–	–	–	0.6
Disposals/Write-offs	–	–	(2.8)	–	(102.7)	(8.4)	(0.5)	–	(114.4)
Disposal of subsidiary	(1.3)	–	–	–	–	–	–	–	(1.3)
At 31 December 2015	–	2.0	44.7	–	2,560.9	140.7	5.6	–	2,753.9
<b>At 1 January 2016</b>	–	<b>2.0</b>	<b>44.7</b>	–	<b>2,560.9</b>	<b>140.7</b>	<b>5.6</b>	–	<b>2,753.9</b>
Charge for the year	–	0.3	1.5	–	209.9	13.9	0.4	–	226.0
Disposals/Write-offs	–	–	(2.3)	–	(116.5)	(10.8)	(0.3)	–	(129.9)
At 31 December 2016	–	2.3	43.9	–	2,654.3	143.8	5.7	–	2,850.0
<b>Carrying amount</b>									
At 31 December 2015	–	7.2	3.5	1.7	785.8	30.4	0.9	60.5	890.0
At 31 December 2016	–	6.9	2.4	1.7	816.6	32.8	1.2	56.4	918.0

Staff costs capitalised in construction in progress for the Group during the year amounted to \$3.4 million (2015: \$3.3 million).



## Notes to the Financial Statements

Year ended 31 December 2016

### 4 Property, Plant and Equipment (continued)

Company	Leasehold buildings \$m	Leasehold improvements \$m	Network equipment \$m	Office equipment, computers and furniture and fittings \$m	Motor vehicles \$m	Construction in progress \$m	Total \$m
<b>Cost</b>							
At 1 January 2015	9.1	40.9	1,236.7	113.9	2.1	48.9	1,451.6
Additions	–	–	–	10.1	0.1	86.7	96.9
Transfers	0.1	1.7	92.4	–	–	(94.2)	–
Disposals/Write-offs	–	(2.8)	(3.4)	(7.7)	(0.2)	–	(14.1)
<b>At 31 December 2015</b>	<b>9.2</b>	<b>39.8</b>	<b>1,325.7</b>	<b>116.3</b>	<b>2.0</b>	<b>41.4</b>	<b>1,534.4</b>
<b>At 1 January 2016</b>	<b>9.2</b>	<b>39.8</b>	<b>1,325.7</b>	<b>116.3</b>	<b>2.0</b>	<b>41.4</b>	<b>1,534.4</b>
Additions	–	–	–	12.5	–	100.1	112.6
Transfers	–	1.3	117.9	–	–	(119.2)	–
Disposals/Write-offs	–	(3.2)	(24.2)	(2.0)	–	–	(29.4)
<b>At 31 December 2016</b>	<b>9.2</b>	<b>37.9</b>	<b>1,419.4</b>	<b>126.8</b>	<b>2.0</b>	<b>22.3</b>	<b>1,617.6</b>
<b>Accumulated depreciation</b>							
At 1 January 2015	1.7	38.8	909.3	99.6	1.7	–	1,051.1
Charge for the year	0.3	1.0	76.1	7.9	0.2	–	85.5
Disposals/Write-offs	–	(2.8)	(3.0)	(7.6)	(0.2)	–	(13.6)
<b>At 31 December 2015</b>	<b>2.0</b>	<b>37.0</b>	<b>982.4</b>	<b>99.9</b>	<b>1.7</b>	<b>–</b>	<b>1,123.0</b>
<b>At 1 January 2016</b>	<b>2.0</b>	<b>37.0</b>	<b>982.4</b>	<b>99.9</b>	<b>1.7</b>	<b>–</b>	<b>1,123.0</b>
Charge for the year	0.3	1.1	81.8	8.4	0.1	–	91.7
Disposals/Write-offs	–	(2.3)	(23.8)	(2.0)	–	–	(28.1)
<b>At 31 December 2016</b>	<b>2.3</b>	<b>35.8</b>	<b>1,040.4</b>	<b>106.3</b>	<b>1.8</b>	<b>–</b>	<b>1,186.6</b>
<b>Carrying amount</b>							
At 31 December 2015	7.2	2.8	343.3	16.4	0.3	41.4	411.4
<b>At 31 December 2016</b>	<b>6.9</b>	<b>2.1</b>	<b>379.0</b>	<b>20.5</b>	<b>0.2</b>	<b>22.3</b>	<b>431.0</b>

### 5 Intangible Assets

Group	Telecommunications and spectrum licences \$m	Software \$m	Software in development \$m	Goodwill \$m	Total \$m
<b>Cost</b>					
At 1 January 2015	156.8	489.9	12.6	220.3	879.6
Additions	–	0.2	36.3	–	36.5
Transfers	–	32.2	(32.2)	–	–
Disposals/Write-offs	(1.0)	(4.2)	–	–	(5.2)
<b>At 31 December 2015</b>	<b>155.8</b>	<b>518.1</b>	<b>16.7</b>	<b>220.3</b>	<b>910.9</b>
<b>At 1 January 2016</b>	<b>155.8</b>	<b>518.1</b>	<b>16.7</b>	<b>220.3</b>	<b>910.9</b>
Additions	80.3	0.3	35.1	–	115.7
Transfers	–	34.9	(34.9)	–	–
Disposals/Write-offs	–	(3.6)	–	–	(3.6)
<b>At 31 December 2016</b>	<b>236.1</b>	<b>549.7</b>	<b>16.9</b>	<b>220.3</b>	<b>1,023.0</b>
<b>Accumulated amortisation</b>					
At 1 January 2015	72.0	403.1	–	–	475.1
Charge for the year	7.8	44.8	–	–	52.6
Disposals/Write-offs	(1.0)	(3.9)	–	–	(4.9)
<b>At 31 December 2015</b>	<b>78.8</b>	<b>444.0</b>	<b>–</b>	<b>–</b>	<b>522.8</b>
<b>At 1 January 2016</b>	<b>78.8</b>	<b>444.0</b>	<b>–</b>	<b>–</b>	<b>522.8</b>
Charge for the year	9.1	30.9	–	–	40.0
Disposals/Write-offs	–	(3.6)	–	–	(3.6)
<b>At 31 December 2016</b>	<b>87.9</b>	<b>471.3</b>	<b>–</b>	<b>–</b>	<b>559.2</b>
<b>Carrying amount</b>					
At 31 December 2015	77.0	74.1	16.7	220.3	388.1
<b>At 31 December 2016</b>	<b>148.2</b>	<b>78.4</b>	<b>16.9</b>	<b>220.3</b>	<b>463.8</b>
<b>Impairment testing of goodwill</b>					
The Group, through its "Hubbing" strategy, operates and delivers its Mobile, Pay TV, Broadband and Enterprise Fixed services on an operationally integrated network, customer service, sales, marketing and administration support. For the purposes of impairment testing, goodwill is allocated to the cash generating unit ("CGU") comprising the Group's integrated fixed, mobile, cable and broadband operations. This represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.					
The recoverable amount of the CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to profit margins.					

## Notes to the Financial Statements

Year ended 31 December 2016

### 5 Intangible Assets (continued)

#### Impairment testing of goodwill (continued)

The cash flow projections include the financial budget for the Group for the year ending 31 December 2017, which were approved by the board, and management's forecast for a further two years ending 31 December 2019. The forecast cash flows of 3 years (2015: 3 years) were extrapolated using an estimated growth rate of 1.1% (2015: 3.8%), taking into consideration the competitive pressures on EBITDA margins. The pre-tax discount rate applied to cash flow projections is at 6.6% (2015: 6.3%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the third year is Nil (2015: Nil).

No impairment charge was required for the carrying amount of goodwill assessed as at 31 December 2016 and 31 December 2015 as the recoverable value was in excess of the carrying value. A reasonable change to the key assumptions applied was not likely to cause the recoverable value to be below the carrying value.

Company	Telecommunications licences \$m	Software \$m	Software in development \$m	Total \$m
<b>Cost</b>				
At 1 January 2015	1.0	418.0	10.5	429.5
Additions	–	–	28.4	28.4
Transfers	–	24.4	(24.4)	–
Disposals	(1.0)	–	–	(1.0)
At 31 December 2015	–	442.4	14.5	456.9
<b>At 1 January 2016</b>				
Additions	<b>0.3</b>	–	<b>31.0</b>	<b>31.3</b>
Transfers	–	<b>30.7</b>	<b>(30.7)</b>	–
Disposals	–	<b>(0.1)</b>	–	<b>(0.1)</b>
At 31 December 2016	<b>0.3</b>	<b>473.0</b>	<b>14.8</b>	<b>488.1</b>
<b>Accumulated amortisation</b>				
At 1 January 2015	0.9	349.3	–	350.2
Charge for the year	0.1	37.0	–	37.1
Disposals	(1.0)	–	–	(1.0)
At 31 December 2015	–	386.3	–	386.3
<b>At 1 January 2016</b>				
Charge for the year	<b>0.1</b>	<b>23.5</b>	–	<b>23.6</b>
Disposals	–	<b>(0.1)</b>	–	<b>(0.1)</b>
At 31 December 2016	<b>0.1</b>	<b>409.7</b>	–	<b>409.8</b>
<b>Carrying amount</b>				
At 31 December 2015	–	56.1	14.5	70.6
At 31 December 2016	<b>0.2</b>	<b>63.3</b>	<b>14.8</b>	<b>78.3</b>

Staff costs capitalised in software in development for the Group and Company during the year amounted to \$2.4 million (2015: \$1.8 million).

### 6 Subsidiaries

	Company	
	2016 \$m	2015 \$m
Investments in subsidiaries, at cost	<b>1,209.1</b>	1,209.1
Loans to subsidiaries	<b>1,270.7</b>	556.0
Discount implicit in the interest-free loan to a subsidiary	<b>21.9</b>	21.9
	<b>2,501.7</b>	1,787.0
Allowance for impairment losses	<b>(28.9)</b>	(28.9)
	<b>2,472.8</b>	1,758.1

At 31 December 2016, the loans to the subsidiaries are unsecured, not repayable within the next 12 months and bore interest ranging from 2.86% to 3.04% (2015: 2.72% to 3.48%) per annum.

During the year, loans to subsidiaries of \$714.7 million (2015: \$66.0 million) were reclassified from amounts due from related parties to form part of the Company's interest in subsidiaries.

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2016 %	2015 %
The subsidiaries directly held by the Company are as follows:				
StarHub Cable Vision Ltd. <sup>(1)</sup>	Provision of subscription television and television broadcasting services	Singapore	<b>100</b>	100
StarHub Mobile Pte Ltd <sup>(1)</sup>	Provision of mobile telecommunications services	Singapore	<b>100</b>	100
StarHub Internet Pte Ltd <sup>(1)</sup>	Provision and operation of internet services	Singapore	<b>100</b>	100
StarHub Online Pte Ltd <sup>(1)</sup>	Provision of broadband access services	Singapore	<b>100</b>	100
Nucleus Connect Pte. Ltd. <sup>(1)</sup>	Provision of high speed wholesale broadband services	Singapore	<b>100</b>	100
StarHub (Mauritius) Ltd <sup>(2)</sup>	Investment holding company and for acquisition of info-communication and infotainment services	Mauritius	<b>100</b>	100
StarHub (Hong Kong) Limited <sup>(3)</sup>	Provision of telecommunication services	Hong Kong	<b>100</b>	100
StarHub Shop Pte Ltd <sup>(4)</sup>	Dormant	Singapore	<b>100</b>	100
StarHub, Inc. <sup>(4)</sup>	Dormant	United States	<b>100</b>	100
Other subsidiary indirectly held by the Company is as follows:				
Foosti Pte. Ltd. <sup>(5)</sup>	Dormant	Singapore	–	100

<sup>(1)</sup> Audited by KPMG LLP Singapore

<sup>(2)</sup> Audited by KPMG Mauritius, a member firm of KPMG International

<sup>(3)</sup> Audited by another firm

<sup>(4)</sup> Not required to be audited by laws of the country of incorporation

<sup>(5)</sup> The company had been fully dissolved on 11 August 2016

# Notes to the Financial Statements

Year ended 31 December 2016

## 7 Associate

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Investment in associate	27.8	27.8	27.8	27.8
Share of post-acquisition reserves	(1.9)	(0.3)	–	–
	25.9	27.5	27.8	27.8

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2016 %	2015 %
SHINE Systems Assets Pte. Ltd. <sup>(1)</sup>	Investment in, ownership or lease of infrastructure assets and provision of data centre services	Singapore	30	30

<sup>(1)</sup> Audited by KPMG LLP Singapore

The following summarises the financial information of the associate, based on its financial statements prepared in accordance with FRS, amended for fair value adjustments on acquisition:

	2016 \$m	2015 \$m
<b>Summarised Statement of Financial Position</b>		
Non-current assets	202.5	93.2
Current assets	23.6	14.4
Current liabilities	(16.9)	(15.9)
Non-current liabilities	(122.9)	–
<b>Net assets</b>	<b>86.3</b>	<b>91.7</b>

### Reconciliation to carrying amount:

Opening net assets	91.7	93.4
Loss for the year	(5.4)	(1.7)
<b>Closing net assets</b>	<b>86.3</b>	<b>91.7</b>

### Summarised Statement of Comprehensive Income

Total revenue	4.2	–
Loss for the year	(5.4)	(1.7)
Other comprehensive loss	–	–
<b>Total comprehensive loss for the year</b>	<b>(5.4)</b>	<b>(1.7)</b>
Group's share in %	30%	30%
Group's share of loss of associate (net of tax) for the year	(1.6)	(0.3)
Carrying amount of interest in associate at end of the year	25.9	27.5

## 8 Available-for-sale Financial Assets

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Quoted equity securities	40.0	–	40.0	–

Included in available-for-sale financial assets was a day one fair value gain arising on initial acquisition of \$9.5 million (2015: Nil) (see Note 24).

## 9 Balance with Related Parties

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

### 9.1 Amounts due from related parties

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Current</b>				
Amounts due from (trade):				
– Ultimate holding company	0.1	0.1	0.1	–
– Subsidiaries	–	–	2.1	97.2
– Related corporations	20.6	25.9	16.1	13.6
– Loan to associate	1.1	–	1.1	–
	21.8	26.0	19.4	110.8
<b>Non-current</b>				
Amount due from (trade):				
– Subsidiary	–	–	–	344.2
– Loan to associate	7.6	–	7.6	–
	7.6	–	7.6	344.2

All outstanding current trade balances with ultimate holding company, subsidiaries and related corporations are unsecured, interest-free and repayable on demand. These outstanding balances with ultimate holding company, subsidiaries and related corporations are not impaired as at the financial year end.

The non-current trade amount due from a subsidiary was unsecured, interest free and is not repayable within the next 12 months.

The current loan to associate is unsecured, bear interest rate of 2.86% and 2.96% (2015: Nil) and is repayable in October 2017 and December 2017 respectively.

The non-current loan to associate is unsecured, bear interest rate of 3.53% (2015: Nil) and is repayable in June 2021.

## Notes to the Financial Statements

Year ended 31 December 2016

### 9 Balance with Related Parties (continued)

#### 9.2 Amounts due to related parties

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Current</b>				
Amounts due to (trade):				
– Subsidiaries	–	–	338.5	373.8
– Related corporations	67.1	122.5	18.0	30.6
	67.1	122.5	356.5	404.4

The amounts due to subsidiaries include unsecured interest bearing amounts of \$178.7 million (2015: \$167.9 million) at interest rates ranging from 0.95% to 1.73% (2015: 0.93% to 1.25%) per annum and are repayable on demand. The remaining amounts due to subsidiaries and related corporations have trade terms.

9.3 The Company's balances with subsidiaries included amounts netted under agreed master netting arrangements. The amounts before netting are as follows:

Company	Gross amounts \$m	Gross amounts offset \$m	Net amounts \$m
<b>2016</b>			
<b>Current</b>			
Amounts due from subsidiaries	458.5	(456.4)	2.1
Amounts due to subsidiaries	794.9	(456.4)	338.5
<b>2015</b>			
<b>Current</b>			
Amounts due from subsidiaries	565.5	(468.3)	97.2
Amounts due to subsidiaries	842.1	(468.3)	373.8
<b>Non-current</b>			
Amounts due from subsidiaries	344.2	–	344.2

### 10 Inventories

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Equipment held for resale	47.7	52.6	0.7	50.1
Maintenance and project inventories	1.9	1.7	–	–
	49.6	54.3	0.7	50.1
Allowance made/(written back) during the year	0.5	(0.5)	(0.4)	(0.7)

In 2016, inventories of \$447.8 million (2015: \$487.1 million) were recognised as an expense during the period and included in 'cost of sales'.

During the year, the Company transferred its equipment held for resale amounting to \$36.9 million to one of its subsidiaries.

### 11 Trade Receivables

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Trade receivables	213.0	186.4	181.6	168.8
Allowance for doubtful receivables	(40.8)	(33.1)	(39.9)	(31.3)
	172.2	153.3	141.7	137.5

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by certain subsidiaries.

The Group's and the Company's primary credit risk exposure arises through its trade receivables, which include corporate and retail customers. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers. The recorded allowances for doubtful receivables have been made based on the Group's and the Company's historical collections experience. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

The age analysis of trade receivables past due but not impaired at the reporting date is as follows:

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Past due 1 – 15 days	33.3	40.9	30.3	37.7
Past due above 15 days	69.1	50.5	49.3	41.9
	102.4	91.4	79.6	79.6

The movements in allowance for doubtful receivables in respect of trade receivables during the year are as follows:

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
At beginning of year	33.1	29.5	31.3	27.8
Allowance for doubtful receivables	21.0	18.4	7.5	5.4
Recharged to subsidiaries	–	–	14.4	12.9
Allowance utilised	(13.3)	(14.8)	(13.3)	(14.8)
At end of year	40.8	33.1	39.9	31.3

### 12 Other Receivables, Deposits and Prepayments

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Grant receivables	6.2	10.7	–	–
Accrued revenue	115.4	113.9	8.0	11.1
Deposits	4.2	4.0	1.1	0.9
Prepayments	65.4	57.2	17.5	18.4
Other receivables	15.6	9.0	11.6	1.7
Mark-to-market financial instruments				
– Forward exchange contracts	5.4	1.2	5.4	1.2
– Interest rate swaps	–	0.8	–	0.8
	212.2	196.8	43.6	34.1

## Notes to the Financial Statements

Year ended 31 December 2016

### 13 Cash and Cash Equivalents

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Fixed deposits	214.3	111.8	214.3	111.8
Cash at bank and in hand	70.9	61.6	21.7	42.4
	285.2	173.4	236.0	154.2

Fixed deposits relates to deposits with financial institutions with maturities of three months or less (2015: six months or less) with effective interest rates ranging from 0.80% to 1.25% (2015: 0.75% to 1.2%).

### 14 Trade and Other Payables

	Note	Group		Company	
		2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Current</b>					
Trade payables		91.3	98.9	72.1	77.4
Accruals		472.1	433.2	201.1	184.6
Unearned revenue		129.4	131.1	21.3	19.1
Deferred income	16	0.8	7.8	0.8	0.5
Deposits from customers		14.3	16.3	14.1	16.1
		707.9	687.3	309.4	297.7
<b>Non-current</b>					
Unearned revenue		21.6	22.7	21.6	22.7

### 15 Borrowings

	Note	Group and Company	
		2016 \$m	2015 \$m
<b>Current</b>			
Bank loans	15.1	10.0	137.5
<b>Non-current</b>			
Bank loans	15.1	457.5	330.0
Medium term notes	15.2	520.0	220.0
		977.5	550.0

### 15 Borrowings (continued)

#### 15.1 Bank loans

	Group and Company	
	2016 \$m	2015 \$m
Repayable:		
– Within 1 year	10.0	137.5
– After 1 year but within 5 years	457.5	330.0
	467.5	467.5

At 31 December 2016, the unsecured bank loans bear interest at rates ranging from 1.67% to 2.98% (2015: 1.47% to 2.98%) per annum.

There is no material difference between the carrying amount and fair value of the bank loans.

#### 15.2 Medium term notes

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of \$1,000.0 million in September 2011. In September 2012, the Company issued a \$220.0 million 10-year medium term note which bears interest rate of 3.08% per annum and is repayable in September 2022.

In June 2016, the Company issued a \$300.0 million 10-year medium term note which bears interest of 3.55% per annum and is repayable in June 2026.

The fair value of the medium term note is \$525.0 million (2015: \$218.8 million).

### 16 Deferred Income

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Deferred grants</b>				
At beginning of year	8.9	21.3	1.6	–
Grants receivable	1.7	2.3	1.7	2.3
Amount accreted to the income statement	(8.4)	(14.7)	(1.1)	(0.7)
At end of year	2.2	8.9	2.2	1.6
Deferred grants to be accreted:				
Current (within 1 year)	0.8	7.8	0.8	0.5
Non-current (after 1 year but within 5 years)	1.4	1.1	1.4	1.1
Total	2.2	8.9	2.2	1.6

Deferred income refers to government grants received. Assets related grants are recognised over the estimated useful lives of the related assets. Income related grants are recognised on a systematic basis over the periods to match the related cost.

# Notes to the Financial Statements

Year ended 31 December 2016

## 17 Deferred Tax Liabilities

Movements in deferred tax liabilities during the year are as follows:

Group	At 1 January 2016	Recognised in income statement (Note 25)	Recognised in other comprehensive income	Recognised in equity	At 31 December 2016
2016	\$m	\$m	\$m	\$m	\$m
<b>Deferred tax liabilities</b>					
Property, plant and equipment and intangible assets	(134.3)	(14.6)	–	–	(148.9)
Other payables and accruals	1.8	0.5	–	–	2.3
Derivatives	(0.1)	–	(0.8)	–	(0.9)
Share-based payment transactions	–	1.3	–	0.8	2.1
Unutilised capital allowances	8.4	(8.4)	–	–	–
Unutilised tax losses	4.1	(4.1)	–	–	–
<b>Total</b>	<b>(120.1)</b>	<b>(25.3)</b>	<b>(0.8)</b>	<b>0.8</b>	<b>(145.4)</b>

Group	At 1 January 2015	Recognised in income statement (Note 25)	Recognised in other comprehensive income	Recognised in equity	At 31 December 2015
2015	\$m	\$m	\$m	\$m	\$m
<b>Deferred tax liabilities</b>					
Property, plant and equipment and intangible assets	(143.9)	9.6	–	–	(134.3)
Other payables and accruals	3.8	(2.0)	–	–	1.8
Derivatives	0.3	–	(0.4)	–	(0.1)
Unutilised capital allowances	8.5	(0.1)	–	–	8.4
Unutilised tax losses	4.1	–	–	–	4.1
<b>Total</b>	<b>(127.2)</b>	<b>7.5</b>	<b>(0.4)</b>	<b>–</b>	<b>(120.1)</b>

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following items:

	2016 \$m	2015 \$m
Tax losses	3.7	3.5
Deferred tax assets	0.6	0.6

The Group has not recognised deferred tax assets in respect of the above tax losses and capital allowances as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

## 17 Deferred Tax Liabilities (continued)

Company	At 1 January 2016	Recognised in income statement	Recognised in other comprehensive income	Recognised in equity	At 31 December 2016
2016	\$m	\$m	\$m	\$m	\$m
<b>Deferred tax liabilities</b>					
Property, plant and equipment and intangible assets	(61.8)	(16.1)	–	–	(77.9)
Other payables and accruals	0.6	1.7	–	–	2.3
Derivatives	(0.1)	–	0.1	–	–
Share-based payment transactions	–	1.3	–	0.8	2.1
<b>Total</b>	<b>(61.3)</b>	<b>(13.1)</b>	<b>0.1</b>	<b>0.8</b>	<b>(73.5)</b>

Company	At 1 January 2015	Recognised in income statement	Recognised in other comprehensive income	Recognised in equity	At 31 December 2015
2015	\$m	\$m	\$m	\$m	\$m
<b>Deferred tax liabilities</b>					
Property, plant and equipment and intangible assets	(76.8)	15.0	–	–	(61.8)
Other payables and accruals	0.6	–	–	–	0.6
Derivatives	0.3	–	(0.4)	–	(0.1)
<b>Total</b>	<b>(75.9)</b>	<b>15.0</b>	<b>(0.4)</b>	<b>–</b>	<b>(61.3)</b>

## 18 Share Capital

Company	2016		2015	
	Number of shares '000	\$m	Number of shares '000	\$m
<b>Issued and fully paid ordinary shares:</b>				
At beginning of year	1,729,795	293.5	1,726,322	282.6
Issue of ordinary shares under the StarHub Performance Share Plans and StarHub Restricted Stock Plans	1,856	6.2	3,297	10.6
Issue of ordinary shares for cash pursuant to the exercise of options under the StarHub Share Option Plans	–	–	176	0.3
At end of year	1,731,651	299.7	1,729,795	293.5

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

# Notes to the Financial Statements

Year ended 31 December 2016

## 19 Reserves

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Treasury shares	(12.3)	–	(12.3)	–
Merger/Capital reserve	–	–	276.5	276.5
Fair Value Reserve	12.5	–	12.5	–
Goodwill written off	(276.3)	(276.3)	–	–
Share-based payments reserve	14.1	12.3	14.1	12.3
Hedging reserve	4.4	0.5	–	0.5
Translation reserve	1.3	1.3	–	–
Retained profits	151.5	156.3	1,143.1	992.2
	(104.8)	(105.9)	1,433.9	1,281.5

Treasury shares comprise the cost of the Company's shares held by the Group. The Company bought 3,894,100 ordinary shares from the market at a consideration of \$12.3 million. There was no transfer of treasury shares during the year (2015: Nil).

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

The translation reserve comprises all foreign currency translation differences arising from the translation of the financial statements of foreign operations.

## 20 Revenue

	Group	
	2016 \$m	2015 \$m
Mobile revenue	1,214.6	1,239.8
Pay TV revenue	377.8	391.0
Broadband revenue	216.8	200.3
Enterprise Fixed revenue	400.0	384.9
Sales of equipment	187.5	228.3
	2,396.7	2,444.3

## 21 Operating Expenses

	Group	
	2016 \$m	2015 \$m
Cost of equipment sold	447.8	487.1
Cost of services	409.5	415.8
Traffic expenses	117.3	150.2
Depreciation and amortisation (net of asset grants)	265.0	271.4
Marketing and promotions	133.7	144.6
Staff costs	281.4	270.7
Allowance for doubtful receivables	21.0	18.4
Repairs and maintenance	96.9	86.0
Operating leases	116.1	121.7
Other expenses	115.1	82.7
	2,003.8	2,048.6

Included in the Group's cost of services is government grant amounting to \$3.2 million (2015: \$3.4 million).

### 21.1 Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses comprise the following:

	Group	
	2016 \$m	2015 \$m
Depreciation of property, plant and equipment	226.0	219.8
Accretion of asset grants to the income statement	(1.0)	(1.0)
	225.0	218.8
Amortisation of intangible assets	40.0	52.6
Total	265.0	271.4

### 21.2 Staff costs

The following are included in staff costs:

	Group	
	2016 \$m	2015 \$m
Defined contribution plans	27.4	25.1
Share-based payments	7.2	9.5
Government grants - Wage Credit Scheme	(4.7)	(3.7)

# Notes to the Financial Statements

Year ended 31 December 2016

## 21 Operating Expenses (continued)

### 21.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2016 \$m	2015 \$m
Short-term employee benefits	10.4	10.2
Share-based payments	4.4	4.3
	14.8	14.5

Included in the above is the total compensation to directors of the Company which amounted to \$4.7 million (2015: \$5.0 million).

Key management personnel also participate in the StarHub Performance Share Plans and the StarHub Restricted Stock Plans. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of shares of 656,300 (2015: 534,700 shares) under the StarHub Performance Share Plans and conditional awards of shares of 557,800 (2015: 435,800 shares) under the StarHub Restricted Stock Plans were granted to the key management personnel of the Company during the year.

Awards of 120,300 shares (2015: 95,800 shares) under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached, during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2013 to 2015 performance period, final awards comprising 79,800 (2015: 629,300) shares were delivered to the key management personnel of the Company during the year under the 2013 conditional awards granted to key management personnel of the Company in May 2013 pursuant to the StarHub Performance Share Plans.

Based on the actual level of achievement of the pre-determined performance targets over the 2014 to 2015 performance period, final awards comprising 359,634 (2015: 372,780) shares were delivered to the key management personnel of the Company during the year under the 2014 conditional awards granted to the key management personnel of the Company in May 2014 pursuant to the StarHub Restricted Stock Plans. 180,000 shares under the final awards were delivered during the year, with the balance of 179,634 shares to be delivered in phases according to the stipulated vesting periods.

All conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

As at 31 December 2016, 1,761,100 (2015: 1,503,800) of the conditional awards of shares under the StarHub Performance Share Plans, and 1,309,434 (2015: 1,199,380) of the conditional awards of shares under the StarHub Restricted Stock Plans granted to the key management personnel were outstanding.

## 21 Operating Expenses (continued)

### 21.2.2 Share-based Payments

#### StarHub Performance Share Plans

Under the StarHub PSP and the StarHub PSP 2014 (collectively the "StarHub Performance Share Plans"), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives. Awards are released once the Company's Executive Resource and Compensation Committee is satisfied that the prescribed performance targets have been achieved. There is no vesting periods beyond the performance achievement periods.

During the financial year ended 31 December 2016, the conditional grants of 656,300 (2015: 534,700) shares under the StarHub Performance Share Plans were made to the key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

The movements of the number of shares under the StarHub Performance Share Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2016 Date of grant	Balance outstanding at 1 January 2016 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31 December 2016 '000
31 May 2013	429	–	(86)	(343)	–
10 March 2014	570	–	–	–	570
16 March 2015	535	–	–	–	535
22 March 2016	–	656	–	–	656
<b>Total</b>	<b>1,534</b>	<b>656</b>	<b>(86)</b>	<b>(343)</b>	<b>1,761</b>

2015 Date of grant	Balance outstanding at 1 January 2015 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31 December 2015 '000
25 May 2012	872	–	(872)	–	–
31 May 2013	432	–	–	(3)	429
10 March 2014	645	–	–	(75)	570
16 March 2015	–	535	–	–	535
<b>Total</b>	<b>1,949</b>	<b>535</b>	<b>(872)</b>	<b>(78)</b>	<b>1,534</b>

The fair value of the shares is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards. The assumptions under the model used for the grant in 2016 and 2015 are as follows:

	Year of grant	
	2016	2015
Fair value	\$1.46	\$2.94
Share price	\$3.32	\$4.25
Expected volatility of the Company's shares	15.28%	16.23%
Expected volatility of MSCI Asia-Pacific Telecommunications Component Stock	14.14%	12.42%
Expected dividend yield	5.70%	4.48%
Risk-free interest rates	1.16%	1.39%



## Notes to the Financial Statements

Year ended 31 December 2016

### 21 Operating Expenses (continued)

#### 21.2.2 Share-based Payments (continued)

##### StarHub Restricted Stock Plans

Under the StarHub RSP and StarHub RSP Plan 2014 (collectively the "StarHub Restricted Stock Plans"), awards granted vest only after the satisfactory completion of time-based service conditions (time-based restricted awards) or where the award is performance-related after a further period of service beyond the performance targets completion date (performance-based restricted awards).

During the financial year ended 31 December 2016, the conditional grants of 2,884,800 (2015: 2,432,200) shares under the StarHub Restricted Stock Plans were made to non-executive directors and key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved, or as the case may be when the time-based service conditions are completed.

During the financial year ended 31 December 2016, 141,300 (2015: 128,900) shares under the StarHub Restricted Stock Plans were vested and delivered to certain non-executive directors of the Company as part of their non-executive directors' remuneration, without any performance or vesting conditions attached.

The movements of the number of shares under the StarHub Restricted Stock Plans, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants of the Company are as follows:

2016 Date of grant	Balance outstanding at 1 January 2016 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31 December 2016 '000
31 May 2013	692	–	(672)	(20)	–
10 March 2014	2,340	–	(764)	(863)	713
16 March 2015	2,266	–	–	(160)	2,106
8 July 2015	32	–	(16)	–	16
22 March 2016	–	2,460	–	(80)	2,380
20 May 2016	–	267	(120)	–	147
23 May 2016	–	157	(141)	(16)	–
<b>Total</b>	<b>5,330</b>	<b>2,884</b>	<b>(1,713)</b>	<b>(1,139)</b>	<b>5,362</b>

2015 Date of grant	Balance outstanding at 1 January 2015 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31 December 2015 '000
25 May 2012	912	–	(912)	–	–
31 May 2013	1,407	–	(699)	(16)	692
10 March 2014	2,454	–	(15)	(99)	2,340
16 March 2015	–	2,271	–	(5)	2,266
3 June 2015	–	129	(113)	(16)	–
8 July 2015	–	32	–	–	32
<b>Total</b>	<b>4,773</b>	<b>2,432</b>	<b>(1,739)</b>	<b>(136)</b>	<b>5,330</b>

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

### 21 Operating Expenses (continued)

#### 21.2.2 Share-based Payments (continued)

##### StarHub Restricted Stock Plans (continued)

The assumptions under the model used for the grant in 2016 and 2015 are as follows:

	Year of grant	
	2016	2015
Fair value	\$2.91 - \$3.33	\$3.65 - \$3.82
Share price	\$3.32 - \$3.45	\$3.98 - \$4.25
Expected volatility of the Company's shares	10.79% - 15.28%	16.23%
Expected dividend yield	5.46% - 5.70%	4.48% - 5.15%
Risk-free interest rates	0.70% - 1.14%	0.70% - 1.36%

### 21.3 Other expenses

Included in other expenses are the following:

	Group	
	2016 \$m	2015 \$m
Fees paid to auditors of the Company:		
– Audit	0.4	0.4
– Non-audit	0.4	0.3
Foreign currency exchange loss/(gain), net	3.7	(1.4)
Changes in fair value of financial instruments	1.2	(1.0)

### 22 Other Income

	Group	
	2016 \$m	2015 \$m
Corporate recharges to related parties	0.2	0.2
Income related grants	32.0	45.4
	32.2	45.6

### 23 Net Finance Costs

	Group	
	2016 \$m	2015 \$m
Interest income:		
– Bank deposits	3.4	2.0
– Associate	0.1	–
Finance income	3.5	2.0
Interest expense:		
– Bank loans	13.4	11.0
– Medium term note	12.8	6.8
Finance costs	26.2	17.8

## Notes to the Financial Statements

Year ended 31 December 2016

### 24 Non-operating Income

	Group	
	2016 \$m	2015 \$m
Gain on deconsolidation of a subsidiary	–	15.0
Fair value gain on initial recognition of available-for-sale (“AFS”) financial assets	9.5	–
	9.5	15.0

The fair value gain on initial recognition of AFS financial assets arose from the difference between the transaction price and the fair value of the quoted investment at the point when the transaction was concluded.

### 25 Taxation

	Group	
	2016 \$m	2015 \$m
<b>Current tax</b>		
Current income tax	52.5	62.9
Utilisation of previously unrecognised deferred tax assets	–	(9.6)
(Over)/Under provision in prior year	(8.9)	22.1
	43.6	75.4
<b>Deferred tax</b>		
Reversal and origination of temporary differences	17.2	12.8
Under/(Over) provision in prior year	8.7	(20.3)
Utilisation of previously unrecognised deferred tax assets	(0.6)	–
	25.3	(7.5)
<b>Total income tax in the income statement</b>	<b>68.9</b>	<b>67.9</b>

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2016 \$m	2015 \$m
Profit before taxation	410.3	440.2
Income tax using Singapore tax rate of 17%	69.8	74.8
Income not subject to tax	(3.4)	(2.7)
Non-deductible expenses	4.4	3.7
Utilisation of previously unrecognised deferred tax assets	(0.6)	(9.6)
(Over)/Under provision in prior year, net	(0.2)	1.8
Tax benefit	(1.3)	–
Others	0.2	(0.1)
<b>Total income tax in the income statement</b>	<b>68.9</b>	<b>67.9</b>

### 25 Taxation (continued)

The Group’s utilisation of previously unrecognised deferred tax assets in prior year relate to unutilised tax losses and unutilised capital allowances transferred from its subsidiaries under the group tax relief system in the Republic of Singapore.

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	Group	
	2016 \$m	2015 \$m
Cash flow hedge, before taxation	4.7	2.3
Taxation	(0.8)	(0.4)
Effective portion of changes in fair value of cash flow hedge	3.9	1.9

### 26 Earnings Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding (excluding treasury shares), for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees under the StarHub share plans.

	Group	
	2016 \$m	2015 \$m
Profit attributable to equity holders	341.4	372.3
	Number of shares	
	2016 '000	2015 '000
Weighted average number of ordinary shares (basic) during the year <sup>#</sup>	1,727,348	1,729,101
Adjustment for dilutive effect of share plans	7,123	6,864
Weighted average number of ordinary shares (diluted) during the year	1,734,471	1,735,965

<sup>#</sup> Excludes treasury shares.

### 27 Earnings Before Interest, Taxation, Depreciation and Amortisation

The earnings before interest, taxation, depreciation and amortisation (“EBITDA”) is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not covered by FRS.

The Group defines EBITDA as follows:

	Group	
	2016 \$m	2015 \$m
Profit before taxation	410.3	440.2
Adjustments for:		
Depreciation and amortisation (net of asset grants)	265.0	271.4
Finance income	(3.5)	(2.0)
Finance expense	26.2	17.8
Non-operating income	(9.5)	(15.0)
Share of loss of associate (net of tax)	1.6	0.3
<b>EBITDA</b>	<b>690.1</b>	<b>712.7</b>

## Notes to the Financial Statements

Year ended 31 December 2016

### 28 Related Party Transactions

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group and the Company with related parties during the financial year were as follows:

	Group	
	2016 \$m	2015 \$m
<b>Ultimate holding company</b>		
Sales	0.4	0.5
<b>Associate</b>		
Purchase of property, plant and equipment	5.0	–
Rental expenses	1.9	–
Purchase of services	0.2	–
<b>Related corporations</b>		
Sales	60.7	70.0
Purchase of property, plant and equipment	13.3	19.5
Rental expenses	77.7	81.7
Purchase of services	142.3	183.7
Purchase of inventories	147.0	166.1

### 29 Dividends

	Group and Company	
	2016 \$m	2015 \$m
Final dividend of \$0.05 (2015: \$0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	86.5	86.5
Interim dividends of \$0.15 (2015: \$0.15) per share (1-tier tax exempt) paid in respect of the current financial year	259.7	259.4
	346.2	345.9

### 30 Segment Reporting

Segment information is presented based on the information reviewed by the chief operating decision maker ("CODM") for performance assessment and resource allocation.

The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Enterprise Fixed services and equipment sales on a fully integrated network, and has a centralised customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

The Group's reportable segment information is as follows:

	Group	
	2016 \$m	2015 \$m
Mobile revenue	1,214.6	1,239.8
Pay TV revenue	377.8	391.0
Broadband revenue	216.8	200.3
Enterprise Fixed revenue	400.0	384.9
Sales of equipment	187.5	228.3
<b>Total revenue</b>	<b>2,396.7</b>	<b>2,444.3</b>
EBITDA	690.1	712.7
Depreciation and amortisation (net of asset grants)	(265.0)	(271.4)
Finance income	3.5	2.0
Finance expense	(26.2)	(17.8)
Non-operating income	9.5	15.0
Share of loss of associate (net of tax)	(1.6)	(0.3)
<b>Profit before taxation</b>	<b>410.3</b>	<b>440.2</b>
Taxation	(68.9)	(67.9)
<b>Profit for the year</b>	<b>341.4</b>	<b>372.3</b>
<b>Assets and liabilities</b>		
Non-current assets	1,455.3	1,305.6
Current assets	741.0	603.8
<b>Total assets</b>	<b>2,196.3</b>	<b>1,909.4</b>
Borrowings	987.5	687.5
Other non-current liabilities	168.4	143.9
Other current liabilities	845.5	890.4
<b>Total liabilities</b>	<b>2,001.4</b>	<b>1,721.8</b>
<b>Other information</b>		
Capital expenditure	371.2	289.0
Free cash flow*	184.0	215.7

\* Free cash flow refers to net cash from operating activities less purchase of property, plant and equipment and intangible assets in the consolidated cash flow statement.

# Notes to the Financial Statements

Year ended 31 December 2016

## 31 Financial Risk Management

### Financial risk management objectives and policies

Exposure to credit, liquidity, interest risk, foreign exchange and market risks arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in Note 3.6(iii).

### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

### Liquidity risk

The Group actively monitors its liquidity risk and manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, expects to generate sufficient cash flows from its operation, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its medium term note programme to ensure that there are adequate credit facilities which may be utilised when the need arises to meet its working capital requirements.

At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits, as well as available credit from its medium term note programme. In addition, the Group also reviews compliance with loan covenants.

## 31 Financial Risk Management (continued)

### Liquidity risk (continued)

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

	Carrying amount \$m	Contractual cash flows			
		Total \$m	Within 1 year \$m	After 1 year but within 5 years \$m	After 5 years but within 10 years \$m
<b>Group</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	987.5	1,169.3	34.3	560.3	574.7
Trade and other payables <sup>^</sup>	577.7	577.7	577.7	–	–
Amounts due to related parties	67.1	67.1	67.1	–	–
	<b>1,632.3</b>	<b>1,814.1</b>	<b>679.1</b>	<b>560.3</b>	<b>574.7</b>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	687.5	773.7	152.3	387.8	233.6
Trade and other payables <sup>^</sup>	548.3	548.3	548.3	–	–
Amounts due to related parties	122.5	122.5	122.5	–	–
	<b>1,358.3</b>	<b>1,444.5</b>	<b>823.1</b>	<b>387.8</b>	<b>233.6</b>
<b>Company</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	987.5	1,169.3	34.3	560.3	574.7
Trade and other payables <sup>^</sup>	287.3	287.3	287.3	–	–
Amounts due to related parties	356.5	356.5	356.5	–	–
	<b>1,631.3</b>	<b>1,813.1</b>	<b>678.1</b>	<b>560.3</b>	<b>574.7</b>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	687.5	773.7	152.3	387.8	233.6
Trade and other payables <sup>^</sup>	278.0	278.0	278.0	–	–
Amounts due to related parties	404.4	404.4	404.4	–	–
	<b>1,369.9</b>	<b>1,456.1</b>	<b>834.7</b>	<b>387.8</b>	<b>233.6</b>

<sup>^</sup> The carrying amount of trade and other payables disclosed in the table excludes deferred income and unearned revenue.

## Notes to the Financial Statements

Year ended 31 December 2016

### 31 Financial Risk Management (continued)

#### Liquidity risk (continued)

The following table indicates the periods in which the cash flow hedges are expected to affect profit or loss:

Group and Company	Carrying amount \$m	Contractual cash flows		
		Total \$m	Within 1 year \$m	After 1 year but within 5 years \$m
<b>2016</b>				
<b>Derivative financial assets</b>				
Forward exchange contracts used for hedging (gross-settled)	5.4			
– Outflow		(117.5)	(117.5)	–
– Inflow		122.9	122.9	–
	5.4	5.4	5.4	–
<b>2015</b>				
<b>Derivative financial assets</b>				
Interest rate swaps used for hedging (net-settled)	0.8	0.8	0.5	0.3

#### Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose.

At 31 December 2016, the Group had outstanding interest rate swap agreements with notional principal amounts totalling \$20.0 million (2015: \$145.0 million) in cash flow hedges against borrowings. These interest rate swaps will mature over the remaining term of 0.5 years (2015: 0.6 year to 1.4 years) to hedge the floating semi-annual interest payments on borrowings. The fixed interest payable has interest rates at 0.86% per annum (2015: 0.86% to 1.45% per annum).

#### Sensitivity analysis

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the floating interest rates by 100 basis points, with all other variables remaining constant, does not have a material impact in the Group's and the Company's profit before taxation.

### 31 Financial Risk Management (continued)

#### Foreign currency risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the United States Dollar.

The Group's and the Company's exposures to United States Dollar are as follows:

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Trade and other receivables	72.9	63.1	11.9	9.3
Cash and cash equivalents	55.3	108.0	43.9	104.1
Trade and other payables	(156.8)	(132.2)	(49.0)	(35.7)
	(28.6)	38.9	6.8	77.7

For operations with significant expenditure denominated in foreign currencies, forward exchange contracts are entered into to hedge the foreign currency risk on forecasted payment obligations. At 31 December 2016, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately \$117.5 million (2015: \$105.1 million). The current year forward exchange contracts are entered into by the Company on behalf of a subsidiary.

In respect of other monetary liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying foreign currencies at spot rates where necessary to address any shortfalls.

#### Sensitivity analysis

The Group and Company had assessed that a reasonable change in the exchange rate would not result in a material impact on the Group's and Company's results.

#### Market risk

The Group has investments in quoted equity shares. The market value of these investments will fluctuate with market conditions.

The Group and Company had assessed that a reasonable change in the share price would not result in a material impact on the Group's and Company's equity.

# Notes to the Financial Statements

Year ended 31 December 2016

## 31 Financial Risk Management (continued)

### Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

#### Derivatives

Marked to market valuations of the forward exchange contracts are provided by the banks. For interest rate swaps, valuations are also provided by the banks. Those quotes are tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

#### Borrowings

The fair values of borrowings which reprice within one year of reporting date were assumed to equate the carrying value. All other borrowings are calculated using discounted cash flow models based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

#### Amounts due from subsidiaries (non-current)

Non-current amounts due from subsidiaries are calculated using discounted cash flow model based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

#### Available-for-sale quoted equity securities

The carrying amount of the available-for-sale financial assets approximates its fair value.

#### Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

#### Interest rates used in determining fair values

The Group and the Company use the interbank swap yield as of year end plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2016	2015
	% per annum	% per annum
Derivatives	0.86	0.86 – 1.45

## 31 Financial Risk Management (continued)

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 1 and Level 2 valuation methods, at reporting date:

	Fair value level	Group and Company	
		2016 \$m	2015 \$m
<b>Financial assets</b>			
Mark-to-market financial instruments			
– Forward exchange contracts	2	5.4	1.2
– Interest rate swaps	2	–	0.8
Available-for-sale financial assets	1	40.0	–

There were no transfers between level 1 and 2 in 2016 and 2015.

## 32 Capital Management

The Group regularly reviews its financial position, capital structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns, including the level of dividends, and appropriate strategic positioning.

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders, bank borrowings from financial institutions and medium term note issued.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

## Notes to the Financial Statements

Year ended 31 December 2016

### 33 Commitments

#### (a) Capital and other financial commitments

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Contracted and not provided for in the financial statements:				
– Capital expenditures	182.8	285.4	95.7	103.5
– Other operating expenditures	450.2	279.0	–	–
	<b>633.0</b>	564.4	<b>95.7</b>	103.5

As at 31 December 2016, the Group has outstanding capital and other financial commitments with related companies amounting to \$12.5 million (2015: \$10.2 million), which has been included above.

Included in the capital expenditures contracted by the Company is an amount of approximately \$0.2 million (2015: \$1.5 million) which has been entered into on behalf of its subsidiaries.

#### (b) Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Payable				
– Within 1 year	60.1	98.8	44.3	60.9
– Within 2 to 5 years	90.4	106.1	80.1	83.1
– After 5 years	190.7	210.5	190.7	210.4
	<b>341.2</b>	415.4	<b>315.1</b>	354.5

As at 31 December 2016, the Group has outstanding operating lease commitments with related companies amounting to \$219.4 million (2015: \$277.6 million), which has been included above.

Included in the operating lease commitment of the Company is \$7.0 million (2015: \$7.0 million) which is contracted on behalf of a subsidiary.

The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

### 34 Subsequent Event

The directors have proposed a final dividend of \$0.05 (2015: \$0.05) per share, tax exempt (one tier), totalling \$86.4 million (2015: \$86.5 million) in respect of the financial year ended 31 December 2016. This proposed final tax exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the forthcoming Annual General Meeting of the Company in 2017.

## Interested Person Transactions and Material Contracts

(Pursuant to SGX-ST Listing Manual Rule 907 and Rule 1207(8))

	Aggregate value of all interested person transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX-ST Listing Manual)
	1 January 2016 to 31 December 2016 \$m	1 January 2016 to 31 December 2016 \$m
<b>Transactions for the Sale of Goods &amp; Services</b>		
CapitaLand Limited & its associates	0.4	–
SATS Ltd. & its associates	0.1	–
Singapore Airlines Limited & its associates	0.2	–
Singapore Technologies Engineering Ltd & its associates	1.7	–
Singapore Telecommunications Limited & its associates	23.7	–
TeleChoice International Ltd & its associates	114.2	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	3.4	–
	<b>143.7</b>	–
<b>Transactions for the Purchase of Goods &amp; Services</b>		
CapitaLand Limited & its associates	5.9	–
Refinery Media Pte Ltd	–	0.9
SembCorp Industries Ltd & its associates	0.2	–
Singapore Power Limited & its associates	25.6	–
Singapore Technologies Engineering Ltd & its associates	5.3	–
Singapore Telecommunications Limited & its associates	69.3	–
TeleChoice International Ltd & its associates	238.6	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	15.0	–
	<b>359.9</b>	<b>0.9</b>
<b>Provision of shareholder loans and security for debt financing</b>		
SHINE Systems Assets Pte. Ltd.	–	62.8
	–	<b>62.8</b>
<b>Receipt of shareholder loans</b>		
STT APDC Pte. Ltd.	–	1.0
	–	<b>1.0</b>

During the financial year ended 31 December 2016, no material contracts were entered into by StarHub Ltd or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder pursuant to Rule 1207(8) of the SGX-ST Listing Manual.

## Shareholding Information

As at 22 February 2017

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of issued shares excluding treasury shares	: 1,728,452,537
Total number of treasury shares held	: 3,198,906
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: 0.19%

### Distribution of shareholdings

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 – 99	152	0.62	6,007	0.00
100 – 1,000	4,630	18.90	3,849,912	0.22
1,001 – 10,000	16,086	65.66	70,130,151	4.05
10,001 – 1,000,000	3,600	14.70	129,471,415	7.48
1,000,001 and above	29	0.12	1,528,193,958	88.25
Total	24,497	100.00	1,731,651,443	100.00

### Substantial shareholders

Name	Number of shares		
	Direct interest	Deemed interest	% of issued share capital <sup>(5)</sup>
Temasek Holdings (Private) Limited	–	977,314,814 <sup>(1)</sup>	56.54
Singapore Technologies Telemedia Pte Ltd	–	965,845,290 <sup>(2)</sup>	55.88
STT Communications Ltd	–	965,845,290 <sup>(2)</sup>	55.88
Asia Mobile Holding Company Pte. Ltd.	–	965,845,290 <sup>(2)</sup>	55.88
Asia Mobile Holdings Pte. Ltd.	965,845,290	–	55.88
Ooredoo Q.S.C.	–	965,845,290 <sup>(3)</sup>	55.88
Ooredoo Investment Holding S.P.C.	–	965,845,290 <sup>(3)</sup>	55.88
Nippon Telegraph and Telephone Corporation	–	171,490,520 <sup>(4)</sup>	9.92
NTT Communications Corporation	171,490,520	–	9.92

#### Notes:

<sup>(1)</sup> Temasek Holdings (Private) Limited (Temasek) is deemed to have an interest in 977,314,814 shares of StarHub in which Singapore Technologies Telemedia Pte Ltd group and other associated companies of Temasek have direct or deemed interests.

<sup>(2)</sup> ST Telemedia is deemed to have an interest in 965,845,290 shares of StarHub held by Asia Mobile Holdings Pte. Ltd. (AMH), a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which is in turn a wholly-owned subsidiary of STT Communications Ltd, a wholly-owned subsidiary of ST Telemedia. AMHC holds approximately 75% of the total issued share capital of AMH.

<sup>(3)</sup> Ooredoo Investment Holdings S.P.C. (OIH) and Ooredoo Q.S.C. (Ooredoo) are deemed to have an interest in 965,845,290 shares of StarHub held by AMH. QIH holds approximately 25% of the total issued share capital of AMH. QIH is a wholly-owned subsidiary of Ooredoo.

<sup>(4)</sup> Nippon Telegraph and Telephone Corporation (NTT) is deemed to have an interest in 171,490,520 shares of StarHub held by NTT Communications Corporation, a wholly-owned subsidiary of NTT.

<sup>(5)</sup> The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

### Twenty largest shareholders

No.	Name of shareholder	Number of shares held	% of issued share capital <sup>(4)</sup>
1	Asia Mobile Holdings Pte. Ltd.	965,845,290	55.88
2	NTT Communications Corporation	171,490,520	9.92
3	Citibank Nominees Singapore Pte Ltd	112,718,300	6.52
4	DBS Nominees Pte Ltd	91,357,670	5.29
5	HSBC (Singapore) Nominees Pte Ltd	59,070,589	3.42
6	DBSN Services Pte Ltd	32,354,622	1.87
7	Raffles Nominees (Pte) Ltd	22,702,329	1.32
8	United Overseas Bank Nominees Pte Ltd	11,103,550	0.64
9	Singapore Press Holdings Limited	10,411,230	0.60
10	BNP Paribas Securities Services	7,107,140	0.41
11	OCBC Nominees Singapore Pte Ltd	4,494,642	0.26
12	DB Nominees (Singapore) Pte Ltd	4,308,257	0.25
13	Yeo Kok Pin	3,544,000	0.21
14	Chen Chun Nan	3,350,000	0.19
15	Societe Generale Singapore Branch	3,076,399	0.18
16	OCBC Securities Private Ltd	3,007,657	0.17
17	Phillip Securities Pte Ltd	2,691,040	0.16
18	DBS Vickers Securities (Singapore) Pte Ltd	1,802,990	0.10
19	Montefiore Neil	1,619,440	0.09
20	Maybank Kim Eng Securities Pte Ltd	1,551,986	0.09
Total		1,513,607,651	87.57

<sup>(4)</sup> The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

### Shareholding held in hands of the public

Based on the information available to StarHub as at 22 February 2017, approximately 33.40% of the total number of issued shares (excluding treasury shares) of StarHub was held by the public. Accordingly, StarHub has complied with Rule 723 of the SGX-ST Listing Manual.



# Notice of Nineteenth Annual General Meeting

## STARHUB LTD

(Incorporated in the Republic of Singapore)  
Co. Reg. No. 199802208C

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Summit 1 (via Meeting Room 321), Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 12 April 2017 at 10.00 a.m. for the following purposes:

### Ordinary Business

- |   |  |                     |
|---|--|---------------------|
| 1 | To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2016 and the Auditors' Report therein.     | <b>Resolution 1</b> |
| 2 | To re-elect Mr Stephen Geoffrey Miller as a Director pursuant to Article 99 of the Company's Constitution and who, being eligible, will offer himself for re-election. | <b>Resolution 2</b> |
|   | <i>The profile of Mr Miller can be found in the Board of Directors section of the StarHub Ltd Annual Report 2016.</i>  |                     |
| 3 | To re-elect the following Directors, each of whom will retire and who, being eligible, will offer themselves for re-election:  |                     |
|   | (a) Mr Teo Ek Tor; and   | <b>Resolution 3</b> |
|   | (b) Mr Lim Ming Seong (non-independent member of Audit Committee).   | <b>Resolution 4</b> |
|   | <i>The profiles of Mr Teo and Mr Lim can be found in the Board of Directors section of the StarHub Ltd Annual Report 2016.</i>   |                     |
| 4 | To approve the sum of S\$1,727,857.00 (FY2015: S\$1,699,428.00) as Directors' Remuneration for the financial year ended 31 December 2016 comprising:                   | <b>Resolution 5</b> |
|   | (a) S\$1,226,929.90 to be paid in cash (FY2015: S\$1,227,681.00); and  |                     |
|   | (b) S\$500,927.10 to be paid in the form of restricted share awards (FY2015: S\$471,747.00).   |                     |
| 5 | To declare a final dividend of five cents per ordinary share for the financial year ended 31 December 2016.  | <b>Resolution 6</b> |
| 6 | To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Resolution 7</b> |

### Special Business

To consider and if thought fit, to pass the following resolutions which will be proposed as Ordinary Resolutions:

- |   |   |                     |
|---|---|---------------------|
| 7 | That authority be and is hereby given to the Directors to:  | <b>Resolution 8</b> |
|   | (a) (i) issue shares of the Company (" <b>shares</b> ") whether by way of rights, bonus or otherwise; and/or  |                     |
|   | (ii) make or grant offers, agreements or options (collectively, " <b>Instruments</b> ") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,  |                     |
|   | at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and  |                     |
|   | (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,  |                     |
|   | provided that:  |                     |
|   | (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) (as calculated in accordance with subparagraph (2) below), of which the aggregate number of shares to be issued other than on a <i>pro rata</i> basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the total number of issued shares (excluding treasury shares) (as calculated in accordance with subparagraph (2) below); |                     |
|   | (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (" <b>SGX-ST</b> ")) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares), at the time this Resolution is passed, after adjusting for:   |                     |
|   | (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and   |                     |
|   | (ii) any subsequent bonus issue, consolidation or subdivision of shares;  |                     |
|   | (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and   |                     |
|   | (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.   |                     |

## Notice of Nineteenth Annual General Meeting

8 That authority be and is hereby given to the Directors to:

- (a) offer and grant awards in accordance with the provisions of the StarHub Performance Share Plan 2014 (the "**PSP 2014**") and/or the StarHub Restricted Stock Plan 2014 (the "**RSP 2014**") (the PSP 2014 and the RSP 2014, together the "**Share Plans**"); and
- (b) allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the vesting of awards granted under the Share Plans,

provided that the aggregate number of ordinary shares allotted and issued under the Share Plans shall not exceed the limits specified in the rules of the Share Plans.

9 To transact such other business as may be transacted at an Annual General Meeting of the Company.

By Order of the Board



**Veronica Lai**  
Company Secretary

Singapore, 21 March 2017

### Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
  - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.
2. A proxy need not be a member of the Company.
  3. The instrument appointing a proxy or proxies (a form is enclosed) must be lodged at the office of the Share Registrar of the Company, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 (Attn: The Share Registrar) not less than 72 hours before the time appointed for the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.

### Explanatory Notes:

#### Resolution 5

Resolution 5 is to approve the payment of an aggregate sum of S\$1,727,857.00, as Directors' remuneration for the non-executive Directors of the Company (including Mr Robert J. Sachs who resigned as a non-executive Director and ceased to be a member of the Strategy Committee on 30 December 2016, Mr Peter Seah Lim Huat who resigned as a non-executive Director and ceased to be the Chairman of the Nominating Committee ("**NC**") and the Executive Resource and Compensation Committee ("**ERCC**") on 1 January 2017, and Mr Sio Tat Hiang who resigned as a non-executive Director and ceased to be a Member of the NC, ERCC and Risk Committee on 1 January 2017) for the financial year ended 31 December 2016. If approved, each of the non-executive Directors will receive 70% of his Directors' remuneration in cash and (with the exception of Mr Takeshi Kazami) 30% of his Directors' remuneration in the form of a restricted share award. Mr Takeshi Kazami has declined the restricted share award grant and will only receive the cash component of his remuneration. See the section on "2. Remuneration Matters" in the Corporate Governance section of the Annual Report 2016 for the rationale in relation to the shares component of the non-executive Directors' remuneration. The number of shares to be awarded will be based on the volume weighted average price of a share in the Company listed on the SGX-ST over the 14 trading days commencing on the ex-dividend date that immediately follows the Annual General Meeting. The number of shares to be awarded will be rounded down to the nearest hundred, with cash to be paid in lieu of the remaining shares arising. The restricted share awards will consist of the grant of fully paid shares, without any performance or vesting conditions attached. However, in order to encourage alignment of the interests of the Directors with the interests of shareholders, non-executive Directors who received the aforesaid restricted share award are required to hold shares worth at least (a) the prevailing annual basic retainer fee, or (b) the aggregate of (i) the total number of shares awarded as part of their remuneration for the financial year ended 31 December 2011 and each subsequent financial year thereafter and (ii) 50% of the total number of shares awarded from the financial year ended 31 December 2007 to the financial year ended 31 December 2010, whichever is lower. Non-executive Directors can dispose of all their shares one year after ceasing to be a Director.

### Resolution 9

### Resolution 8

Resolution 8 is to empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares), with a sub-limit of 15% for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) at the time that Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 8 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

### Resolution 9

Resolution 9 is to empower the Directors to offer and grant awards and to allot and issue ordinary shares pursuant to the Share Plans provided that the aggregate number of ordinary shares allotted and issued under the Share Plans shall not exceed the limits specified in the rules of the Share Plans. Approval for the adoption of the Share Plans was given by shareholders at an Extraordinary General Meeting of the Company held on 14 April 2014. The grant of awards under the respective Share Plans will be made in accordance with their respective provisions.

## NOTICE OF BOOKS CLOSURE AND FINAL DIVIDEND PAYMENT DATE

Notice is hereby given that, subject to the approval of the shareholders to the final dividend at the Nineteenth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 20 April 2017.

Duly completed registrable transfers received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 19 April 2017 ("**Entitlement Date**") will be registered to determine members' entitlements to the final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on the Entitlement Date will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 3 May 2017.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## Corporate Information

### Board of Directors

Steven Terrell CLONTZ (Chairman)  
TAN Tong Hai (CEO)  
MA Kah Woh  
Nihal Vijaya Devadas KAVIRATNE CBE  
Rachel ENG Yaag Ngee  
TEO Ek Tor  
Stephen Geoffrey MILLER  
LIM Ming Seong  
LIU Chee Ming  
Nasser MARAFIH  
Takeshi KAZAMI

### Audit Committee

MA Kah Woh (Chairman)  
Nihal Vijaya Devadas KAVIRATNE CBE  
Rachel ENG Yaag Ngee  
LIM Ming Seong

### Strategy Committee

Nihal Vijaya Devadas KAVIRATNE CBE (Chairman)  
Steven Terrell CLONTZ  
Stephen Geoffrey MILLER  
LIM Ming Seong  
LIU Chee Ming  
Nikhil O. J. EAPEN

### Nominating Committee

Rachel ENG Yaag Ngee (Chairman)  
Steven Terrell CLONTZ  
TEO Ek Tor

### Executive Resource and Compensation Committee

TEO Ek Tor (Chairman)  
Stephen Geoffrey MILLER  
LIM Ming Seong

### Risk Committee

Stephen Geoffrey MILLER (Chairman)  
TAN Tong Hai  
MA Kah Woh

### Company Secretaries

Veronica LAI Kwai-Yi  
KONG Pooi Foong

### Registration Number

199802208C

### Registered Address

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

### Share Registrar

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

### Auditors

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

### Subsidiaries

StarHub Mobile Pte Ltd  
StarHub Cable Vision Ltd.  
StarHub Internet Pte Ltd  
StarHub Online Pte Ltd  
StarHub Shop Pte Ltd  
StarHub, Inc.  
StarHub (Hong Kong) Limited  
StarHub (Mauritius) Ltd  
Nucleus Connect Pte. Ltd.

### Associate

SHINE Systems Assets Pte. Ltd.

### Investor Relations

For enquiries on the Group's business performance, contact the Investor Relations team at email: ir@starhub.com

## Proxy Form

### Nineteenth Annual General Meeting

#### STARHUB LTD

(Incorporated in the Republic of Singapore)  
Co. Reg. No. 199802208C

#### IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS moneys to buy StarHub Ltd shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Nineteenth Annual General Meeting dated 21 March 2017.

I/We, \_\_\_\_\_ NRIC/Passport/Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of StarHub Ltd (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Summit 1 (via Meeting Room 321), Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 12 April 2017 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	For*	Against*
	<b>Ordinary Business</b>		
1	To receive and adopt the Directors' Statement and the Audited Financial Statements and the Auditors' Report therein		
2	To re-elect Mr Stephen Geoffrey Miller as Director		
3	To re-elect Mr Teo Ek Tor as Director		
4	To re-elect Mr Lim Ming Seong as Director		
5	To approve the Directors' Remuneration		
6	To declare the Final Dividend		
7	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
8	To authorise Directors to allot and issue shares		
9	To authorise Directors to offer and grant awards and to allot and issue shares pursuant to, and subject to the limits specified in, the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014		

\* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (v) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.

\* Voting will be conducted by poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Total Number of Shares Held

All rights reserved. Some of the information in this report constitute "forward looking statements" which reflect StarHub's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside StarHub's control. You are urged to view all forward looking statements with caution. No information herein should be reproduced without the express written permission of StarHub. All information herein are correct at the time of publication. For updated information, please contact our Corporate Office.

Signature(s) or Common Seal of members

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

Affix  
Postage  
Stamp

**STARHUB LTD**  
112 Robinson Road  
#05-01  
Singapore 068902  
  
Attn: The Share Registrar

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**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
**"Relevant intermediary"** has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not less than 72 hours before the time appointed for the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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# A BIG Thank You!

To the below StarHubbers & their little one who in no small part, have made this annual report a more vibrant and colourful one with their bright smiles and warm personalities.

### Chris Tan

Acquires sports content for Pay TV.  
Plays a mean game of golf & cooks.

### Rayana Pandey

Responsible for overall content strategy  
& includes managing the C-suite's presence on social.



### Rod Strother

A man of simple pleasures who's developing our Digital Transformation footprints. Loves football & his three furkids.

### Nicole Ong

Leads the social media team. Loves traveling off the beaten track and a good latte.



LOCATION:  
StarHub Retail Store  
Plaza Singapore Branch



LOCATION:  
Call Centre  
Tai Seng



LOCATION:  
Homes  
Islandwide



LOCATION:  
Curiosity Hub  
StarHub Green

### Chai Juan Wei

A Shop senior consultant who ensures the highest quality of customer service is provided at all times.

### Mycar C. Taboada

As a Hubbing consultant, she's role-playing as a customer to understand their pain points.

### Jen Hong

From Frontline Training who identify gaps for existing operational process & recommends new processes and assist in developing process flowcharts.

### Elias Khan

A senior eCommerce Analyst who looks after the analytics section of the online store, providing actionable insights and helping stakeholders to make data-driven decision to improve business.

### Nicolas Bureau

An eCommerce & Online Lead who provides a delightful online experience for customers and increase the online adoption for sales and post-sales transactions.

### Nicholas Chee

A Corporate Counsel who when not assisting with legal matters for our business units, is into running, movies & good wine.



### Vida Z. Rosel

Floor Manager, Retail Shop

"Managing the shop operations & coaching consultants keeps me busy. At home, I love to bake while listening to alternative music."



### Adrian Siew

Hub Trooper

"I'm a die-hard soccer fan & loves outdoor sports. Reading tech news puts a smile on my face too."



### Guo Jiawei

IP System Engineer

"I love challenges and competitive activities; both physical & mental. Music and fitness bust my grooves too."



### Ethan Koh

Young Hubber

"I'm the one who watches the most StarHub TV programmes at home. I also love the fast speeds on StarHub fibre broadband to access my favourite apps & follow rugby and golf games."



### Maria Kolesnikova

SEO Manager

"I oversee the marketing and development efforts for natural search. Outside of work, I'm on a journey to discover how to feel great through yoga, meditation & healthy nutrition."

## Shareholders' Feedback

If you would like to give us any feedback on this year's Annual Report, please send your written comments to our investor relations team at StarHub Ltd 67 Ubi Ave 1, #05-01 StarHub Green, S(408942) or email to [ir@starhub.com](mailto:ir@starhub.com)

  
**Thank You!**  




**StarHub Ltd**

Reg. No.: 199802208C

67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942

**T** 6825 5000 **F** 6721 5000

[www.starhub.com](http://www.starhub.com)