

Ingenious Hubbing

Annual Report 2013



INGENIOUS HUBBING

Ingenious Hubbing is quintessentially StarHub. Creative to its core, imaginative and resourceful in its culture, ingenuity drives all the segments of StarHub's business. Whether it is inspiring consumers with bright ideas and empowering them with intuitive services or providing corporate customers with intelligent and innovative solutions, StarHub is the Hub of Ingenuity.

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. StarHub operates a mobile network that provides 4G, 3G and 2G services. It also manages an island-wide HFC network that delivers multi-channel pay TV services (including HDTV, Internet TV and on-demand services) as well as ultra-high speed residential broadband services. StarHub operates an extensive fixed business network that provides a wide range of data, voice and wholesale services. Over Singapore's fibre-based Next Generation Nationwide Broadband Network (Next Gen NBN), StarHub offers a broad range of home and business broadband plans along with a host of advanced media-rich value-added services, such as IPTV for commercial entities.

Launched in 2000, StarHub has become one of Singapore's most innovative info-communications providers, and the pioneer in 'hubbing' – the ability to deliver unique integrated and converged services to all its customers. StarHub, listed on the main board of the Singapore Exchange since October 2004, is a component stock of the Straits Times Index (STI) and the MSCI Singapore Free Index.

OUR VISION

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

OUR MISSION

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

OUR CORE VALUES

ExCiTe: Excellence, Creativity, Integrity, Teamwork.

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Key Figures

DIVIDEND

20.0¢

FY2013

122%

SINCE FY2005

474%

CUMULATIVE TOTAL
SHAREHOLDERS' RETURN
SINCE FY2005

MARKET CAPITALISATION

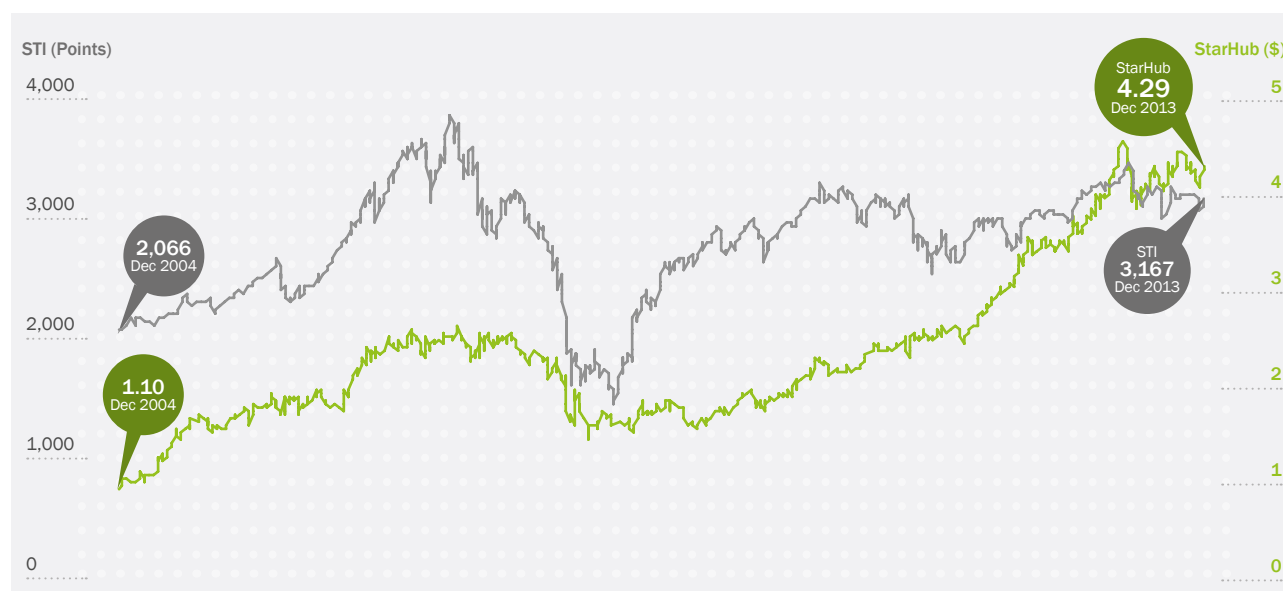
\$7.4b

DEC 2013

217%

SINCE LISTING
IN FY2004

StarHub Share Price Performance Against STI Index (from 2005 – 2013)



The Group Today

\$2.36b
Total Revenue

The Group's total revenue was at \$2.36 billion due to lower sales of equipment. Service revenue remained stable. Fixed Network Services recorded the highest revenue increase YoY at 3.0%, followed by Mobile revenue which recorded a gain of 0.9%.

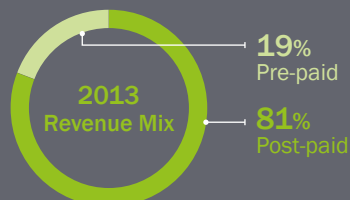
TOTAL REVENUE BREAKDOWN



MOBILE

+4.6%
From 2010's \$1.18b

\$1.24b



Post-paid Revenue

Year	Revenue
2010	\$917m
2011	\$968m
2012	\$981m
2013	\$999m

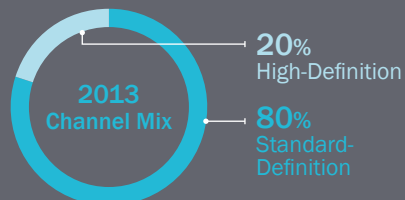
3-year CAGR

2.9%

Pay TV

-2.5%
From 2010's \$395m

\$386m



Pay TV Revenue

Year	Revenue
2010	\$395m
2011	\$376m
2012	\$396m
2013	\$386m

3-year CAGR

-0.8%

Broadband

+1.7%
From 2010's \$236m

\$240m



Broadband Revenue

Year	Revenue
2010	\$236m
2011	\$242m
2012	\$249m
2013	\$240m

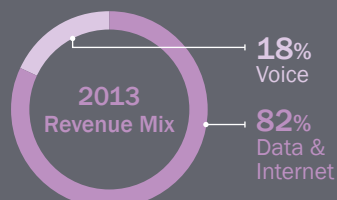
3-year CAGR

0.6%

Fixed Network

+11.1%
From 2010's \$332m

\$368m



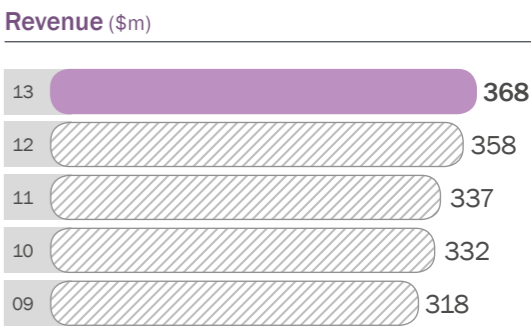
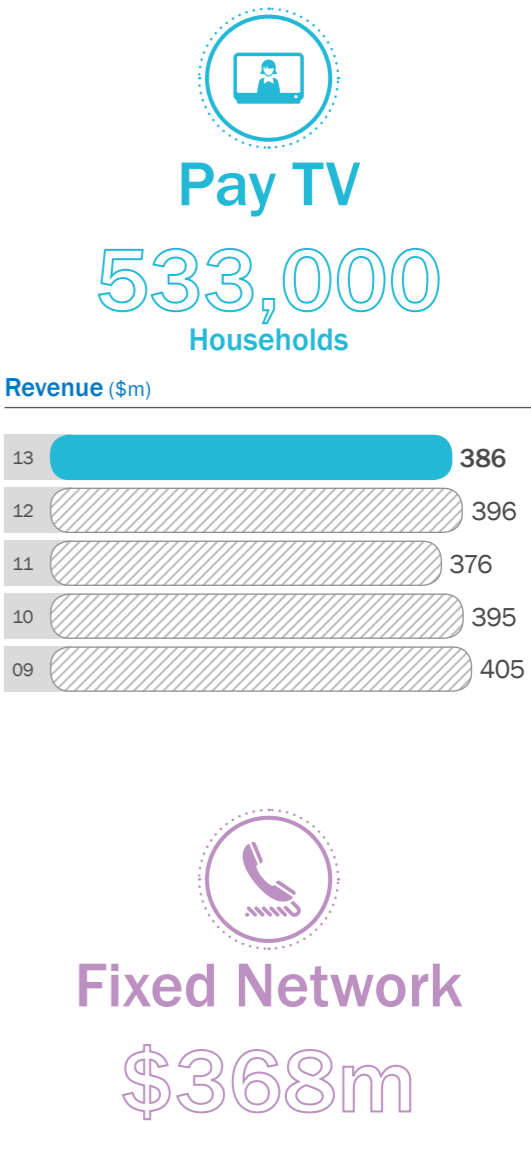
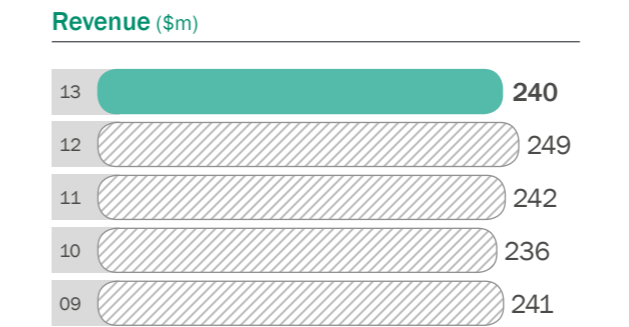
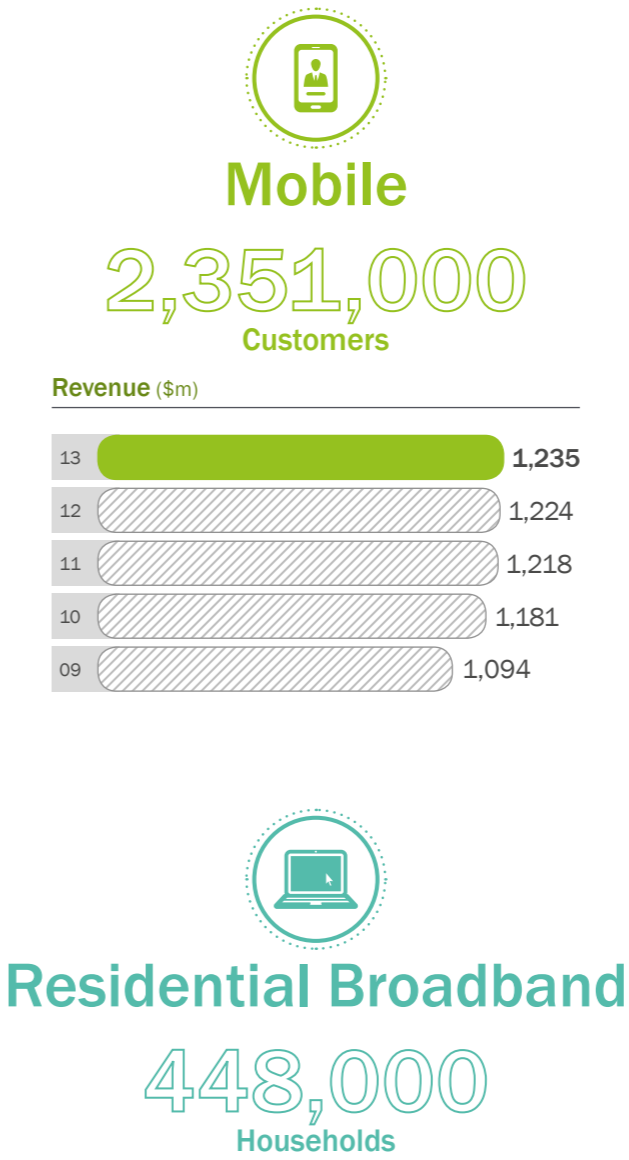
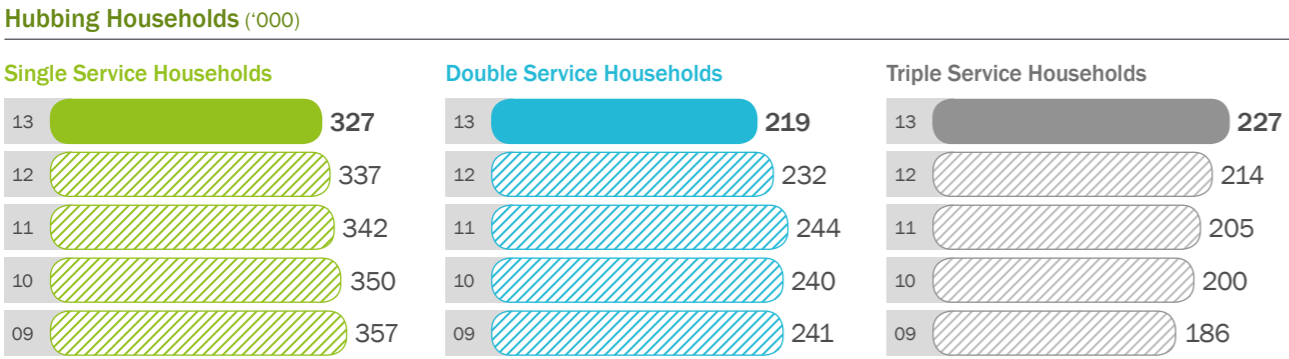
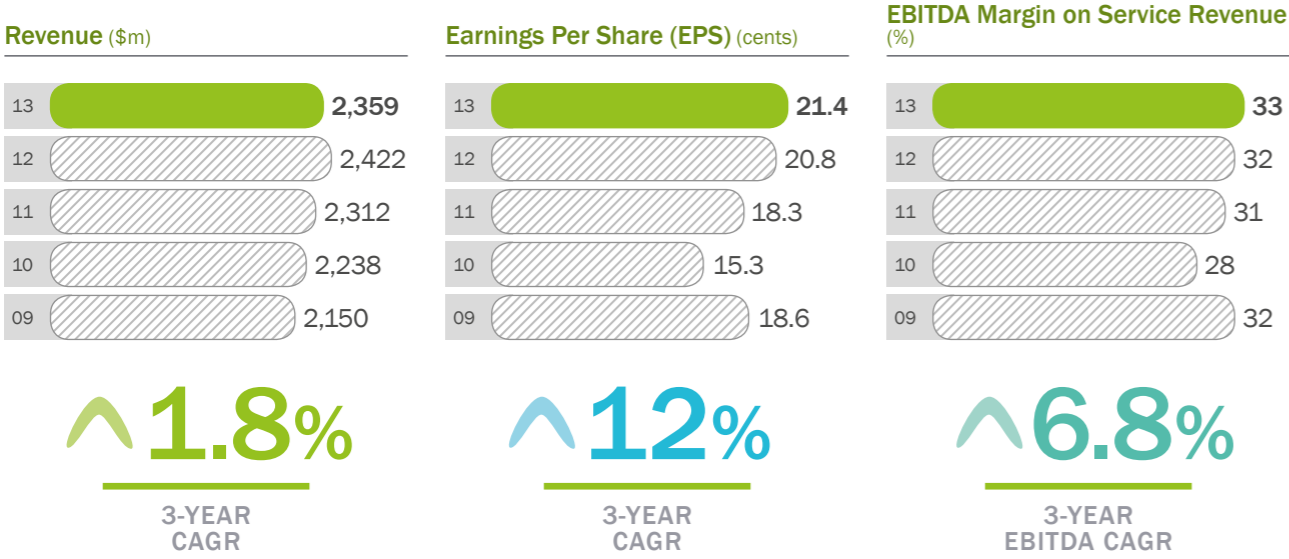
Data & Internet Revenue

Year	Revenue
2010	\$278m
2011	\$281m
2012	\$295m
2013	\$303m

3-year CAGR

2.9%

5-Year Financial Highlights



< 
Less Time, More Connections



Ensuring our mobile networks are robust and resilient, empowers our customers with greater efficiency, productivity and the time to make connections.

= Ingenious.

\$1.24b
Total Mobile
Revenue

81%
Revenue Contributed
by Post-paid

0.9%
Lowest
Post-paid Churn



Less Hassle, More Variety



= Ingenious.



Giving our customers intuitive access to an unrivaled range of Pay TV content means putting choice and convenience at their fingertips.

>200
Pay TV Channels

20%
HD Channels

\$52
Stable ARPU YoY



Less Distance, More Closeness



Engaging people through our broadband services, enables them to spend more time together wherever they may be and helps close the generation gap.

= Ingenious.

448,000
Households

1.1%
Low 4Q Churn

57%
High-Speed Base on Fibre



Less Boundaries, More Flexibility



With the space between home and office increasingly blurring, our fixed line services and innovative enterprise solutions put the pleasure back into work.

= Ingenious.

11
Undersea Cable
Systems

62
Links with Vodafone's
Partner Networks

20,000
Commercial Locations
Accessible via Next Gen NBN

Chairman's Message



StarHub's business foundation, Hubbing, remained strong. It continued to show significant resiliency, with the number of triple-service households reaching 227,000.

TAN GUONG CHING
Chairman

MOBILE SERVICE REVENUE CONTINUES TO BE OUR LARGEST REVENUE CONTRIBUTOR. TO SERVE OUR OVER TWO MILLION MOBILE CUSTOMERS BETTER, WE UPGRADED OUR MOBILE VOICE AND DATA NETWORK EXTENSIVELY.

\$2.36b

REVENUE

\$370.7m

NET PROFIT AFTER TAX

DEAR SHAREHOLDERS

Singapore's gross domestic product grew 4.1% in 2013, an improvement compared to the 1.9% growth in 2012. The info-communications industry continues to be highly competitive. Change is necessary for progress and StarHub saw many changes in 2013. Our senior management underwent a number of changes, divisions were realigned to operate more efficiently and a new division was formed to explore how we could innovate faster and better in a rapidly connected digital world.

2013 PERFORMANCE

StarHub's business foundation remained strong. Hubbing, our cornerstone strategy since 2002, continued to show significant resiliency, with the number of triple-service households reaching 227,000. Some 58% of Hubbing households subscribe to two or more StarHub services and at least 66% of Singapore's households use one StarHub service. Our total revenue stood at \$2.36 billion and the group EBITDA was 2% higher year-on-year (YoY) at \$732.7 million. EBITDA margin as a percentage of service revenue was at 32.9%. Net profit after tax came in 3% higher YoY at \$370.7 million.

Mobile service revenue continues to be our largest revenue contributor. We upgraded our mobile voice and data network extensively to serve our more than two million mobile customers better. Our 4G network achieved nation-wide coverage in October 2013; we launched tiered data plans for customers. The take-up for such plans has reached 46% of our post-paid base. Coupled with the proliferation of LTE-enabled devices, this has resulted in significant mobile data traffic growth, for which we intend to leverage on.

The pay TV industry continues to evolve in Singapore. In answer to younger audiences shifting preference from linear TV programming towards over-the-

top (OTT) content, we offered *StarHub TV Anywhere*. This service allows our customers to watch branded and premium content anytime, anywhere on their personal smart devices. We are pleased to have the Barclays Premier League (BPL) back in StarHub's extensive sports line-up due to the government's cross-carriage ruling.

We have also been awarded the Media Development Authority's (MDA) Public Service Broadcast Contestable Funds Scheme, allowing us to produce up to 100 hours of Public Service Broadcast (PSB) content in 2014. We see the production of our own localised content as a way to differentiate ourselves from the competition. The launch of new channels and the simplification of our pay TV packages proffered greater convenience and value for our customers.

The Next Gen NBN rollout continues in Singapore although delays still hinder the provisioning of the fibre connectivity to retail service providers, residential and commercial customers nationwide. We continued to expand our portfolio of services to include an Ethernet Low Latency Network service for financial institutions; *SmartPipe*, the new converged business fibre solution for small-medium businesses (SMB); and *StarHub TV on Fibre* for commercial customers. With regard to the proposed consolidation by OpenNet, NetLink Trust, CityNet and SingTel, we are hopeful that with the new safeguards put in place by the regulator, CityNet/OpenNet will offer services on a non-discriminatory basis.

The Fixed Network business continues to be a strong performer for us as we strengthened our existing partnerships. Microsoft Office 365 allows us to continue enabling SMB and enterprise segments a simple, powerful and secure solution based in the cloud. Our Vodafone-StarHub partnership attracted more business customers to pick up our services. To complement it all, our

CHAIRMAN'S MESSAGE

cloud-based Argonar platform offers a high performance, reliable, scalable and secure public cloud platform that meets their constantly growing computing and storage needs.

In terms of shareholder returns, we are pleased to deliver a strong performance on the STI with our share price climbing 13% over the year.

StarHub's sustainability journey in 2013 was an exciting and innovative one. For example, we initiated Singapore's first ever tri-telco environmental effort to clean a stretch of East Coast Park and introduced an environmental donation option under our Rewards Redemption for Charity Programme. Notably, we also made it to the Corporate Knights' Global 100 list of the world's most sustainable organisations with an improved ranking of 29, up from 66 in 2012, demonstrating the significant inroads that we have made in corporate sustainability. Reducing carbon emissions, minimising and recycling waste, providing access to telecom services for the underprivileged and bonding with the community continue to be our strategic priorities. With an early adoption of the latest Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework, we have reaffirmed our commitment to addressing and reporting our most material economic, social and environmental impacts, targets and performance.

2014 STRATEGY

The mobile, broadband and pay TV sectors have all evolved greatly since StarHub began services 13 years ago, and we expect this trend to continue in the coming years. Traditional telecoms service providers will continue to face new challenges in the form of OTT players, both new and established, while facing additional competitive pressures amongst ourselves. Even while our lines of business performed well, we will constantly seek innovative ways to meet the industry's inevitable challenges.

First and foremost is our continued focus on our customers' experience and rewarding them appropriately for their loyalty. For example, in 2013, we collaborated with AirAsia BIG, NTUC Link and other popular merchants, to expand our customer loyalty programme. In 2014, we will expand these rewards for our customers.

Moving forward, we will adopt a 360 degree approach towards our customers by consolidating and realigning all touch points for sales, service and delivery. Doing this will enable us to be in a better position to achieve greater efficiency and deliver a better service experience for customers. Hence, we have collapsed our Consumer & Enterprise Sales, Customer Service and Operations into a single group under a new Chief Commercial Officer (CCO).

The second key component in StarHub's strategy is the formation of a new division called i³. Formed in February 2013, i³ stands for 'innovation, investment and incubation' and the team is responsible for new forms of service consumption, new markets and new platforms so that we can effectively compete against disruptive entrants into the market. The division will be responsible for forging new partnerships, forming regional think tanks and incubating new ideas from innovative entrepreneurs the world over.

These new products and services will then be brought into the traditional lines of business as part of our service offering, or spun out as independent services. The initiatives will also be underpinned by our big data platform, SmartHub. As part of our innovation continuum strategy, we initiated the MediaHub project at the end of 2013, at one-north near Buona Vista. MediaHub is positioned to be our hotbed for innovation and future business and will house both the i³ and SmartHub teams.

We will adopt a 360° approach towards our customers by consolidating and realigning all touch points for sales, service and delivery.

CHANGES IN STARHUB'S SENIOR MANAGEMENT IN 2013

The first of these developments was the retirement of our CEO, Neil Montefiore, at the end of February. We thank Neil for his three years of dedicated service to the Group. Under his stewardship, StarHub's market capitalisation rose from \$4 billion to \$6.7 billion. We wish Neil all the best in his retirement.

Succeeding him as CEO and Executive Director was our former Chief Operating Officer, Tan Tong Hai, who brought with him over 20 years of experience in the regional information technology, Internet and e-commerce industries as well as broad experience at top management levels.

The second executive change was the retirement of Kwek Buck Chye as our CFO at the end of September. Under his leadership, StarHub was publicly listed in 2004 and effectively completed two capital reductions in 2006 and 2007. In 2008, Buck Chye received the prestigious Singapore Corporate Award for Best CFO for Large Cap Company. We thank Buck Chye for his dedicated commitment and invaluable contribution over the past 11 years. We also wish him all the best in his retirement.

Succeeding Buck Chye in July was Nicholas Tan, previously the Senior Vice President of Corporate Planning at ST Telemedia. There he was responsible for the business oversight of subsidiaries, harnessing the collective strengths of the ST Telemedia Group of companies for synergistic gains, and spearheading group knowledge management including financial, operational risk management, processes and systems.

In August, we announced two new executive positions to reflect our commitment to evolve ourselves so that the Company can more readily meet the needs of customers in the digital

multi-play era, as well as to compete more effectively in the marketplace. They also demonstrate our dedication to continually improve and reward our managerial talents.

- (a) Our Sales function for both consumers and enterprises is led by Kevin Lim in the newly created CCO position. He now takes charge of our Consumer Sales and Customer Service teams and is responsible for enhancing the retail and servicing experience for all StarHub customers.
- (b) Jeannie Ong took on the newly created role of Chief Marketing Officer. She continues to helm our Corporate Communications and Investor Relations while overseeing the Marketing and Customer Value Management team.

MOVING FORWARD

The next few years will be transformative for StarHub. With a strong management team and an improved operational structure, we are well placed to strengthen our service offerings as we invest in new opportunities and markets over the next few years.

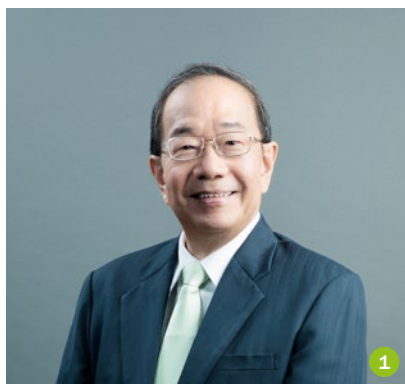
I would like to thank all our shareholders for your confidence and support in StarHub. As always, the Board and Management remain dedicated to building shareholder value – both tangible and intangible – for all our shareholders.

I look forward to meeting you once again at our upcoming Annual General Meeting.



TAN GUONG CHING
Chairman

Board of Directors



1. TAN GUONG CHING

Chairman

Date of Appointment: Director on 8 August 1998 and Chairman on 1 April 2001

Last Re-elected: 12 April 2012

Chairman, Board of Directors

Chairman, Risk Committee

Member, Strategy Committee

Mr Tan Guong Ching is the Chairman of Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd, Asia Mobile Holdings Pte. Ltd. and Singapore Technologies Aerospace Ltd. He was formerly the CEO of the Housing & Development Board, the Principal Private Secretary to the Prime Minister and the Permanent Secretary of the Ministry of Home Affairs, the Ministry of the Environment and the then Ministry of Communications & Information. Mr Tan initiated several major projects during his career, such as neighbourhood policing, civil defence, commissioning of the mass rapid transit system, the corporatisation of Singapore Telecommunications Ltd and the re-organisation of the then Telecommunication Authority of Singapore. Mr Tan served in the Administrative Service for 33 years. In recognition of Mr Tan's contributions to the Civil Service, he was awarded a Public Administration Medal (Gold) in 1991, a Long Service Medal in 1997 and an NTUC Commendation Medal in 1999. Mr Tan holds a Bachelor and a Master of Engineering (Chemical) from McMaster University, Canada.

The key roles of the Board include overseeing the management of the Company's business and affairs, and monitoring and reviewing the financial and operating performance of the Group

2. TAN TONG HAI

Executive Director and Chief Executive Officer

Date of Appointment: 1 March 2013

Last Re-elected: 15 April 2013

Member, Risk Committee

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 (IT), Internet and e-commerce industries and has had broad experience at top management levels. Mr Tan was previously the President and the CEO of Singapore Computer Systems from August 2005 to December 2008, and the President and the 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.

3. KUA HONG PAK

Independent Director

Date of Appointment: 19 November 2001

Last Re-elected: 12 April 2012

Chairman, Audit Committee

Mr Kua Hong Pak is the Managing Director and Group CEO of ComfortDelGro Corporation Limited. Mr Kua brings wide-ranging experience of financial accounting, management and investment to the Board. Mr Kua is also the Deputy Chairman of SBS Transit Ltd and VICOM Ltd. Prior to joining ComfortDelGro Corporation Limited, Mr Kua served as the President and CEO of Times Publishing Limited and Executive Director of SBS Transit Ltd. Mr Kua serves on various community and voluntary organisations and was awarded the Public Service Medal in 1991 and the Public Service Star in 1996 for his contributions to the community. He holds a Bachelor of Accountancy from the former University of Singapore. Mr Kua participated in the Advanced Management Program conducted by the Harvard Business School, USA.

4. PETER SEAH LIM HUAT

Non-Executive Director

Date of Appointment: 22 July 2002

Last Re-elected: 15 April 2011

Chairman, Executive Resource and

Compensation Committee

Chairman, Nominating Committee

Mr Peter Seah Lim Huat is a member of the Temasek Advisory Panel and has extensive experience in the financial industry. He is the Chairman of DBS Bank Ltd, DBS Group Holdings Ltd and Lasalle College of the Arts Limited. Mr Seah also serves on the boards of CapitaLand Limited and STATS ChipPAC Ltd. Mr Seah served as the President and CEO and a Director of Singapore Technologies Pte Ltd from December 2001 to December 2004. Prior to that, he held several senior level positions in the former Overseas Union Bank Limited before retiring as Vice Chairman and CEO in September 2001. Mr Seah holds a Bachelor of Business Administration (Honours) from the former University of Singapore.

5. NIHAL VIJAYA DEVADAS KAVIRATNE CBE

Independent Director

Date of Appointment: 16 August 2004

Last Re-elected: 15 April 2013

Chairman, Strategy Committee

Member, Audit Committee

Mr Nihal Vijaya Devadas Kaviratne CBE serves on the boards of DBS Bank Ltd and DBS Group Holdings Ltd in Singapore and GlaxoSmithKline Pharmaceuticals Limited in India. Mr Kaviratne has a stellar track record of success gained during a wide-ranging career at Unilever spanning over 40 years. He held various senior level management positions in the Unilever group across Asia, Europe and Latin America. He retired from the Unilever group in March 2005. 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". His management and leadership skills in multinational business strengthen the Board. 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.

BOARD OF DIRECTORS



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6. STEVEN TERRELL CLONTZ*Non-Executive Director***Date of Appointment:** 8 December 1999**Last Re-elected:** 12 April 2012

Member, Strategy Committee

Mr Steven Terrell Clontz is Senior Executive Vice-President of North America and Europe Operations at Singapore Technologies Telemedia Pte Ltd. He is also the Chairman of InterDigital, Inc. and a Director of Jasper Wireless, Inc. 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 more than 30 years of extensive experience. He brings with him invaluable knowledge of the telecoms and media industry and extensive management expertise. He began his career in the USA. From 1995 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.

7. LIM MING SEONG

Non-Executive Director

Date of Appointment: 14 December 2000

Last Re-elected: 15 April 2013

Member, Audit Committee

Member, Executive Resource and Compensation Committee

Member, Strategy Committee

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 Singapore Technologies Kinetics Ltd. Mr Lim was with the Singapore Technologies (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.

8. TEO EK TOR

Independent Director

Date of Appointment: 16 August 2004

Last Re-elected: 15 April 2013

Member, Audit Committee

Member, Executive Resource and Compensation Committee

Member, Nominating Committee

Mr Teo Ek Tor is the Chairman of PrimePartners Group Pte Ltd and Aris PrimePartners Asset Management Pte Ltd (formerly known as 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.

9. LIU CHEE MING

Independent Director

Date of Appointment: 16 August 2004

Last Re-elected: 15 April 2013

Member, Strategy Committee

Mr Liu Chee Ming is and has been the Managing Director of Platinum Holdings Company Limited since 1996. Mr Liu has over 30 years of experience within the private investment 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 in many parts of the world is an asset to the Board. He worked for various Jardine Fleming entities for over 17 years in senior level positions. Between 1988 and 1995, he served as a Member of the Executive Committee and the Head of Investment Banking for Jardine Fleming Holdings Limited. Mr Liu was a Director of Media Asia Entertainment Group Limited of Hong Kong from 2005 to 2007. He is a member of the Takeovers Appeal Committee and 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.

BOARD OF DIRECTORS



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10. ROBERT J. SACHS*Independent Director***Date of Appointment:** 29 April 2005**Last Re-elected:** 12 April 2012

Member, Strategy Committee

A lawyer by training, Mr Robert J. Sachs is a Principal of Continental Consulting Group, LLC. Mr Sachs has 35 years of extensive experience in the cable television and media industry.

He was the President and CEO of the National Cable & Telecommunications Association from August 1999 to March 2005. From 1979 to 1998, he held various senior level positions in Continental Cablevision, Inc. and its successor, MediaOne Group, Inc., overseeing the company's legal and regulatory affairs and corporate development. He began his professional career as the legislative staff of US Senator Charles Goodell and thereafter as a consultant to the White House Office of Telecommunications Policy. He was legislative counsel to the National Telecommunications and Information Administration in the United States. Mr Sachs holds a Bachelor of Political Science from the University of Rochester, a Master of Journalism from the Columbia University Graduate School of Journalism, and a Doctorate of Law from the Georgetown University, USA. He has also completed the Program for Management Development at Harvard Business School and is a member of the bar in the District of Columbia and the Commonwealth of Massachusetts.

11. SIO TAT HIANG

Non-Executive Director

Date of Appointment: 2 July 2012

Last Re-elected: 15 April 2013

Member, Executive Resource and

Compensation Committee

Member, Nominating Committee

Member, Risk Committee

Mr Sio Tat Hiang is the Executive Director of Singapore Technologies Telemedia Pte Ltd (ST Telemedia). Mr Sio has more than 20 years of financial and management experience. He was a core member involved in the formation of ST Telemedia as a new business area for the former ST group, and served as Senior Executive Vice-President of ST Telemedia from September 2010 to March 2012. Prior to that, Mr Sio was Vice-President of Corporate Finance, Director of Strategic Investment and Group Treasurer for the ST group, overseeing the treasury and investment management functions of the ST group. Before joining the ST group, Mr Sio worked in the banking and financial services industries. He holds a Bachelor of Business Administration (Honours) from the former University of Singapore and attended the Senior Management Programme at the London Business School, UK.

12. NASSER MARAFIH

Non-Executive Director

Date of Appointment: 9 July 2007

Last Re-elected: 15 April 2011

Dr Nasser Marafih is and has been the CEO of Ooredoo Group since 2006. He also served as CEO of Ooredoo Qatar (formerly known as Qatar Telecom) from 2002 to 2011, a subsidiary of Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C). Dr Nasser began his professional career at Ooredoo Qatar 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.

13. TAKESHI KAZAMI

Non-Executive Director

Date of Appointment: 13 April 2012

Last Re-elected: 15 April 2013

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



We have been ranked 29th on the prestigious Corporate Knights Global 100, a list of the world's 100 most sustainable organisations.



YOU TOOK ON THE ROLE OF CEO IN MARCH, HAVING BEEN THE COO FOR FOUR YEARS PRIOR TO THAT. HOW DO YOU SEE 2013 AS THE NEW MAN ON THE HELM?

TONG HAI:

My role as the COO offered useful insights into our sales and fulfillment operations, the industry players and regulators. During that period, we forged strong partnerships with global telecoms operators, branded content players and world-class solutions providers. Taking on the CEO role has enabled me to translate our business strategies into actions in a timely and speedy manner.

StarHub is a local company with international business practices that delivers world class info-comms services. Our strategic partnerships with both local and global players have allowed us to capitalise on each another's strengths for greater customer benefits. Our tie up with Vodafone has permitted us to provide extensive roaming coverage, the ability to adopt world class best practices from their knowledge bank and tap on their global supply chain to enjoy economies of scale.

It is our aim to continue building the exciting StarHub brand to deliver delightful experiences for our customers. As the pioneer in Hubbing, we have made it easy for our customers to access Mobile, TV and Broadband services in an integrated and seamless manner through our Hubbing offers. There is consumerisation in the enterprise space, so we plan to bring Hubbing to the next level and be able to service each individual for both their personal and business needs. We intend to go beyond price bundling by providing a seamless transition of services across platforms and services for the prosumer.

We are strong believers in superior customer service. To achieve this, we want to leverage big data to understand consumer trends and preferences and anticipate their needs better. We will also listen and deepen our customer engagement through social media via our award-winning *StarHub Community* and expand our current customer self-help solutions like *My StarHub* app.

While creating value for our stakeholders, we also want to be remembered as a Company with a heart, actively giving back to society. We will continue to use our *StarHub Sparks Fund*, which represents our sincere belief in corporate philanthropy, to empower certain groups in the community. We have been ranked 29th on the prestigious Corporate Knights Global 100, a list of the world's 100 most sustainable organisations. This huge improvement on our entry position of 66 last year bears testament to our efforts to conduct our business in a holistically sustainable manner. We also had great success with our 'Project Family Time' and 'Happiness Everywhere' campaigns which aim to address issues that are close to the heart of our society through technology. This is a direction that will continue to influence our service innovations and customer experience.

The info-comms industry is challenging and fast evolving, but opportunities are bountiful. We have to remain agile to quickly adapt and seize these opportunities. We look forward to steering our dynamic company amidst the fast changing landscape and intensifying competition in 2014.



WHAT GROWTH AREAS DO YOU SEE IN 2014?

TONG HAI:

Mobility remains the main revenue contributor. The smartphone is the most widely used device for Internet access in Singapore. This trend has led to a 23% growth in our mobile post-paid data traffic YoY, as a wider selection of 4G handsets became available. In addition, 46% of our mobile post-paid customers have adopted tiered data plans. Beyond that, we are also looking at the 'Internet of Things' – M2M. This platform, integrated into our mobile network for security and compliance, gives enterprise customers the ability to efficiently manage their connected devices or machines. We are primed for data monetisation as we expect more customers to use mobile data.

Our Enterprise business is another revenue driver. We continue to strengthen our partnerships with the likes of



Vodafone and Microsoft. With Microsoft, we are able to offer their Office 365 solution on a cloud-based platform. We also grew on the back of higher take-up of Next Gen NBN and mobile services. We have our own ongoing fibre network rollout plan. With the steadily expanding fixed infrastructure operated by us, we will continue to offer reliable network connectivity and resilient diversity to corporate customers. We have evolved to become a solutions provider beyond just connectivity, by delivering Managed and Cloud services. We are the true alternate provider to the incumbent.

For Pay TV, we see potential in monetising the advertising/sponsorship space in our localised/Asian programs. For example, 'Lady First – Singapore'; a highly watched Taiwanese beauty & fashion talk show, not only allows us to differentiate ourselves from other providers, but also allows us to draw in advertisers and sponsors. MDA's Public Service Broadcast (PSB) Contestable Funds Scheme, which we have been awarded, will allow us to produce up to 100 hours of PSB content in 2014. To address the changing viewing habits of the younger audience, we have introduced innovative ways to reach them, such as our multi-screen service *TV Anywhere* which allows customers to watch their favourite channels on their personal devices. Overall, we remain focused on offering customers the widest content variety over a reliable network.

The residential broadband space is very competitive. However, we remain the only service operator that can provide broadband services on both fibre and cable platforms, with our complementary cable broadband network also serving as a resiliency solution for our fibre broadband services. We also believe our Hubbing packs which provide several services, including content, in one bundle, is a far more attractive proposition than a standalone broadband plan.

Q
YOUR COMPETITORS HAVE ANNOUNCED SPECIAL DIVIDENDS EITHER RECENTLY OR IN PRIOR YEARS. ARE YOU NOT CONCERNED THAT YOU MAY LOSE INVESTORS IF YOU DO NOT DO SOMETHING SIMILAR?

NICHOLAS:

StarHub has, as our investors know, consistently delivered shareholder value over the years. We started paying out quarterly dividends since 2005 and it has increased steadily from nine cents per share to the present 20 cents per share for 2013.

For our dividend policy, our Board takes a forward three-year view of the Company's earnings, free cash flow as well as the Company's reserve to determine adequate funding requirement for dividend payment. At the Company level, the shareholders' reserve is well over \$900 million and this can be applied to cover dividends

declared in excess of any earnings for the current year. Notably, StarHub also returned over \$1 billion in two capital reduction exercises in 2006 and 2007.

Q
WITH FLAT SERVICE REVENUE, HEAVY CAPEX INVESTMENTS AND LOWER FREE CASH FLOW IN 2013, IS THERE A CONCERN HERE?

NICHOLAS:

These strategic investments are necessary to raise the competitiveness of our businesses. We guided CAPEX as 13% of total revenue in 2013 and we are within our guidance.

IN DISCUSSION WITH STARHUB'S MANAGEMENT



IN AUGUST, YOU WERE PROMOTED TO CCO. WHAT ARE YOUR PLANS TO MEET YOUR CUSTOMERS' NEEDS?

KEVIN:

We integrated all customer touch points for seamless sales, delivery and support for customers. We believe all corporate customers are also consumers and most residential customers are employees. Our 360° approach recognises the blurring boundaries between a corporate user and personal user while still providing the separation and security required in both environments.

Hence, the integration of the Consumer & Enterprise Sales, Customer Service and Operations. The integration aims to achieve optimisation across all functions which will translate into greater efficiency and a reduction in duplication and cost to serve. We are now aligned by routes-to-market, with distinct sales and service routes which provides customers with a variety of avenues through which they can interact with us.

Our retail and partner shops will now also serve the needs of our enterprise customers, translating into greater convenience and service for our corporate customers while optimising retail resources during non-peak periods. We have adopted Net Promoter Score and the frontlines are the first to implement this. This necessitates a process for us to act upon customer's feedback in a constant quest to better address their needs and resolve issues so as to retain and acquire more customers.



2014 IS GOING TO BE THE YEAR OF GROWTH FOR THE ENTERPRISE SEGMENT. HOW ARE YOU GOING TO ACHIEVE THIS?

KEVIN:

Our enterprise business has grown steadily these last few years. With our focused and consolidated team, new solutions and extended global and local network coverage, we believe we can make even more inroads. The strategy to achieving this objective remains the same – FAST. We will be Focused and Agile, we will strive for Simplicity and earn the reputation of

being a Trusted business partner.

We have steadily transformed the organisation to be more enterprise-focused through the building of products and solutions, a new business support system, a more resilient and diverse network and processes that can meet the demands of the enterprise customer.

To complement our existing suite of products and services in the commercial space, we launched an Ethernet Low Latency Network service for financial institutions; *SmartPipe*, the new converged business fibre solution for SMBs and introduced *StarHub TV on Fibre* for commercial customers in 2013. Our nation-wide 4G network means even more opportunities to provide mobility solutions to corporate users.



YOU WERE PROMOTED TO CMO IN AUGUST. CAN YOU TELL US MORE OF YOUR NEW ROLE?

JEANNIE:

Besides corporate communications, investor relations (IR) and corporate sustainability, I now oversee marketing and customer value management. I headed the marketing communications and branding team in 2002 so marketing is not exactly new to me.

CMO may be a new position for StarHub but not in today's world. What is new is the proliferation of technology, accelerating pace of change and a globalised marketplace, translating to savvier, more vocal consumers with greater choice. We have been effectively using social media, which has overtaken traditional media platforms as the source for product information and reviews. However, accountability and transparency can be a double-edged sword, and our goal is to forge deeper relationships with the online community.

In 2014, we will focus on big data and digital marketing. We have a team examining big data, customer value management, retention and loyalty, as well as a team for marketing activities and creativity. For digital marketing, paid, earned and owned media are gaining importance and the brand is looking to invest in all three aspects.

As Chairperson of StarHub's Sustainability Reporting Committee, I am also passionate about community outreach and my wish is for a deeper integration of our corporate social

We adopted **Net Promoter Score** and the frontlines are the first to implement this.



responsibility and marketing efforts. We strive towards having a reliable network, being innovative and offering excellent customer service but at the end of the day, when it is a level playing field, what differentiates us would be our strong and emotive brand.



WHAT MAJOR MARKETING AND PROMOTIONAL CAMPAIGNS DID STARHUB ORGANISE IN 2013?

JEANNIE:

In 2013, StarHub presented technology as a connector, rather than separator of people. This position was launched with our 'Home Is Where The Heart Is' brand campaign, which sought to remind the public that while technology constantly enhances our lifestyles, we should not neglect the most important people in our lives – our Family.

'Home Is Where The Heart Is' infused a strong element of social responsibility into the StarHub brand image with initiatives such as 'Project Family Time' demonstrating our efforts to bring together disconnected family members for quality familial bonding. We brought Fathers' Day to an unexpected place for such a celebration – Changi Prison. During the hazy period when Singaporeans were forced to stay indoors, we offered all our channels for free for home-bound families' bonding.

In September, the StarHub TVB Awards 2013 honoured the best in TVB programming. Broadcast live on E City for the first time, 31 coveted trophies were presented across 20 categories. The Awards saw local viewers strongly supporting local production, 'Lady First – Singapore', which beat strong competition from established names to walk away with the 'My Favourite TVB Variety Show' and 'My Favourite TVB Variety Show Host' awards. Both awards were open to public voting and marked the first time a local programme won a StarHub TVB Award.

Consumer engagement was strengthened with the use of *StarHub TV Buddy* for the StarHub TVB Awards 2013. The app, which allowed users to vote for the best dressed TVB artiste for the Red Carpet Star award, helped to garner over half a million votes from the public, double the previous year's.

Our annual Hubalicious food festival whet a lot more appetites in November when, for the first time since its debut, members of the public enjoyed free entry to the event held at PasarBella @ The Grandstand. There they explored over 30 unique food, wine and kitchenware stalls, and savoured first hand signature works of art from celebrity chefs from StarHub TV's food and lifestyle channels, including Eric Lanlard of BBC Lifestyle; Henry & Tom Herbert, The Fabulous Baker Brothers of TLC; and Willin Low of the Asian Food Channel.



IN 2013, WHAT NEW DEVELOPMENTS ARE THERE IN YOUR AREA?

MOCK:

As competitive price pressures and new disruptive players could impact our future business, we need to look at new forms of service consumption, new markets and new platforms. Hence, in February, we formed the i³ division, to establish the company as a key player in both digital and technological innovation in Asia-Pacific. i³ stands for Innovation, Investment and Incubation, and its role is to discover and deliver new engines of growth for StarHub.

This is achieved through forging new partnerships, forming regional think tanks and incubating new ideas from innovative entrepreneurs. These initiatives are underpinned by our big data platform – SmartHub, a National Research Foundation-supported project aimed at creating new classes of applications and solutions. i³ has been actively building partnerships and platforms for long-term innovation, such as SmartFoundry, an API-driven initiative that will expedite the integration and development of info-communications connectivity for our partners. 2014 will showcase some of the more wide-ranging implementations of innovation within StarHub.

IDA conducted a spectrum auction in 2013. We acquired the 1800MHz and 2600MHz bands at the reserve prices set by IDA. Our 2014 CAPEX will include payment for the 2600MHz spectrum. The 1800MHz spectrum will be paid in 2016. The acquisition of 4G spectrum will meet our future growth needs as it helps us offer increase data capacity, improve speeds and reduce latency of our nationwide 4G network.

IN DISCUSSION WITH STARHUB'S MANAGEMENT



In late 2013, we announced that StarHub has been awarded the funding for **MDA's Public Service Broadcast Contestable Funds Scheme**.



CAN YOU ELABORATE MORE ON SMARTHUB?

MOCK:

SmartHub, our data analytics platform, was launched in November 2012 to help us have a better understanding of our customers. This will help us develop enhanced and more personalised products and services and ultimately improve our brand loyalty.

SmartHub is dedicated to collaborate with higher learning institutions, start-up companies and multinational organisations to co-create new classes of applications and solutions through the use of evidence-based social and consumer insights derived from our data analytics. We have invested in the necessary analytical tools and infrastructure and built an experienced team of data scientists, to develop innovative products and services that will benefit the industry and society. 2014 will see some of the fruits of our efforts in this area. All our data analytics will comply with the Personal Data Protection Act.



HOW DO YOU PLAN TO MONETISE MOBILE DATA NOW THAT ALL LOCAL TELCOS HAVE INTRODUCED TIERED DATA PRICING AND INCREASED THE EXCESS DATA CHARGES?

KIN:

We rolled out HD voice island-wide in January and achieved 4G nationwide coverage since October 2013. We are the only operator offering HD voice and, coupled with our 4G network, our customers enjoy crystal clear communications and high speed Internet access anywhere in Singapore. By December, 46% of our post-paid base had moved into the 4G tiered data plans. YoY, our post-paid customers are using 23% more mobile data, averaging more than 2GB per user per month.

We also introduced several digital services to help boost data use and increase loyalty. *Music Anywhere* offers digital music in collaboration with KKBOX, *Booktique* is an e-book and e-magazine store, *Game On* is Singapore's first smartphone game subscription service and we offered Evernote Premium.

We also expanded our *TV Anywhere* programmes and introduced HD content allowing our customers to enjoy high quality pay TV programs on smartphones and tablets.

Our pre-paid customers are using 84% more mobile data YoY. This is partly why we partnered WeChat to introduce Singapore's first WeChat plan, allowing customers to text, send animated stickers and voice messages, chat walkie-talkie style and share and comment on photos, amongst many other features.

With these and more innovations in 2014, we should see better data monetisation.



TELL US SOME OF THE NEW AND INNOVATIVE MOBILE SERVICES OR EVENTS THAT OCCURRED IN 2013?

KIN:

We introduced Singapore's first true single-rate for data roaming with *RoamEasy* for our mobile post-paid customers. *RoamEasy* charges a promotional single data roaming rate of \$10/50MB when customers connect to any mobile network in over 30 overseas destinations, translating to substantial data roaming savings when compared to the standard \$20/MB rate. We plan to extend this

service to the rest of the over 230 overseas destinations in our roaming footprint.

We collaborated with Asurion, the global leader in technology protection services, to introduce Singapore's first mobile phone after-sales support plan for our mobile post-paid customers. With *SmartSupport*, customers can easily seek immediate remote technical support for their phone or replace a defective or misplaced phone in as fast as four hours. They can also use *SmartSupport* to back up phone data in the cloud and enjoy a suite of mobile security and privacy utilities.

To complement our mobile offerings, we upgraded our dedicated fibre transmission backbone to support up to 1Gbps connection to each 4G base station. We became the first in Southeast Asia to successfully dial Voice over LTE calls on our live 4G network. On the 3G network front, our mobile customers enjoyed faster, more consistent mobile surfing



across Singapore when we were the first to extend our 3G network on the 900MHz spectrum band, thereby increasing capacity, boosting in-building coverage and further reducing our low dropped call rate.

Finally, we are pleased to have won two awards at the Asia Communications Awards 2013: 'Best Operator' and 'Best Brand'.



**STARHUB
HAS BEEN
COMMISSIONED
TO PRODUCE
LOCAL CONTENT.
CAN YOU
ELABORATE
MORE ON THIS?**

SOO HUI:

In late 2013, StarHub was awarded funding under MDA's Public Service Broadcast Contestable Funds Scheme (PCFS), a first for a pay TV operator. With it, StarHub is committed to producing up to 100 hours of PSB content in 2014.

As a local company, we seek to bring content closer to Singaporean viewers, by offering programmes

across multiple platforms and with shorter telecast windows, and by producing localised content that strikes a chord with our customers. Given our local productions since 2011, we are confident that our upcoming productions will continue to be of high quality and infused with a local flavour.

Content produced under the MDA PCFS initiative will be aired on two of StarHub's self-packaged channels, E City and SuperSports Arena. Our multi-screen solution, *TV Anywhere* will also allow viewers to catch the programmes on the go. The public can also access the content on *TV Anywhere* six months later, free of charge.

Besides these publicly-funded PCFS programmes, we are also working with production companies and international format owners to produce high-quality content that pushes the envelope in terms of creativity and originality. These programmes will roll out in 2014 and will also air on our self-packaged channels.

(Ms LEE Soo Hui, Head of our Media Business Unit, is responsible for content management, content acquisition and production.)



**YOUNGER TV
VIEWERS ARE
CONSUMING
MORE CONTENT
VIA OTT PLAYERS
THAN BEFORE.
HOW WILL THIS
AFFECT YOUR
TV BUSINESS?**

SHU FEN:

OTT players have always been around and will continue to appeal to a segment of consumers. As OTT players are not licensed and do not hold the broadcast rights of their content, the quality of the video stream tends to suffer. Links are constantly taken down and users are continuously forced to jump from stream to stream, making for an inconvenient and intermittent viewing experience.

We embrace OTT, to bring together branded and premium content streamed over our reliable platform. An example is our multi-screen solution *StarHub TV Anywhere*, which allows *StarHub TV* customers to access their favourite channels on any device, anytime, anywhere. *TV Anywhere* has grown from only 12 channels in 2012 to 70 today, and is available on Android, iOS and Samsung TVs. We ensure a smooth and consistent experience for our customers, and we curate a VOD catalogue. Downloads and streams on this platform have been extremely encouraging.

In 2013, we launched our second screen companion app *StarHub TV Buddy*, which lets customers discover content with greater ease on their tablets and smartphones. They can also connect on Facebook, Twitter and Instagram with a community of like-minded TV fans. We have used this platform to successfully engage with our subscribers on our local production 'Lady First – Singapore'.

We see this space growing and will continue to evolve our OTT proposition in terms of platform experience and viable business models.

IN DISCUSSION WITH STARHUB'S MANAGEMENT



HOW WAS THE RESPONSE TO THE \$600 REBATE YOU GAVE TO ENCOURAGE CUSTOMERS TO WATCH BPL ON YOUR PLATFORM?

SHU FEN:

We wanted to offer a sincere gesture of appreciation to our loyal customers and also hoped our simplified contract-free rebate would ease the burden for migrating customers. While we have absorbed the loss of the rebate to benefit customers, there has been no material impact on our overall financials since it is partially offset by the cross-carriage fee payable to us by the local broadcast rights holder.

We are very encouraged by response to the rebate as it affirmed our customers' trust and preference to watch the cross-carried content on our platform.



GIVEN THE BROADBAND SEGMENT'S INTENSE PRICE COMPETITION, WHAT IS YOUR STRATEGY GOING FORWARD?

SHU FEN:

We are pleased that our residential fibre broadband base is expanding steadily despite intense competition; an affirmation of our customers' preference to hub with us. We successfully bundled content into our broadband proposition with the launch of *HomeHub*. In 2013, we took decisive steps to enhance the wireless experience for our customers by being the first in Singapore to

provide a high performance dual-band AC router. In addition, we enabled a symmetrical upload and download bandwidth for a better experience.

Our vision is to be the preferred provider and backbone of Singapore's smart homes where we deliver a seamless and premium experience for wireless home networking, home entertainment as well as home control and monitoring services in future. We strive to deliver a reliable broadband experience, leveraging on our ubiquitous HFC network besides Next Gen NBN. Today, we are the only operator that is able to instantly connect customers to broadband while they wait for their fibre broadband installation.

(Ms LIN Shu Fen, Head of our Home Solutions, is responsible for product management and development of our pay TV, new media and home broadband businesses.)



WHAT CUSTOMER SERVICE IMPROVEMENTS HAS STARHUB MADE IN 2013 TO SUPPORT YOUR GROWING CUSTOMER BASE? WHAT IMPROVEMENTS WILL BE INTRODUCED IN 2014?

DIANA:

Our customer service strategy is to 'surprise and delight our customers' by creating and delivering value. YoY, we have been highly successful in reducing calls loads by 43%, wait times have improved by 61% and self-service transactions moved steeply upwards by 77%. It is with pleasure that we clinched the Gold Award at the 13th CCAS Contact Centre Awards event for Best In-House Contact Centre (Above 100 seats) and the Silver Award for Best Customer Service Professional of the Year (Between 20 – 100 seats).

In 2013, we introduced a new enterprise-wide Net Promoter Score (NPS) framework that is focused on customer loyalty. Customers at all touch points are currently actively surveyed to identify if they will promote our services. NPS will be used to drive good profits and grow more advocates as the Company continues to respond to customers' sentiments reflected through their feedback.

We continued to harness *My StarHub* mobile app as a convenient channel for self service and up/cross sell opportunities in 2013. We have embedded the app on all new handsets and have promoted this as a platform for customers to check and manage their accounts. Today, more than 200,000 customers have downloaded the app.

In 2014, we will introduce a new Knowledge Based Management System to improve our frontline staff searches for information on our myriad services and promotions.

As part of the ongoing retail transformation program, our staff will be trained as 'experience advocates' to provide pro-active customer engagements and predictive customer service. With *SmartHub*, we will know our customers' behaviours and can use such analytics to define differentiated support levels via training/automation for our agents, self-service for our customers or to provide high touch service based on different ARPU bands and customer lifecycle needs.

Senior Management



Senior Management

TAN TONG HAI

CEO

(Tong Hai's profile can be found on page 19 of this report.)

NICHOLAS TAN

CFO

Nicholas joined as CFO on 1 July 2013. Before StarHub, he was the Senior Vice President of Corporate Planning at ST Telemedia, responsible for the business oversight of subsidiaries; harnessing the collective strengths of the ST Telemedia Group of companies for synergistic gains; and spearheading group knowledge management — including financial, operational risk management, processes and systems. Nicholas also oversees the overall enterprise risk management function at ST Telemedia.

He was seconded to ST Telemedia's former Indonesian subsidiary, PT Indosat Tbk, where he served as its CFO for two years. There, he was instrumental in the successful conclusion of a complex refinancing exercise that raised almost US\$1 billion from three instruments, garnering several industry.

Nicholas holds a Bachelor of Accountancy from the National University of Singapore.

KEVIN LIM

Chief Commercial Officer

As Chief Commercial Officer, Kevin has responsibility for all customer touch points, from direct sales and retail outlets, to customer service. With the integration of all customer touch points, the Commercial Group sells to, delivers to and supports all customers, including international and domestic carriers, MNCs, SMBs, residential and individual customers.

The Commercial Group includes Enterprise Business which services SMBs to MNCs; the International Business team which is responsible for international product management, carrier sales, inter-carrier agreements and international network strategy; the Consumer and Channel Sales team which is responsible for StarHub's and partner retail outlets and direct sales; the Customer Service division which provides all post-sales service and support and carries

out telesales; and lastly, the Operations and Process team that oversees the smooth flow from order to billing.

Kevin's experience spans close to 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 broadband access technology. Prior to Intel, he was managing director of Pacific Internet Singapore and Malaysia. At a global level, he was worldwide division general manager of Lernout & Hauspie.

Kevin holds 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 Marketing Officer

Jeannie is responsible for building StarHub's brand and corporate reputation, in the areas of marketing, corporate communications, investor relations (IR) and corporate sustainability. She is instrumental in charting StarHub's marketing strategy across all marketing functions and ensuring an overall marketing synergy and brand consistency at every touch point. Customer value management, community relations and environmental responsibility are also under her purview.

Jeannie received the Best IR Professional in Singapore award by the Corporate Governance Asia – Asian Excellence Recognition Awards in 2013 and 2012. She and her team also clinched the Best IR Company in Singapore at these same awards. She was recognised as the Best IR Officer in Singapore by IR Magazine Awards – South East Asia twice consecutively in 2013 and 2012. She and her team received the Best IR in Singapore by Asiamoney magazine in its annual Asiamoney Corporate Governance Poll in 2013. She also received the Best IR Officer in Singapore award by the same magazine twice in 2010 and 2007. She and her team clinched the Best IR award (Gold) at the Singapore Corporate Awards twice (2013 and 2009), as well as the Best IR award

(Silver) and the Best IR award (Bronze) in 2009 and 2008 respectively. They also won the Gold award for IR in Telecom in Singapore at the Triple A Asset Asian Awards 2009.

Jeannie has over 20 years of experience in corporate, financial, marketing and community communications across different industries. She first commenced her communications career with the Civil Aviation Authority of Singapore in 1992. She also held senior IR and regional corporate and marketing communications positions at IPACS and Singapore Computer Systems.

Jeannie joined StarHub in April 2001 and helped to bring the company public in October 2004. Jeannie holds an honours degree from the University of London, where she majored in Economics and Marketing.

MOCK PAK LUM

Chief Technology Officer

Pak Lum oversees the Network Engineering & Information Services Divisions. 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.

Pak Lum started his career in Hewlett Packard from 1984. In 1989, he joined Pico Art International and introduced computerisation in Pico's graphic design. 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 in many large-scale public events such as Health Fair 1992 and Singapore 2000 Exhibition.

After eight years with Pico Art and GT Communications, Pak Lum moved on to head 1-Net Singapore in May 1997. One of his key achievements was the winning of a \$92 million contract to host the Singapore Government Data Centre for 15 years. He was also appointed the CEO of the technology arm of MediaCorp in July 2002. Having spent 13 years with MediaCorp Technologies and 1-Net, he left to set up an IT software company in August 2010 that developed middleware for cloud computing.

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.

VERONICA LAI

General Counsel & Company Secretary

As the General Counsel and Company Secretary for the StarHub Group, Veronica advises the Group on all legal aspects of operations, strategy and compliance matters. She also supports the Board Chairman and Directors on corporate secretariat matters. During her career with StarHub, she oversaw the legal aspects of the merger of StarHub and Singapore Cable Vision in 2002, and StarHub's successful IPO in 2004.

Under her leadership, the StarHub Legal team was recognised with various awards, including the Best Domestic Equity Deal in Singapore and Best Deal for Singapore in 2005 for their role in the StarHub IPO by Asia Legal Business; and the IT/Telco In-house Team of the Year Award in 2007 at the ALB Southeast Asia Law Awards. Veronica received the 2007 AsiaLaw Singapore In-house Counsel Award by Asia Law and Practice, and was named by Asia Legal Business as one of the Top 25 in-house counsels in Asia in 2010. Most recently, the StarHub team won the International Law Office's prestigious Global Counsel Award 2013 and Asia Pacific Counsel Award 2013, for their work in regulatory support. For her corporate secretariat portfolio, Veronica was recognised with the Asian Company Secretary 2013 Award for Singapore by Corporate Governance Asia.

Veronica holds a Bachelor of Laws (Honours) degree from the National University of Singapore. Prior to joining StarHub, she spent six years in practice with Rajah and Tann LLP.

CHAN KIN HUNG

Senior Vice President, Personal Solutions

Kin Hung is responsible for the strategic planning, development and management of all mobile products and services. He has been instrumental in helping StarHub reach its status as the second largest mobile operator in Singapore, driving

many of its first-to-market innovative mobile services and rapid growth in the mobile space.

Kin Hung joined StarHub as Head of Mobile Services in 2001, bringing with him more than 15 years of product development, marketing, sales and general management experience. Kin Hung started his career in Digital Equipment Corporation and Apple Computer International Limited. Prior to joining StarHub, Kin Hung was the Managing Director of UUNET Singapore Pte Ltd.

Kin Hung holds a Masters in Electrical Engineering from the University of Michigan, Ann Arbor, as well as a Masters in Business Administration from the Chinese University of Hong Kong.

DIANA LEE

Senior Vice President, Customer Service

Diana heads the Customer Service team at StarHub and is responsible for all customer support activities including the 24-hour call centre, customer service centres and online self-help service. 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 unified 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.

CHAN HOI SAN

Senior Vice President, Human Resource

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

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

Hoi San holds a Master of Human Resource Management from Rutgers University, 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

*Senior Vice President,
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 20 years experience in telecommunications regulatory issues. His working career has included time with Telecom New Zealand, the Telecommunications Authority of Singapore (now the Infocommunication Authority Development 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. He is married and is a Permanent Resident of Singapore.

The Nucleus Connect Conversation

Fibre Becomes De Facto Choice For Consumers

Nucleus Connect, StarHub's wholly-owned subsidiary, was appointed by IDA to design, build and operate the active infrastructure of Singapore's Next Gen NBN in 2009. Nucleus Connect operates two central offices, housing the equipment needed to run the Next Gen NBN, based on Gigabit Passive Optical Network (GPON) and Optical Ethernet access technologies, and a 24x7 Network Operations Centre to monitor the network's health in totality. Nucleus Connect is responsible for providing an IDA-approved competitive wholesale interconnection offer (ICO) pricing to retail service providers.

David Storrie has been Nucleus Connect's CEO since its inception, leading and spearheading greenfield deployments of the world's first all-fibre and open access next generation network. He offers his insights on fibre broadband developments in 2013.

99.95%

OUR NETWORK
AVAILABILITY
CONTINUES TO EXCEED
OUR ICO REQUIREMENT,
WITH A BETTER THAN
99.95% NETWORK





What is the Take-Up Rate of Fibre Broadband?

DAVE: There were 505,600 subscriptions in December 2013, as compared to 284,700 a year ago. This is a 78% growth YoY. While the take-up rate has been phenomenal, it is unfortunate that the Next Gen NBN's service delivery faced significant delays at the Network Company (NetCo) level, with a provisioning rate of 10-17% for the most part of the year for non-residential orders in 2013, detrimentally affecting the corporate subscription rates. The delays in securing access to commercial buildings for passive infrastructure deployment continue to be a challenge. Needless to say, this has left many retail service providers and end-users in frustrations.

On our end, we have persisted in working with the NetCo to identify and rectify issues, as well as go the extra mile for retail service providers and end-users to manage the field services required during the installation process. We hope to ditch the era of 'ultra-fast broadband, ultra-slow service', as termed by the media.



Any New Developments at Nucleus Connect?

DAVE: 2013 has been amazingly busy and fruitful for Nucleus Connect. We have a new retail service provider who joined us and we have been working closely with our pool of 24 retail service providers on a number of large-scale projects that involve network connectivity, IPTV, mobile monitoring, camera surveillance services and solutions. We have launched a voice-enabled optical network terminal for our retail service providers and have worked with one of our retail service providers to provide symmetrical fibre for the conversion of their entire consumer base.

2013 also marks the revisions of our ICO to retail service providers which have been reviewed and approved by IDA. Many of the revisions were made with considerations of the public consultation's feedback and we are pleased that these have been successfully implemented (for e.g., shorter contracts, express Service Activation Period, Termination Point installation options, cancellation without charge, etc). IDA is also in the process of reviewing the prices of our ICO services.



How Does Nucleus Connect's Network Performance Fair in 2013?

DAVE: Fortunately, we designed our network with the foresight to be scalable, and during times like this with the number of fibre subscribers soaring in Singapore, we have expanded our network, as well as upgraded it to support IPv6 on the GPON. While we are doing these things, our network availability continues to exceed our ICO requirement, with a better than 99.95% network.



What is Your Reaction to the OpenNet-CityNet-SingTel Consolidation?

DAVE: We have been concerned about the competitive issues raised by the proposed consolidation, especially in the areas of potential discriminatory treatment and the lack of independence by CityNet/OpenNet. With the consolidation, the incumbent operator would be the 100% owner of the only alternative network to the incumbent's own network. That, coupled with the service provisioning issues of 2013, has given us pause. As we come to realise, we are not the only key stakeholder from the public consultations of Next Gen NBN who has concerns about this.

Now that IDA has approved the consolidation, while applying greater scrutiny of the performance of the consolidated entity, we will move on and endeavour to work closer with the NetCo in the hopes of resolving the many provisioning issues.



What is Your Strategy for 2014?

DAVE: As fibre broadband becomes the de facto choice for consumers and quality is the new king, we will continue to perform regular updates and network expansions in accordance with take-up rate, and work closely with our retail service providers to ensure that service offerings are delivered to them from a high-level performance and reliable active network. We will also step up our efforts in the area of order provisioning and joint engagements with building managements to meet a more industry standard of service delivery. We are ready for the challenges in the new year.

Hubbing in Review: Personal Solutions



mobile

IN 2013, WE INTRODUCED NEW MOBILE PLANS TO SERVICE SPECIFIC SEGMENTS OF THE SINGAPORE MARKET.

We also enhanced our mobile network to support the increase in smartphone users and mobile data consumption. We launched a number of new digital services and partnered leading app developers, such as Evernote and WeChat, to help boost data consumption and increase stickiness for our services.

BOOSTING SERVICE PLANS

In May, our mobile post-paid customers started to enjoy Singapore's first true single-rate for data roaming with *RoamEasy*. This service charges a promotional single data roaming rate of \$10/50MB when customers connect to any mobile network in over 30 popular overseas destinations. This price offers substantial savings as compared to the standard rate of \$20/MB. We plan to progressively extend this service to the rest of the over 230 destinations.

In August, we announced *SmartSurf HD*, Singapore's first suite of mobile post-paid plans that enables consumers to talk in HD quality and SMS as much as they want. In addition, subscribers will get between 500MB and 1.5GB of local bundled data and enjoy 4G SmartAccess; offering priority for their 4G data traffic even when the network is heavily accessed. In September, in collaboration with Asurion, the global leader in technology protection services, we introduced Singapore's first mobile phone after-sales support plan for our mobile post-paid customers. With *SmartSupport*, customers can easily seek remote technical support for their phone or replace a defective or misplaced phone in as soon as four hours. They can also use the *SmartSupport* mobile app

Significant Achievements FY2013

MARCH

Launched Singapore's first HD Voice for mobile customers

APRIL

Partnered Shaw Theatres to offer world's first NFC movie ticketing service

Launched *Game On*

– Singapore's first smartphone game subscription service

MAY

Launched *RoamEasy*

– Singapore's first true single-rate for data roaming

AUGUST

Developed an award-winning mobile app, *MySmartEye*, and launched *SmartBuddy* mobile plan, specially for the visually and hearing impaired

Launched *SmartSurf HD* –

Singapore's first unlimited HD Voice and SMS plans with 4G SmartAccess

OCTOBER

Achieved island-wide 4G network coverage

NOVEMBER

Launched Singapore's first WeChat plan for pre-paid mobile customers

DECEMBER

First in Southeast Asia to successfully dial Voice over LTE calls on our live 4G network

to back up phone data in the cloud as well as enjoy a suite of mobile security and privacy utilities.

MOBILE

2,351,000

+6.9%

More Customers YoY

\$1,235m

+0.9%

Mobile Revenue YoY

ENHANCING MOBILE NETWORKS

To better serve our two over million mobile customers, we upgraded our mobile voice and data network extensively. The bulk of our multi-million dollar capital expenditure went towards mobile network enhancements, such as installing modern higher-capacity 4G and 3G base stations, upgrading the traffic handling capacity of our transmission backbone, and deploying new features and technology including small cell to enhance coverage and capacity.

We attained island-wide 4G coverage in October 2013 while becoming the first in Southeast Asia to successfully dial Voice over LTE (VoLTE) calls on our live 4G network. We deployed an end-to-end all-IP VoLTE solution from Nokia Solutions and Networks, which in turn has adopted the GSM Association's international standard for delivering telecom-grade voice and messaging services. We also upgraded our dedicated fibre transmission backbone to support up to 1Gbps connection to each 4G base station.

On the 3G network front, our mobile customers could enjoy a faster, more consistent mobile surfing experience across Singapore when we were the first to extend our 3G network on the 900MHz spectrum band. This helped increase capacity, boost in-building coverage and further reduce our low dropped call rate.

FAST SPECTRUM BAND

900MHz

The first local mobile operator to extend our 3G network on this spectrum band, thus increasing capacity, boosting in-building coverage and further reducing our low dropped call rate.



We were also the first to offer unparalleled voice call quality to consumers with HD Voice. All our customers with a HD Voice capable device can enjoy natural sounding and clearer voice calls with noticeably lesser background noise.

Finally, we were the first to have started testing small cell technologies, and have since installed multiple small cells to enhance network performance in high traffic density areas and blind spots coverage.

EXPANDING DIGITAL SERVICES

Collectively, in 2013, we launched an online streaming music store, an e-book and e-magazine store, a mobile game subscription service and a social community app that benefits the visually impaired. In addition, we partnered digital media giants Evernote and WeChat for greater synergy between mobile plans and digital services. This move signals our commitment to thrive in a burgeoning smart device market driven by young innovative digital media companies.

In March, we rebranded our three-year-old online music store as *Music Anywhere*, to coincide with the expansion of our digital music offerings in collaboration with KKBOX. The key feature of *Music Anywhere* is KKBOX's music streaming service, which offers music lovers easy access to KKBOX's extensive catalogue of songs – over 10 million titles from 500 international and local music labels – across their computers and mobile devices, anytime and anywhere.

In the same month, we launched our e-book store called *Booktique*, enabling customers to easily access our extensive library of digital books on their computers and mobile devices. Like *Music Anywhere*, *Booktique* is integrated with a new user-friendly social networking platform which allows like-minded writers and readers to come together to share what they

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We attained island-wide 4G coverage in October while becoming the first in SEA to successfully dial VoLTE calls on our 4G network.

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read, form discussion groups, interact and annotate, as they read. We also offered more reading options with an e-magazine store.

In April, we launched Singapore's first smartphone game subscription service. The service gives our post-paid subscribers easy access to around 250 of the world's best and highly recommended Android games for a low monthly fee of \$5.35. When subscribed to *Game On*, the mobile user can browse, download and play all games in *Game On*'s catalogue, including critically-acclaimed titles, such as *World of Goo* and *Anomaly Warzone Earth HD*.

We partnered Shaw Theatres in April to offer the world's first NFC movie ticketing service through our mobile wallet app, *SmartWallet*. *SmartWallet* allows movie fans to browse and book their favourite movies at Shaw Theatres on-the-go. After purchasing their movie tickets, they can then print their stored digital movie tickets by tapping their NFC smartphone on a dedicated NFC ticket collection reader at all Shaw Theatres box offices.

In August, we introduced a new app on iOS and Android called *MySmartEye*. The award-winning app empowers the

visually impaired to 'see' through the power of technology and crowd sourcing. The app allows the visually impaired to connect to a worldwide community of micro-volunteers, who then lend them their power of sight. The visually impaired will use *MySmartEye* to snap a picture, which is then shared in real-time with micro-volunteers who have installed the app. These volunteers have the option of describing the picture, and their replies are read out over the visually impaired's phone. In conjunction with the launch of *MySmartEye*, we also introduced *SmartBuddy*, a mobile plan specially packaged with more talktime, SMS and data to offer the visually and hearing impaired more freedom and peace-of-mind.

PARTNERING LEADING APP DEVELOPERS

When Evernote, the company helping people to remember everything, announced plans to expand its footprint in Asia-Pacific, especially in Southeast Asia, its first step was to strategically partner StarHub in August.

Through this collaboration, Evernote and we began offering a complimentary one-year Evernote Premium subscription to our mobile post-paid customers. As an added benefit, these customers enjoy a partner-exclusive feature, Video Notes, which allows them to shoot and upload videos quickly and easily, all within the Evernote app.

Towards the end of 2013, we announced our partnership with WeChat, bringing the world of mobile social communications to our pre-paid base with the dedicated WeChat plan. Our pre-paid customers can text, send animated stickers and voice messages, chat walkie-talkie style, share and comment on photos, and enjoy many other features, for as low as 40 cents a day or \$6 a month.



Hubbing in Review: Home Solutions



tv & internet

STARHUB HOME SOLUTIONS – INCORPORATING BOTH PAY TV AND BROADBAND SERVICES – CONTINUED TO OFFER THE MOST COMPREHENSIVE AND ADVANCED SUITE OF SERVICES TO OUR GROWING HOUSEHOLD BASE.

Not only did we expand our pay TV channels to a whopping 227 (pre Standard Definition/High Definition channels merger), excluding the much-heralded return of BPL, via cross-carriage, to our line-up, we also boosted our upload bandwidth to provide synchronous broadband services.

SIMPLIFYING PAY TV PACKAGES
With an offering of over 200 channels, we streamlined our pay TV packages to simplify our proposition to customers. Since September, the Basic groups and Basic Upsize groups have merged to form the newly enhanced Basic Tier. Basic Tier is currently the entry-level group for price plan subscriptions and has adopted the same pricing structure as the Basic with Basic Upsize groups. StarHub TV customers still get to enjoy both the multi-screen service *StarHub TV Anywhere* and the second screen app *StarHub TV Buddy* at no additional cost.

STOPPING ILLEGAL DECODERS
Since early 2013, we had been tracking a syndicate that was distributing sales flyers for the sale of illegal set-top boxes which claim to be able to unscramble StarHub TV content. After months of investigation, the importer of these

Significant Achievements FY2013

- MARCH**
Launched *StarHub TV on Fibre* – IPTV service for businesses
- APRIL**
Produced ‘Lady First – Singapore’, in collaboration with TVB and TVBS
- OCTOBER**
Signed MOU with the Singapore Sports Council
- Launched first free-to-cable sports channel, SuperSports Arena on 76.25MHz
- NOVEMBER**
To commission original productions of up to 100 hours under MDA’s PSB Contestable Funds Scheme

boxes was identified. In September, we successfully raided a storage facility of illegal set-top boxes and uncovered a few hundred illegal set-top boxes. The raid was conducted with help from the Police. We have followed up the raid with criminal prosecution against the illegal importer. In addition to legal action, we continue to deploy technological means to prevent illegal boxes from accessing our content. For instance, we have introduced a new encryption standard which cannot be unscrambled by existing illegal set-top boxes.

KICKING OFF SPORTS CONTENT
In 2013, we actively brought a broad array of local and international sports content to our customers.

In January, we finalised a deal with the Singapore Slingers and the ASEAN Basketball League for



SUPERSPORTS ARENA

76.25MHz

Free of charge to almost all households in Singapore, the channel does not require a StarHub TV set-top box.

BPL REBATE

+50% OFF

For a promotional period, StarHub TV customers who watched the BPL cross-carried on StarHub TV enjoyed up to \$30 off per month, for a maximum total of \$600.



TV Anywhere first started in mid-2012 with only 12 channels. This year saw a rapid expansion of channels to 70.

the 2013 ASEAN Basketball League season. We broadcast all Singapore Slingers home games and selected away games on our pay TV, online and mobile platforms, bringing the Slingers to an unprecedented number of Singapore households across the island.

In July, Singapore was transformed into a global stage for kung fu exponents when we hosted the world finals of TVB8 International Chinese Kung Fu Championship for the first time. The championship which aimed to promote Chinese martial arts worldwide, and to search for the next kung fu Star, gathered the best in Chinese martial arts to vie for the coveted title. Organised by Hong Kong's leading broadcaster TVB, this inaugural championship saw eight countries participating in the final showdown in Singapore. The 2013 TVB8 International Kung Fu Championship was held at The Coliseum, Resorts World Sentosa and the event was aired on TVB8 and on E City.

The highlight of the year was when the MDA issued a direction in July to cross-carry the BPL live matches over the next three seasons, starting from 2013/2014 to 2015/2016. For a promotional period, StarHub TV customers who watched the BPL cross-carried on StarHub TV enjoyed up to \$30 off their bills each month, for a maximum total of \$600. This rebate is as good as 50% off the cost of the 2013/14 and the 2014/15 BPL seasons.

In October, we signed a Memorandum of Understanding (MOU) with the Singapore Sports Council (SSC) to offer more local sports content to a wider audience and enhance the sports viewership experience of Singaporeans. The three-year MOU will see an overall increase in local sports content on our broadcast platforms, with more National Sports Associations being featured in our programmes.

We also dedicated a segment of our daily sports news show on SuperSports

Arena to cover local sports events and profile local athletes. StarHub and SSC will work together to progressively introduce new digital media initiatives, including the use of second screen technology for local sports events. Future applications of this technology will allow sports fans to receive match analytics and view instant replays on second screen while watching the game.

Jointly announced at the MOU signing was the launch of our revamped channel, SuperSports Arena. It is made available free of charge to almost all households in Singapore, including households without a StarHub TV set-top box. Instead, the channel is fully decrypted, allowing any sports fan with an activated cable point to tune in to the channel at 76.25MHz.

SuperSports Arena is our in-house 24/7 dedicated sports channel. The channel's four content pillars are: local sports; international sports; sports-themed general entertainment; and active lifestyle content. The channel not only caters to sports fans, but also aims to introduce sports to traditionally non-sports viewers. The channel has adopted a multi-level approach to local sports coverage in Singapore, showcasing all levels of sport from grassroots all the way to international competitions.

This ranges from coverage of the National School Games to the LionsXII, the S.League, the Singapore Slingers, the Standard Chartered Marathon Singapore and the Li Ning Singapore Open 2013. In addition, the channel will broaden viewers' sporting horizons by exposing them to a wide range of top notch international events such as the NBA basketball, the PGA Tour golf, ATP World Tour tennis, the FINA World Championships, the IAAF World Championships and German Bundesliga football.

SUPPORTING LOCAL TALENT

In February, we strengthened our partnership with leading Malaysian

production house MIG to groom young talents for the regional entertainment industry. For a start, Khor Junyang – a singing talent uncovered by StarHub (a finalist from 'Sunsilk Academy Fantasia' – a StarHub-produced reality singing competition), was signed on by MIG. Junyang will sing the theme song of MIG's first Chinese movie, 'Glorifying Love', a romantic comedy that stars popular Malaysian actress Emily Chan.

We collaborated with Hong Kong's leading broadcaster TVB and its Taiwanese arm TVBS, to produce 'Lady First – Singapore', a localised version of the highly-successful long-running beauty and fashion magazine show. To retain the essence of the original version, we got celebrated Taiwanese host Pauline Lan whose name is synonymous with Lady First, to helm the first season. Also lending star power to the production were top local stylists such as skincare expert Bryan Gan, make-up maestro Clarence Lee, style guru Keith Png and hairstyling whiz Ken Hong, who dished out expert advice and insider tips. The series premiered on E City in May.

Late in 2013, we announced that we have been awarded the MDA's PSB

Contestable Funds Scheme, allowing us to produce up to 100 hours of PSB content in 2014.

Our brief to the production companies was that we want to produce quality content that pushes the envelope in terms of creativity and originality. Content produced under the initiative will be aired on two of our self-packaged channels, E City, and SuperSports Arena. To enable viewers to catch the programmes on the go, the content will also be made available on our multi-screen solution, *TV Anywhere*. The public can also access the content on *TV Anywhere*, six months later, free of charge.

EMBRACING MULTI-CULTURAL PROGRAMMING

In February, we launched Dunia Sinema On Demand, the first dedicated Malay movie channel in Singapore. Dunia Sinema On Demand offer viewers access to 15 Malay blockbuster titles every month, which they can enjoy anytime at their convenience. At the same time, we introduced two new TV bundle packs - Impian Pack and Thangam Pack, to expand the entertainment options available for Malay and Tamil viewers.

In the same month, we became the first pay TV operator to bring in Hello! Japan, an all-Japanese entertainment and lifestyle channel, out of Japan. The channel showcases a robust line-up that ranging from documentaries and dramas to movies and variety shows produced by top Japanese TV stations such as NTV, TBS, TV Asahi and TV Tokyo.

In April, Zee News was launched. We were the first to bring in the top-rated, Hindi-language news channel from India, to Singapore. The channel provides an invaluable source of news updates for the Hindi-speaking community.

In May, we gave our in-house Malay entertainment channel, Sensasi, a new lease of life. Following the revamp, Sensasi brings on fresher content, more titles with shorter windows, and introduces a round-the-clock broadcast with new programming stunts like daily themes and new time-belts. The channel also took on a bolder and more vibrant outlook with a brand-new tagline 'Detik Detik Sensasi', which means 'Sensational moments'.

In October, customers were treated to top-notch Indian programming of varying genres when we introduced seven new channels. They are Life OK, NDTV 24x7, NDTV Good Times, Verna, V Tamizh, Zee Khana Khazana and Zee TV HD.

ENHANCING PAY TV CONTENT

We continued to extend our leadership in HD content to 45 channels in total. Spanning the Lifestyle, Education, Entertainment and World News genres, the HD channels include Crime & Investigation Network HD, The Biography Channel HD, WarnerTV HD, BBC World News HD and CNN HD. The channels are HD simulcasts of their respective SD channels.

In March, we partnered the Walt Disney Company Southeast Asia to launch Disney XD, a brand new kids channel. Disney XD's creative programming



mix includes original Disney XD series, action/ adventure movies, animation and anime and sports entertainment. Disney XD is the TV home of new Marvel series featuring superheroes such as Spider-Man, Iron Man, Hulk, Thor and will introduce dynamic stories full of action, adventure and heroism to a whole new generation.

In June, we marked our six-year partnership with A+E Networks with the Singapore premiere of top U.S. channel for women, Lifetime®, and a brand new education channel, H2®.

Lifetime is a female-focused network that offers the highest-quality programming that is contemporary, bold, vibrant and relevant. The network brings viewers a diversified selection of critically-acclaimed original movies, dramas and reality series. H2 digs deeper into the stories and events of History, presenting information in innovative ways, while offering viewers a deeper connection to the world around them, covering military, ancient, modern and natural history, as well as science and technology.

The Asian offerings on StarHub TV became even more exciting when we rolled out a series of initiatives to ramp up our Asian line-up. This is to cater to an increasingly discerning and sophisticated audience. These include the launch of five exciting channels from now TV and Hunan TV World – now Baogu Movies, now Baogu Movies on Demand, now Mango, now TV On Demand, Hunan TV World and now HaiRun.

Singapore viewers can also catch the latest and hottest TVB drama series at the same time as their Hong Kong counterparts. These include 'Triumph in the Skies II', 'A Change of Heart' and 'Awfully Lawful'. To enable Singapore viewers to enjoy more current TVB dramas, the window period on VV Drama will be shortened from the existing six months to three months.

At the same time, we launched a new complimentary lifestyle channel from Brand New Media called TV4ME. Based on an exciting new concept of inspirational content, the 24/7 channel is devoted to helping viewers improve all aspects of their lifestyles across work, rest and play.

At the same time, we launched a new complimentary lifestyle channel from Brand New Media called TV4ME. Based on an exciting new concept of inspirational content, the 24/7 channel is devoted to helping viewers improve all aspects of their lifestyles across work, rest and play.

In December, we launched HITS, Asia's newest branded entertainment channel. Celebrating the best international TV ever made, HITS brings a carefully curated selection of the finest dramas and comedies in HD quality for the first time in Asia. HITS' select lineup of shows will include Seinfeld, The Cosby Show, Criminal Minds, Lost, Moonlighting, Different Strokes and Golden Girls. In the months to come, TV viewers will be treated to major blockbuster series like A-Team, Cheers, Mad About You, Taxi, Law & Order,

M*A*S*H, The X-Files, The Wonder Years and Murder, She Wrote.

WATCHING TV ANYTIME ANYWHERE

StarHub TV Anywhere is our multi-screen service which is available to all StarHub TV customers at no additional cost. The service allows viewers to watch linear and on-demand channels on their personal devices such as laptops, tablets and smartphones.

When *TV Anywhere* first started in June 2012, there were only 12 channels available. This year saw a rapid expansion of channels to 70. In addition, we introduced new Android and iOS apps for smartphones and tablets. This means that StarHub TV customers are able to watch their favourite programmes on their personal devices at any time during the day and in any location.

In 2013, a total of 32 channels were launched on *TV Anywhere*, covering Kids, Lifestyle, Education, Entertainment and World News genres. They include CBeebies, BBC Knowledge, Discovery Home & Health, Crime & Investigation Network HD,

The Biography Channel HD, BBC Entertainment, BBC World News HD and CNN HD.

We also launched our second screen companion app *StarHub TV Buddy*. Available free of charge on the Apple App Store or Android Google Play, the app lets customers discover content with greater ease on their tablets and smartphones. Customers can also use the app to read more about our TV shows, watch complementary videos, set reminders, take part in contests and share content with their friends.

Disney fans can watch all their favorite Disney programmes, including exclusive branded content, using a suite of three new innovative entertainment apps - WATCH Disney Channel, WATCH Disney XD, and WATCH Disney Junior in December. Singapore is the first market outside of the US to make the WATCH app available.

The WATCH Disney apps will provide authenticated StarHub TV customers with access to Disney Channel's existing live, television network streams, exclusive and first-hand content, as well as an extensive offering of premiere 'on

demand' episodes. Disney fans can now view all popular Disney television series such as Disney Channel's Phineas and Ferb, Disney Junior's Mickey Mouse Clubhouse and Disney XD's Avengers Assemble on the go and will also be able to access new episodes of selected shows on the WATCH apps first before it launches on the TV channel.

BOOSTING BROADBAND

Since June, we doubled the upload bandwidth for the following fibre home broadband plans – *MaxInfinity 100Mbps*, *MaxInfinity 150Mbps*, *MaxInfinity 200Mbps* and *MaxInfinity 300Mbps*. This means that all four plans now provide equal bandwidth for both uploading and downloading.

In addition, we introduced our *HomeHub 200* (fibre) plan, enabling customers to enjoy four essential services – 200Mbps fibre broadband, up to 82 StarHub TV Channels, 21Mbps mobile broadband, and a home phone line – all for \$68.80 a month. The hubbing plan comes bundled with a free \$6 HomeHub voucher every month for customers to purchase StarHub TV's Video-on-Demand titles, additional groups

(basic tier with HD) or selected add-on channels/packs.

EDUCATING CHILDREN

In December, under our i³ banner, we announced a strategic partnership with POPULAR, Singapore's well-known education services company, to introduce a new online learning service called *AssessMe*. *AssessMe* is the first of many online learning services to be hosted on the all-new StarHub Learning Hub platform, which is our major foray into digital learning to support Singapore families in their quest for knowledge.

Through *AssessMe*, parents and their children attending primary school can get easy access to over 40,000 e-assessment questions from more than 3,300 digital worksheets for English, Mathematics and Science. Curated and regularly updated by POPULAR's in-house team of experienced former teachers, the weekly e-assessment content will closely track the current teaching syllabus. Other e-assessment materials to be available on StarHub Learning Hub in 2014 include Chinese and secondary school subjects.

Later in the same month, in partnership with Skoolbo, a Singapore-based eLearning company providing accessible educational games for children, we completed its Tablets Programme for students from low-income families in the South East District.

18 students from the NTUC Income's OrangeAid South East Learning Family Programme Alumni were provided with tablets on which they play educational games. At the end of the programme, Skoolbo and South East Community Development Council analysed the progress of each child. The family support enrichment programme encourages lifelong learning habits by nurturing creativity and social skills among its participants. At the same time, it also helps strengthen parents' parenting skills and bonding with their children.



HOMEHUB 200 PLAN

4 Essential Services

200Mbps fibre broadband, up to 82 StarHub TV Channels, 21Mbps mobile broadband, and a home phone line – all for \$68.80 a month.



Hubbing in Review: Business Solutions



data & internet and voice

THIS YEAR, WE CONTINUED TO EXPAND OUR PORTFOLIO OF SERVICES TO INCLUDE AN ETHERNET LOW LATENCY NETWORK SERVICE FOR FINANCIAL INSTITUTIONS.

We also launched *SmartPipe*, the new converged business fibre solution for SMBs; and introduced StarHub TV on Fibre for commercial customers. 2013 was also the year when StarHub achieved the ISO/IEC 27001:2005 security management system certification for our enterprise cloud service called Argonar, and launched a new M2M (machine-to-machine) service nationwide.

Under the auspices of i³, a new division at StarHub, we launched our SmartFoundry initiative targeting software developers around the world. Finally, StarHub announced the groundbreaking of MediaHub, our newest facility that will be located in the vicinity of Mediapolis that, once completed in 2016, will lay the foundation to help StarHub expand and grow our services into the next generation.

ENABLING TV ON FIBRE
Since March, StarHub TV commercial customers can enjoy StarHub TV on Fibre, an IPTV service. The service offers businesses access to crystal clear HD content and over three times as many TV channels as the existing Digital Terrestrial Television (DTTV) platform.

Delivered over the island-wide Next Gen NBN, StarHub TV on Fibre is able

Significant Achievements FY2013

JULY

Launched Singapore's fastest Ethernet network connection to support latency sensitive trading applications

AUGUST

Launched *SmartPipe* - converged business fibre solution for SMBs

OCTOBER

Achieved the ISO/IEC 27001:2005 information security management system certification for our enterprise cloud service Argonar

NOVEMBER

Launched *SmartFoundry* - allows software developers, enterprise customers and institutes of higher learning to tap on our APIs

Initiated MediaHub project at one-north

to reach current DTTV customers and beyond, effectively covering commercial customers all over Singapore. StarHub TV on Fibre customers also enjoy prioritised, managed IPTV access as the service utilises discrete ports on the optical network terminal. With IPTV access independent of broadband activity, StarHub TV on Fibre promises a superior viewing experience in terms of picture quality, speed and navigation.

Businesses will have access to many viewing options including DTTV mainstays and new channels such as DIVA Universal, HISTORY, NBA TV; and HD options such as FOX HD, FOX SPORTS PLUS (HD), Sports HD, Discovery HD World, National Geographic Channel HD,

FIXED NETWORK

\$303m

+2.9%

Data & Internet Revenue YoY

\$65m

+3.2%

Voice Services Revenue YoY

NAT GEO WILD HD and Travel Channel HD. Making full use of IPTV's two-way network, StarHub TV on Fibre's interactive features include Facebook profile integration, unique user account log-ins, an aggregated user rating system and informative apps such as the Singapore Exchange, Yahoo! News and Weather which are especially useful to corporate clients.

PINGING ETHERNET LOW LATENCY NETWORK

In July, we launched our Ethernet Low Latency Network that offers Singapore-based financial trading companies the fastest network connection, with a guaranteed low latency of under one-millisecond round trip delay from their facilities to their set-up in the Singapore Exchange co-location data centre. This is up to four times faster than the existing network for financial trading. As such, financial trading firms using the network can execute transactions in blazing speed and enjoy faster updates on market data from trading venues. This is of particular importance to traders in algorithmic trading, who require the lowest latency network connectivity to reduce delay and maximise returns of investment.

The StarHub Ethernet Low Latency Network allows customers to enjoy dedicated bandwidth easily scalable from 2Mbps to 1Gbps. This means they can subscribe for the exact amount of bandwidth needed, and avoid paying for unnecessary capacity. At any time if an increase in bandwidth is required, they can expect a seamless upgrade of their network connection without service disruption.

Customers on this network can monitor their low latency link performance closely anytime, anywhere by logging on to the online network performance portal from their laptops or smart devices to obtain network statistics, such as bandwidth utilisation, latency and network availability. They can also receive

around-the-clock technical support on connectivity issues.

CONNECTING SMARTPIPE

SmartPipe was launched in August to help SMBs get their business off the ground quickly and easily. It is a converged business fibre solution that combines business Internet, voice and IPTV services, each with its own dedicated channel and delivered over a single Next Gen NBN end-user broadband connection. Each StarHub service is assigned dedicated bandwidth, so that there will be no contention of bandwidth when all three services are being used at the same time in the office.

Customers who sign up for SmartPipe can go for a fibre broadband plan from as low as 12Mbps, with a single voice line that allows them to make unlimited calls to all local phone numbers or/and basic IPTV package. Customers can also upgrade their fibre broadband plan to enjoy higher bandwidths or add on more voice lines and/or IPTV services subsequently. They will receive one bill for all their StarHub service subscriptions.

ACHIEVING ISO/IEC GLOBAL SECURITY CERTIFICATION

In 2013, we achieved the ISO/IEC 27001:2005 security certification, an internationally recognised information security management system standard, for our enterprise cloud service Argonar.

The ISO/IEC 27001: 2005 standard is awarded to organisations that can demonstrate the necessary controls and measures in place to address the confidentiality, integrity and availability of information. StarHub launched Argonar in Jan 2012 to offer business customers a high performance, reliable, scalable and secure public cloud platform that meets their constantly growing computing and storage needs. In 2012, having met the stringent IT and business requirements of the government sector, Argonar

was included in IDA's list of public cloud service providers for reference by government organisations and education institutes, that help them to quickly roll out services in the cloud.

Since 2012, StarHub is a charter corporate member of the Singapore Chapter of Cloud Security Alliance, the world's leading platform for promoting cloud security awareness and best practices.

MANAGING 'INTERNET OF THINGS' – M2M

We launched our own M2M solution in 2013. This platform is integrated into StarHub's core mobile network for security and compliance, gives enterprise customers the ability to efficiently manage connected devices or machines rolled out across Singapore, over StarHub's nationwide mobile network. Early use of M2M connections can be found in fleet, vending and asset management solutions by which M2M devices are installed in vehicles, vending machines and asset to enable real time updates. Increasingly, as more machines or equipment from cars to asset, and electronic devices are connected via SIM cards, the ease of management and visibility of these M2M connections become important. We are also building a M2M ecosystem with partners in TeleHealth, Security and Surveillance, Telemetry and Environmental monitoring.

The StarHub M2M service management platform is a self-service and scalable tool which enables customers to deploy connected devices quickly and efficiently, manage them in real time, receive updates and deliver support, giving customers an accurate overview of their business processes that facilitates informed and timely business decisions.

PROGRAMMING SMARTFOUNDRY

Launched by the i³ development team, SmartFoundry is an application



programming interface (API) platform that allows software developers, enterprise customers and institutes of higher learning to tap on our APIs to accelerate the creation and deployment of products and services for businesses and consumers in Singapore. APIs are software interfaces which provide easy access to network capabilities, allowing software developers to easily incorporate communications features into their apps and services. SmartFoundry was designed to promote innovation, growth and productivity in app development, as well as to support tech start-ups and savvy individuals to fast track their ideas to enterprises and consumers in Singapore.

For a start, we started offering voice and SMS APIs to select developers and businesses at no cost. This allows software developers to gain a competitive edge by implementing communication features quickly in their offerings for customers, without the need to learn specific programming languages, master different VoIP software or invest in costly hardware. The full suite of APIs that allow access to other StarHub network capabilities will be deployed in the near future.

GROUNDBREAKING MEDIAHUB

In November, we initiated the MediaHub project, at a groundbreaking ceremony graced by guest-of-honour Minister for Communications and Information, Dr Yaacob Ibrahim. MediaHub will be our place for innovation and future business. The building is located at one-north, a 200-hectare business park in Buona Vista. The six-storey building which has a basement, will occupy 8,590 square metres of land area with an estimated gross floor area of 21,400 square metres. Construction is expected to be completed by 2016.

MediaHub marks a milestone for us as it will serve as a connecting hub for all of the company's fixed, mobile and pay TV networks, and in the wider world, into our extensive undersea submarine

cable systems. The building will house a social media analytics lab and an adaptive production studio. These two facilities will work hand-in-hand to enhance live TV production based on real-time social media conversations. It will also have a state-of-the-art business data centre to house all digital media and cloud services for StarHub and partners.

Our SmartHub big data platform will be deployed across all our networks, whereby massive datasets will be processed for in-depth understanding of consumer and social behaviour and sentiment. This will support our collaborations with institutes of higher learning, start-ups as well as local and multi-national corporations to create new analytic concepts and business models.

Finally, our i³ division will use MediaHub to house our innovation showcase and incubation labs for start-up companies and nascent technology projects with commercial potential.

MediaHub will have amongst other things, an efficient air-conditioning system, energy efficient IT equipment and virtualisation technology to reduce overall IT equipment power demand. MediaHub has been designed to achieve the Building & Construction Authority Green Mark (Data Centre) Gold^{PLUS} certification.

CLOUD-BASED PLATFORM

Argonar

offers business customers a high performance, reliable, scalable and secure public cloud platform that meets their constantly growing computing and storage needs.



Group Financial Review

1.1 REVENUE

	Year ended 31 December					
	2013 \$m	2013 %	2012 \$m	2012 %	Incr/(Decr) \$m %	
Mobile revenue	1,235.4	52.4	1,224.2	50.6	11.2	0.9
Pay TV revenue	385.5	16.3	396.3	16.4	(10.8)	(2.7)
Broadband revenue	240.0	10.2	249.4	10.3	(9.4)	(3.8)
Fixed Network Services revenue	368.3	15.6	357.7	14.8	10.6	3.0
Total service revenue	2,229.2	94.5	2,227.6	92.0	1.6	0.1
Sale of equipment	130.1	5.5	194.0	8.0	(63.9)	(32.9)
Total	2,359.3	100.0	2,421.6	100.0	(62.3)	(2.6)

The Group's total revenue for the year ended 31 December 2013 ("FY13") decreased 2.6% to \$2,359.3 million when compared to last year ended 31 December 2012 ("FY12"). This was due to lower sales of equipment with service revenue remaining stable.

Revenue from equipment sales at \$130.1 million was \$63.9 million or

32.9% lower when compared to FY12 due to lower quantities sold and lower average selling prices.

The Group registered \$1.6 million or 0.1% increase in service revenue at \$2,229.2 million for FY13 when compared to FY12, which had included the one-time revenue from the 2012 UEFA Cup event. For FY13, Mobile

service revenue was up 0.9% year-on-year (YoY) at \$1,235.4 million and Fixed Network services revenue was up 3.0% YoY to \$368.3 million. Pay TV revenue at \$385.5 million was 2.7% lower when compared to FY12 which had the UEFA Cup event included in the revenue in 1H-2012 and Broadband services revenue decreased 3.8% YoY to \$240.0 million for FY13.

1.2 OPERATING EXPENSES

	Year ended 31 December			
	2013 \$m	2012 \$m	Incr/(Decr) \$m %	
Cost of sales	941.5	1,010.9	(69.4)	(6.9)
Other operating expenses	1,004.5	990.1	14.4	1.5
Total	1,946.0	2,001.0	(55.0)	(2.7)

On the back of the lower revenue, total operating expenses for FY13 decreased \$55.0 million or 2.7% YoY, primarily due to lower cost of sales which decreased \$69.4 million

or 6.9% YoY. The decrease in cost of sales mitigated the higher other operating expenses, which increased \$14.4 million or 1.5% when compared to FY12.

As a percentage of revenue, total operating expenses was 82.5% for FY13 compared to 82.6% for FY12.

Details of total operating expenses are as follows:

(I) COST OF SALES

	Year ended 31 December			
	2013 \$m	2012 \$m	Incr/(Decr) \$m %	
Cost of equipment sold	376.7	440.7	(64.0)	(14.5)
Cost of services	364.3	339.7	24.6	7.3
Traffic expenses	200.5	230.5	(30.0)	(13.0)
Total	941.5	1,010.9	(69.4)	(6.9)

Cost of sales in FY13 decreased \$69.4 million or 6.9% YoY to \$941.5 million. The lower expenses were attributed to lower cost of equipment sold and traffic expenses, which were offset by higher cost of services. As a ratio of total revenue, cost of sales decreased to 39.9% in FY13 when compared to 41.7% in FY12.

On account of the lower handset sales volume, cost of equipment sold in FY13 was \$64.0 million or 14.5% lower YoY at \$376.7 million.

Cost of services in FY13 was 7.3% higher at \$364.3 million. The increase was primarily attributed to higher costs incurred for Data & Internet, and Next Gen NBN services. Higher TV content and programming costs on new and

renewed contracts, in addition to a change in accounting estimates for content costs, also contributed to the higher cost of services.

Traffic expenses in FY13 were lower at \$200.5 million, a YoY decrease of 13.0%. The lower traffic expenses were due to lower traffic volumes for inter-operator SMS and international outbound services.

(II) OTHER OPERATING EXPENSES

	Year ended 31 December			
	2013 \$m	2012 \$m	Incr/(Decr) \$m	%
Staff costs	276.6	265.9	10.7	4.0
Operating leases	129.1	131.3	(2.2)	(1.6)
Marketing and promotions	153.6	147.4	6.2	4.2
Allowance for doubtful receivables	15.5	14.8	0.7	4.6
Repair and maintenance	74.1	63.2	10.9	17.3
Other expenses	86.1	95.0	(8.9)	(9.4)
Subtotal	735.0	717.6	17.4	2.4
Depreciation and amortisation (net of asset grants)	269.5	272.5	(3.0)	(1.1)
Total	1,004.5	990.1	14.4	1.5

Other operating expenses in FY13 increased 1.5% to \$1,004.5 million when compared to FY12. The increase was mainly from higher repair and maintenance, marketing and promotions and staff costs, which were mitigated by decrease in operating leases, depreciation and amortisation and other expenses.

Staff costs

Staff costs in FY13 increased 4.0% to \$276.6 million due mainly to the annual salary increment in the 2nd half of the year and increased provision for variable bonuses for the year, which were partially mitigated by the reduction in temporary staff costs.

Operating leases

Operating leases in FY13 was 1.6% lower YoY at \$129.1 million, mainly due to lower costs for our international leased capacity offset by higher leasing costs for our expanded domestic network infrastructure.

Marketing and promotions

In FY13, marketing and promotion expenses were up 4.2% YoY to \$153.6 million, driven by higher acquisition and re-contract costs and increased marketing activities YoY.

Allowance for doubtful receivables

Allowance for doubtful receivables in FY13 was \$0.7 million or 4.6% higher YoY at \$15.5 million. As a percentage of service revenue, allowance for doubtful receivables ratio in both FY12 and FY13 periods were comparable at 0.7%.

Repair and maintenance

Repair and maintenance increased 17.3% to \$74.1 million in FY13. The higher expenses were a result of our expanded undersea cable infrastructure and expanded domestic network infrastructure and systems.

Other expenses

Other expenses in FY13 were \$8.9 million or 9.4% lower than FY12 at \$86.1 million. FY13 recorded lower licence fees, inventories written down, utilities, provision for stock obsolescence and the absence of catch-up assessments for property tax expenses. These, in addition to the higher cost recoveries from network construction and diversion projects mitigated the higher professional fees expenses in the year.

Depreciation and amortisation (net of asset grants)

Depreciation and amortisation expenses in FY13 were 1.1% lower YoY at \$269.5 million, with discontinued depreciation from fully depreciated fixed assets, offset by higher depreciation from additions of property, plant and equipment and intangible assets.

GROUP FINANCIAL REVIEW

1.3 PROFITABILITY

	Year ended 31 December			
	2013 \$m	2012 \$m	Incr/(Decr) \$m	%
Total revenue	2,359.3	2,421.6	(62.3)	(2.6)
Operating expenses	(1,946.0)	(2,001.0)	(55.0)	(2.7)
Other income	49.9	26.7	23.2	86.8
Profit from operations	463.2	447.3	15.9	3.6
Finance income	2.8	4.1	(1.3)	(32.3)
Finance expenses	(18.8)	(20.0)	(1.2)	(6.4)
Profit before taxation	447.2	431.4	15.8	3.7
Taxation	(76.5)	(72.1)	4.4	6.1
Profit for the year	370.7	359.3	11.4	3.2
EBITDA	732.7	719.8	12.9	1.8
Service revenue	2,229.2	2,227.6	1.6	0.1
EBITDA as a % of service revenue	32.9%	32.3%	0.6% pts	

Profit from operations in FY13 improved by \$15.9 million or 3.6% to \$463.2 million. This was despite lower revenue which was mitigated by the lower operating expenses and higher other income from the increased Next Gen NBN services adoption grants.

EBITDA was 1.8% higher at \$732.7 million in FY13, with EBITDA margin at 32.9% of service revenue, an increase of 0.6 percentage point when compared to FY12.

Finance income was lower at \$2.8 million in FY13 due to lower bank deposits during the year.

Finance expenses were lower by \$1.2 million at \$18.8 million in FY13, due to lower average bank loan balances and interest rate during the year. In addition, the higher expenses in FY12 included expenses incurred for new bank loan facilities and the Medium Term Note issue.

In FY13, Group's profit before taxation rose 3.7% to \$447.2 million.

The Group's taxation increased \$4.4 million to \$76.5 million in FY13, which approximates the corporate tax rate of 17% on taxable profit.

Profit after taxation grew 3.2% to \$370.7 million in FY13. This translates to an EPS on a diluted basis of 21.4 cents, higher than the 20.8 cents EPS in FY12.

1.4 LIQUIDITY AND RESOURCES

	Year ended 31 December	
	2013 \$m	2012 \$m
Profit before taxation	447.2	431.4
Non-cash items & net finance expenses adjustments	243.7	270.1
Net change in working capital	(7.2)	42.0
Income tax paid	(89.0)	(54.0)
Net cash from operating activities	594.7	689.5
Net cash used in investing activities	(299.4)	(267.7)
Net cash used in financing activities	(340.9)	(289.0)
Net change in cash and cash equivalents	(45.6)	132.8
Exchange difference on cash and cash equivalents	0.5	-
Cash and cash equivalents at beginning of the year	312.0	179.2
Cash and cash equivalents at end of the year	266.9	312.0
Free Cash Flow ⁽¹⁾	291.9	416.8

(1) Free Cash Flow refers to net cash from operating activities less purchase of fixed assets in the cash flow statement.

Net cash from operating activities was lower at \$594.7 million in FY13, primarily due to higher income tax paid, increased working capital needs and lower operating cash flows before working capital changes. For FY13, the increased working capital requirements were due to higher other receivables and inventories balances, mitigated by lower trade receivables and higher net balance due to related parties.

CAPEX payments in FY13 were up by \$30.1 million due mainly to the payment for the leasehold land acquired for the construction of the media and network transmission centre. CAPEX payment for FY13 totaled \$302.8 million or 12.8% of revenue. As a result, net cash outflow from investing

activities was higher at \$299.4 million in FY13 when compared to \$267.7 million in FY12.

As of 31 December 2013, the Group's total outstanding capital expenditure commitments amounted to \$376.1 million. The outstanding commitments comprised mainly commitments for the 4G spectrum rights of \$120 million, new business support systems, expansion and enhancement of our international and domestic network infrastructure and systems.

On account of the lower net cash from operating activities and higher capex payments in FY13, free cash flow decreased 30.0% to \$291.9 million.

For FY13, net cash used in financing activities amounted to \$340.9 million, with dividend payments totaling \$344.2 million, grant receipts of \$21.7 million and finance expenses paid of \$19.2 million. In the comparative figures in FY12, in addition to the dividend payments and grant receipts, there were also bank loan repayments of \$275.0 million, proceeds from Medium Term Note issue of \$220 million and new bank loans of \$80 million.

As at 31 December 2013, the Group's cash and cash equivalents were \$266.9 million, reflecting net cash used of \$45.6 million from FY12's position at \$312.0 million.

1.5 FINANCIAL POSITION

	As at 31 December	
	2013 \$m	2012 \$m
Non-current assets	1,238.0	1,190.6
Current assets	612.0	618.0
Less: Current liabilities	901.6	879.2
Less: Non-current liabilities	865.7	885.9
Net assets	82.7	43.5
Shareholders' equity	82.7	43.5

As at 31 December 2013, the Group's total non-current assets were \$47.4 million higher at \$1,238.0 million when compared to a year ago. This was due to \$66.3 million higher net book value for property, plant and equipment, offset by lower net book value of intangible assets of \$16.4 million and utilisation of deferred tax assets of \$2.5 million.

Total current assets were lower at \$612.0 million as at 31 December 2013 when compared to \$618.0 million as at 31 December 2012. Cash and cash equivalents and trade receivables in FY13 were comparatively lower than FY12, while other receivables, deposits and prepayments, inventories and balance due from related parties were

higher when compared to FY12.

As at 31 December 2013, total current liabilities amounted to \$901.6 million. This was \$22.4 million higher than a year ago, with increase attributed to higher trade and other payables, and balance due to related parties, mitigated by lower provision for taxation.

Total non-current liabilities were lower at \$865.7 million, primarily due to lower deferred income, trade and other payables, offset by higher deferred tax liabilities.

As at 31 December 2013, the Group's shareholders' equity was \$39.2 million higher at \$82.7 million from higher

share capital for shares issued pursuant to employees' option and share plans and profits retained in the business.

Gearing

Compared to a year ago, the Group's total borrowings as at 31 December 2013 remained unchanged at \$687.5 million.

As a result of the lower cash balances, net debt at \$420.6 million as at 31 December 2013, was \$45.1 million or 12.0% higher when compared to a year ago. As a percentage of FY12 EBITDA, the Group's net debt rose to 0.58 times as at 31 December 2013, from 0.52 times a year ago.

Sustainability Report 2013



reduce, restore, reconnect

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ABOUT THIS REPORT
StarHub's third annual sustainability report covers our economic, social and environmental performance for the calendar year 2013. The report describes our material impacts on the environment, people and society, what we did during the year to manage these impacts and what progress we made.

Prepared in accordance with the latest Global Reporting Initiative (GRI) G4 guidelines, at core level, the report also includes relevant indicators from GRI's Telecommunications Sector Supplement and the Media Sector Supplement.

The scope of the report includes all business divisions and subsidiaries which are under the financial and operational control of StarHub. Data presented in the report has been extracted from the primary internal records and documents to ensure accuracy. We have used internationally accepted measurement units for data and the basis for data calculations has been explained in the relevant sections of the report.

REPORTING PROCESS
StarHub's Sustainability Reporting Committee, which includes senior executives from major functions, directs the preparation of the report. The Committee reviews, assesses and determines the sustainability context, materiality, scope, boundary, and prioritisation of topics to be covered in the report. A taskforce with representatives

from all stakeholder departments is responsible for gathering and verifying the performance data.

The Committee reviewed the materiality analysis carried out in 2011 and revisited in 2012, in view of the new GRI G4 guidelines on materiality. Input from a range of stakeholders received throughout the year and advice from an external sustainability expert guided the selection of the 23 most material issues to be included in this report. Additional guidance from the GRI Supplements on the Telecommunications Sector and the Media Sector was used to determine the most material topics specific to the industries in which we operate.

We have applied the GRI G4 reporting principles for defining report content to write this report. These principles include:

1. Stakeholder Inclusiveness (identifying stakeholders and our response to their expectations and interest);
2. Sustainability Context (presenting the organisation's performance in the wider context of sustainability);
3. Materiality (covering the organisation's most significant economic, environmental and social impacts which are also important to the stakeholders);
4. Completeness (providing sufficient information to reflect significant economic, environmental and social impacts to enable stakeholders to assess the organisation's performance).

RESTATEMENTS
In some cases, data for new locations have been added as our data collection mechanism improves and expands. In these instances, figures have been restated for past years to reflect the change. These changes have been indicated in the relevant sections.

SUSTAINABILITY REPORT 2013

ASSURANCE

We rely on our internal process to verify the accuracy of sustainability related data and information presented in the report with additional verification on random sampling basis by an external sustainability expert hired to assist in the preparation of the report.

AVAILABILITY

Only a limited number of copies of this report have been printed and these are printed on Forest Stewardship Council (FSC) certified sustainable paper. To encourage the use of electronic copies, a PDF version of the report is available for download on our website 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.

FEEDBACK

Feedback from all stakeholders is welcome. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to StarHubCSR@StarHub.com

STARHUB SUSTAINABILITY PERFORMANCE SCORECARD

PERFORMANCE AREA	FY 2013	FY 2012	FY 2011
OUR PEOPLE			
Permanent employees*	80%	79%	91%
Local employees (Singaporean citizens)*	81%	81%	80%
New hires	464	587	631
Female employees*	42%	43%	44%
Female managers – Senior level	37%	42%	45%
Female managers – Middle level	38%	37%	39%
Female Heads of Department	34%	36%	39%
Average training hours per employee	25	22	25
Training expenditure per employee	\$884	\$531	\$713
Employee satisfaction level (HR Satisfaction Survey)	97%	95%	92%
Employee turnover rate	15.5%	18.0%	17.0%

* % of StarHub workforce

OUR ENVIRONMENT

CO ₂ e emissions (tonnes)	58,383	60,839	61,695
Carbon emission intensity per \$million revenue (tonnes CO ₂ e)	24.8	25.1	26.7
Energy intensity per \$million revenue (Giga Joules)	181	178	183
Water consumption (cubic metres)	29,348	26,143	26,385
Waste (tonnes)	49	125	126
E-waste recycled (tonnes)	259	320	364
Paper recycled (kilogrammes)	10,260	9,910	8,380
Paper consumption per employee (number of sheets)	3,594	3,998	4,216
Electricity used in StarHub offices (million kWh)	9.0	8.9	9.1

OUR MARKETPLACE

Customer satisfaction at our Contact Centres	98.7%	95.6%	91.1%
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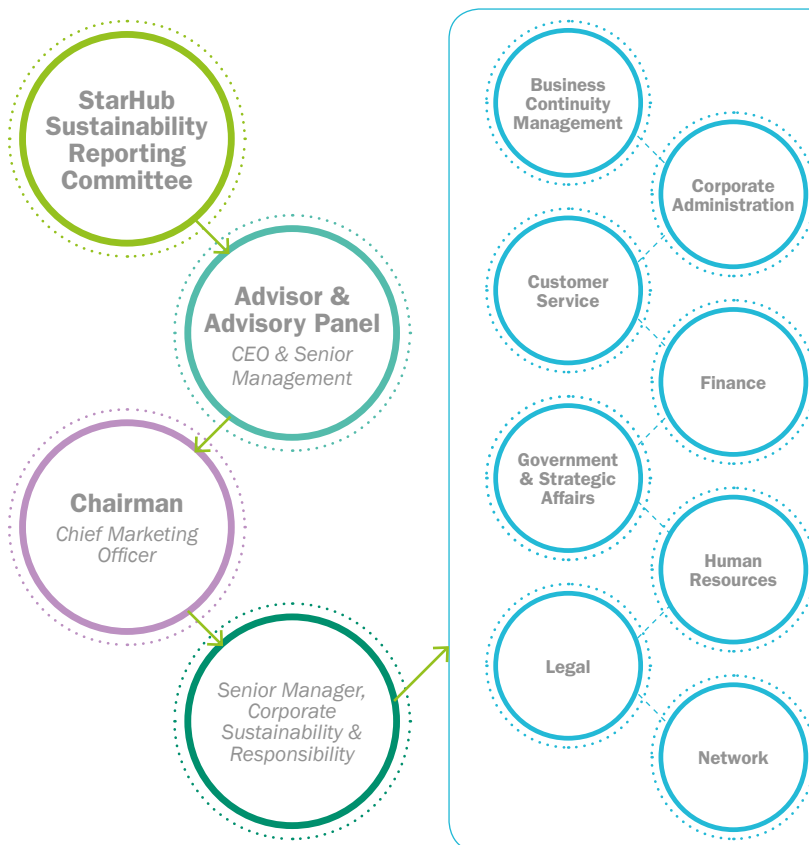
OUR COMMUNITY

Employee volunteerism (number of days)	211.5	133.0	57.0
Community investment and donations to charities (\$million)	\$1.2	\$0.7	\$1.8

OUR ECONOMIC PERFORMANCE

Revenue (\$million)	\$2,359	\$2,422	\$2,312
Net profit (\$million)	\$371	\$359	\$316
Share of local suppliers as % of total supplier payments	83.6%	81.0%	N/A
Proportion of local suppliers	83.1%	81.8%	N/A

SUSTAINABILITY ORGANISATIONAL STRUCTURE



StarHub's sustainability strategy is formulated and driven at the top management level. StarHub's Sustainability Committee, headed by the CEO and represented by senior management executives, oversees company-wide sustainability strategies and initiatives including identifying the most material impacts that the organisation should prioritise. StarHub's Senior Manager of Corporate Sustainability & Responsibility is responsible for coordinating various sustainability programmes. A cross-functional project team has the responsibility to gather, monitor and report performance data for sustainability reporting.

STARHUB CORE VALUES

Four pillars of our Core Values define our management approach to continuously maximising value for our shareholders and stakeholders:

Excellence

Creativity

Integrity—social, environmental and financial

Teamwork

StarHub's vision is to be Singapore's first choice for information, communication and entertainment services. We are on a mission to provide every person, home and business in Singapore with world-class multimedia services and content. We believe we can realise our vision only by pursuing policies and practices that nurture StarHub as a brand that everyone trusts.

CASE STUDY

STARHUB IN THE GLOBAL 100 LIST

In January 2014, StarHub further cemented its position as a responsible and sustainable organisation with a ranking of 29 on the Corporate Knights' Global 100, a list of the world's most sustainable corporations. This is the second highest position ever attained by a Singaporean company and the highest ranked telecommunications company globally for the year.

This was a remarkable improvement over 2013's ranking of 66, which was the first time StarHub was included in the list.

The Global 100 List, an annual project initiated by Corporate Knights Inc., is the most extensive data-driven corporate sustainability assessment globally, and inclusion is limited to a select group of the top 100 large-cap companies in the world.

OUR STAKEHOLDERS

How our operations impact stakeholders, what our key stakeholders expect from us and how they assess StarHub's performance in meeting those expectations help us to identify and prioritise our most material impacts. Stakeholder engagement, therefore, is an important and ongoing action across StarHub. Our stakeholder engagement is summarised below.

STAKEHOLDERS	HOW WE ENGAGE	STAKEHOLDERS' EXPECTATIONS	HOW WE RESPOND	PROGRESS DURING 2013	PLANS FOR 2014
CUSTOMERS	Customer surveys, Twitter, Facebook®, advertisements, retail stores, Customer Service outlets, online store, corporate website, customer hotline.	Seamless, high-quality coverage, rich content, affordability, data security, prompt level of service.	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 feedback and respect for privacy.	The adoption of a new customer satisfaction measurement tool that also helps to determine proactively loyal customers; the beginning of our retail transformation to integrate customer service, enterprise services and retail under one roof; introduction of e-butler for enhanced customer engagement.	To further implement the new customer satisfaction measurement tool across various customer touchpoints; continuation of the retail transformation; production of own Pay TV content for a richer, more localised product offering.
EMPLOYEES	Intranet, emails, internal newsletter publications, workshops, frequent company-sponsored sporting and social activities like games organised for employees, small group discussions and twice-yearly Staff Communication Sessions, quarterly video messages from the CEO, encouragement of employees to interact more personally in and out of the office, free fruits and early release on certain Fridays to spend with the family. Also through social media platforms like our online StarHub Community, which allow employees to interact with one another as well as with customers, associates, friends, etc.	Caring, conducive environment where productivity and self-development can take place, ease of employees' applications for leave, training, etc.	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 also promote work-life balance and a conducive environment for employees to work in 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.	Twice-yearly Staff Communication Sessions and quarterly video messages from the CEO; enhanced benefits for employees. Twice-yearly structured supervisor-subordinate discussions on their performance and development instead of just one annual performance appraisal previously. Last year also saw 40 senior managers coaching 85 "new" managers. We will continue to inculcate a coaching culture within the organisation, particularly at inter-department level.	We will continue to explore ways to improve the work-life balance and engagement of our employees. On top of that, we have recently implemented the Career Development Framework to guide employees in their career aspirations within the company. The framework is also supported by the StarHub Community, an online forum for employees to discuss their career interest, their interest in certain jobs in the company with fellow colleagues. The initiative aims to encourage employees to take ownership of their career development and aspirations.
SUPPLIERS	Quotations, Requests For Proposal, tenders, regular meetings, email correspondence, teleconferences.	Compliance with terms and conditions of prevailing purchasing policies and procedures, while maintaining ethical standards; appropriate costs; marketing support from suppliers.	By establishing policies and practices that ensure a fair selection and procurement process, ethical business practices and respect for contractual obligations.	A shift in focus to local suppliers.	To explore the implementation of a Supplier Sustainability Assessment.
DISTRIBUTORS/ RETAILERS	Regular meetings, shop visits, email correspondence and seminars.	Timely delivery; quality assurance; strong dealer collaboration, driving good customer experience; after-sales support.	By proactive sales planning; sales support; regular visits by Account Managers and providing Single Point of Contact for distributors/partners for timely response.	No significant changes were implemented in the reporting year.	To maintain current levels of engagement for an optimal Customer Experience.
BUSINESS PARTNERS	Frequent discussions with telecommunications and content partners.	Partnerships for business opportunities and growth.	By engaging them to seek mutually beneficial business opportunities.	<ol style="list-style-type: none">Quarterly Business Reviews: discussion of business achievements, challenges and to-dos.Quarterly Kick-offs: quarterly growth, achievement and directions for the quarters to come are presented.Bi-yearly Channel Partners Executive Forums: top executives are invited to attend and share concerns and we share directives at the management level.	Leveraging more on CASIE (Compete And Sell Intelligence Effectively)—StarHub's online platform which disseminates information on sales, promotions, wins, announcements, notable stories, electronic newsletters and many more—to better attract business partners.

SUSTAINABILITY REPORT 2013

STAKEHOLDERS	HOW WE ENGAGE	STAKEHOLDERS' EXPECTATIONS	HOW WE RESPOND	PROGRESS DURING 2013	PLANS FOR 2014
INVESTORS	Frequent email exchanges, as well as regular meetings and discussions with over 300 institutional investors, across Asia, Europe and the US.	Transparency, timely information on company progress and status, profitability.	By endeavouring to generate optimum return on investment, good governance, transparency and disclosure, as well as sustainable and long-term growth of business.	Investor engagement remained strong in the reporting year with 245 meetings with investors.	To maintain current levels of investor engagement, with good corporate governance, transparency and disclosure.
LOCAL COMMUNITIES	Community outreach programmes, corporate sponsorships.	Support from a caring corporate citizen.	By regularly reviewing community needs, partnering with Voluntary Welfare Organisations, and investing in community projects to help the needy and underprivileged youth.	Greater involvement of staff in social outreach at a grassroots level through an internal Sparkler's Initiative; formalising a company statement on social outreach.	Greater working partnerships with government agencies involving social outreach.
MEDIA	Prompt responses to media queries on a daily basis, regular media releases, briefings and conferences.	Exposure and access to company developments and news, as well as breaking stories on products, entertainment and related content.	By providing timely and accurate information on company affairs of public interest.	Media engagement remained consistently strong for the reporting year with 77 media releases posted.	To maintain the current level of media engagement, with timely and accurate company information.
GOVERNMENT AND REGULATORS	Regular discussions with relevant agencies and departments.	Adherence to regulations, prompt resolution of issues.	By committing ourselves to comply with applicable laws, putting in place policies and procedures to ensure compliance.	No significant changes were implemented in the reporting year.	To maintain the current level of dialogue with adherence to regulations and prompt resolution of issues.
TRADE ASSOCIATIONS	Membership in relevant trade associations.	Support in addressing issues facing the industry.	By contributing through active membership and participating in industry forums and dialogues, sharing knowledge and information.	No significant changes were implemented in the reporting year.	No major plans for enhanced engagement have been scheduled for the year 2014.
TRADE UNIONS	Dialogue with the unions.	Access to employees for promoting membership and engagement with management.	By maintaining an 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.	No significant changes were implemented in the reporting year.	No major plans for enhanced engagement have been scheduled for the year 2014.
NGOS AND ADVOCACY GROUPS <i>(e.g. Singapore Compact, human rights groups, WWF, etc.)</i>	Attending conferences, meeting with interest groups and sustainability reporting.	Responsible business practices, reducing environmental impacts and disclosing information about sustainability performance.	By committing to wider sustainability programmes that seek to harmonise our economical, social and environmental goals.	Addition of donations to WWF as a StarHub Rewards Redemption option for customers; initiated first-ever tri-telco environmental effort here for Earth Hour.	Exploring closer working relationships with environmental advocacy groups, e.g. SEC, to reach out to more audiences in Singapore with StarHub's Green message.

MEMBERSHIP OF ASSOCIATIONS

StarHub is a member of several national and international trade associations, forums and advocacy organisations. Membership to these organisations provides us with opportunities to engage a wide section of stakeholders as well as to share our expertise with others.

For example, Jeannie Ong, StarHub's Chief Marketing Officer and Head of Sustainability, is a member of

the Management Committee of Singapore Compact for Corporate Social Responsibility, and is a Director of Investor Relations Professional Association of Singapore.

Kevin Lim, Chief Commercial Officer, holds positions in Singapore InfoComm Technology Federation (Council Member), Singapore Chinese Chamber of Commerce and Industry (Member,

Technology Committee) and Singapore Management University (Member, Board of Advisors, School of Information Systems).

Teh Chong Mien, Vice President, Enterprise Business Group, is a Council Member of the IT Advisory Committee of Singapore Chinese Chamber of Commerce & Industry.

SUSTAINABILITY REPORT 2013

OUR MATERIALITY ANALYSIS

From the inception, our sustainability report has focused on the issues that we determined to be the most important to our key stakeholders and also to our business. A comprehensive materiality analysis preceded our inaugural sustainability report for FY2011. We reviewed the material topics in 2012 to develop strategic approaches to manage the significant impacts. More recently, we revisited our materiality analysis in view of the new GRI G4 guidelines to sharpen our focus on the most material aspects of our

business that are of utmost interest to StarHub's stakeholders.

The StarHub Sustainability Committee re-examined the social, environmental and economic impacts of our business and took into account feedback received from a range of internal and external stakeholders over the year. An external sustainability expert was hired to help in the materiality review. In addition, we have continued to use the GRI Telecommunications Sector Supplement and the GRI

Media Sector Supplement guidelines to cover material issues specific to the telecommunications and media companies. This year, for the first time, we also began to study the boundary of material impacts to understand where they actually occur in a significant way.

A refreshed list of material aspects and their respective boundaries is presented below. Our management approach to managing each of these aspects is described throughout the report in the relevant chapters.

OUR MOST MATERIAL ASPECTS

OUR MARKETPLACE	OUR WORKPLACE	OUR ENVIRONMENT	OUR COMMUNITIES	OUR ECONOMIC IMPACT
<ul style="list-style-type: none"> Reliable Access to Telecom Services (GRI Telecom Sector Aspect) Product and Service Labelling: Customer Satisfaction Customer Privacy Procurement Practices Clarity of Charges and Tariffs (GRI Telecom Sector Aspect) Customer Relations (GRI Telecom Sector Aspect) <p>GRI Media Sector Aspects:</p> <ul style="list-style-type: none"> Content Creation Content Dissemination 	<ul style="list-style-type: none"> Employment Diversity and Equal Opportunity Training and Education Employee Turnover Occupational Health and Safety 	<ul style="list-style-type: none"> Energy Emissions Water Effluents and Waste 	<ul style="list-style-type: none"> Local Communities <p>GRI Telecom Sector Aspects:</p> <ul style="list-style-type: none"> Access to Telecom Products and Services/Bridging Digital Divide Access to Content 	<ul style="list-style-type: none"> Economic Performance Indirect Economic Impacts Infrastructure (GRI Telecom Sector Indicators)

BOUNDARY OF OUR MOST MATERIAL ASPECTS

Below is a summary of StarHub's social, environmental and economic material aspects and their impact within StarHub, such as on employees, or outside of StarHub, such as on the supply chain.

OUR MATERIAL ASPECTS (GRI G4 ASPECTS)	MATERIAL IMPACT WITHIN ORGANISATION	MATERIAL IMPACT OUTSIDE ORGANISATION	MATERIAL IMPACT FOR STARHUB ENTITIES
OUR MARKETPLACE			
<ul style="list-style-type: none"> Procurement Practices Product and Service Labelling: Customer Satisfaction Customer Privacy 		<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> All All All
GRI Telecom Sector Aspect:			
<ul style="list-style-type: none"> Customer Relations 		<ul style="list-style-type: none"> ● 	StarHub Mobile Pte Ltd
GRI Media Sector Aspects:			
<ul style="list-style-type: none"> Content Creation Content Dissemination Audience Interaction Media Literacy 		<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> StarHub Cable Vision Ltd StarHub Cable Vision Ltd StarHub Cable Vision Ltd StarHub Cable Vision Ltd
OUR WORKPLACE			
<ul style="list-style-type: none"> Employment Diversity and Equal Opportunity Training and Education Employee Turnover Health and Safety 	<ul style="list-style-type: none"> ● ● ● ● ● 		<ul style="list-style-type: none"> All All All All All
OUR ENVIRONMENT			
<ul style="list-style-type: none"> Energy Emissions Water Effluents and Waste 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> All All All All
OUR COMMUNITIES			
<ul style="list-style-type: none"> Local Communities 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ● 	All
GRI Telecom Sector Aspects:			
<ul style="list-style-type: none"> Access to Telecom Products and Services/ Bridging Digital Divide Access to Content 		<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> StarHub Mobile Pte Ltd StarHub Mobile Pte Ltd
OUR ECONOMIC IMPACT			
<ul style="list-style-type: none"> Economic Performance Indirect Economic Impacts 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> All All
GRI Telecom Sector Aspect:			
<ul style="list-style-type: none"> Infrastructure 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ● 	StarHub Mobile Pte Ltd

OUR MARKETPLACE

Our mission is to grow StarHub's trusted brand image through innovation, integrity and customer service excellence.

Bridging the Digital Divide:
StarHub volunteers conducted
Basic Computer Classes
for elderly citizens from
Southeast CDC.



Our marketplace behaviour is guided by our core value of integrity—social, environmental and financial. A strong value-based approach helps StarHub employees to make the right decisions that grows StarHub's trusted and respected brand.

Our top priorities include doing everything we can to maintain uninterrupted and reliable delivery of mobile, broadband and TV services to millions of customers. Customer service excellence is at the core of our marketing strategy to attract, retain and grow our customer base.

MOBILE ACCESSIBILITY

Ensuring reliable access to our mobile network is central to maintaining the trust of our customers. We have implemented a 24/7 mobile network monitoring system aimed at maintaining quality and reliability of network service consistently above 99.9%, which was achieved in 2013.

Our telecommunications services are available to all groups, including residents and visitors, in accordance with the registration criteria set by the government agencies. We manage human rights issues relating to the access and use of telecommunication products and services by adhering to the policies and practices issued by the regulators, the Infocomm Development Authority and Media Development Authority.

CONTENT RESPONSIBILITY

We are committed to be responsible and protect children from undesirable online content. StarHub SafeSurf on Mobile is a network-based mobile Internet content filtering service which allows children the freedom to use their mobile devices to access content and information, while at the same time addressing their parents' concern of protecting their children from undesirable and inappropriate content. StarHub SafeSurf Online, a network-based Internet content filtering

service for all computers connected to a home network, blocks out undesirable websites on the Internet.

StarHub also offers SafeShield, an Internet security service that provides enhanced protection against viruses, malware, spam e-mails and cyber criminals.

CONTENT VALUES

Our policy is to ensure that our content, whether it is on our mobile, Internet or TV platforms, does not contain material that is undesirable or offensive to consumers. We are committed to prohibit content that is objectionable on the grounds of public interest, public morality, public security, national harmony, or that is illegal under Singapore laws. To this end, we have endorsed the Voluntary Code for Self-regulation of Mobile Content in Singapore, jointly developed with the other two telecommunications companies.

We actively support TV programmes for schools and other educational programmes; news and information programmes produced in Singapore or elsewhere; arts and cultural programmes; and drama and sports programmes produced in Singapore. Our programming policy promotes content in all national languages and free-to-air broadcasting.

Our parental advisory messages and content ratings help customers to make informed choices about viewing content carried on our mobile or TV platforms. Customers can also use the channel locking feature on our TV platform.

EMERGENCY PREPAREDNESS

We recognise the importance of providing, maintaining and swiftly recovering our telecommunication products and services in the event of an emergency, disaster or crisis situation.

StarHub was the first infocommunications company in

Our Commitments

- Ensure reliable access to mobile, broadband and TV services.
- Customer satisfaction through service excellence.
- Protect customer privacy and personal data.
- Creation and dissemination of content responsibly.
- Provide safeguards to protect children against undesirable content.
- Ensure clarity of tariffs.



I am glad I made the choice to switch telcos over to StarHub. James was extremely patient with me, despite the growing number of customers behind me. He understood that I was a first time subscriber to the services I was signing up for, and instead of brushing me aside and pushing me to make a decision as I have experienced in many other industries, he ensured that I understood what I was signing up for.

JACK LEE
— StarHub Customer —



SUSTAINABILITY REPORT 2013

Customer Satisfaction
at Contact Centres (%)

I would like to thank you personally for your professionalism in handling my case. I am happy that StarHub seriously looked into my feedback and provided a win-win situation. My wife has decided that once her other contract ends, she will change to a StarHub package for the home line, broadband and cable TV. Then, my whole family will support StarHub. I will also tell my friends about StarHub's service. Once again thank you so much for all your time and attention. Well done, StarHub Team!

NICHOLAS TAN
– StarHub Customer –

Singapore to be successfully certified to Singapore Standards SS540: 2008 for Business Continuity Management (BCM) in May 2011. Our BCM programme, overseen by the Management Risk Committee, addresses situations such as pandemic flu, crisis communication, coordination and management, and loss of access to key StarHub infrastructure and operating facilities.

CLARITY OF CHARGES
AND TARIFFS

Our approach is to set fair prices, offer affordable price plans that meet the needs of customers in various segments and clearly communicate the pricing structure and the contract terms to all mobile, TV, broadband and voice customers through marketing channels. The price plans are prominently displayed at all retail outlets, are available on our website and are explained by our employees to customers at the time of signing up.

We have taken steps to protect customers from “bill shocks”. Roam Manager is our free service that allows mobile phone customers to check roaming rates, monitor data roaming usage, set data roaming usage alerts and get emergency numbers in over 230 international destinations. DataRoam Cap@ \$100, a roaming tool, ensures customers' data roaming usage charges do not exceed \$100 per month. Our best value RoamEasy Plans offer worry-free data roaming in 31 countries at fixed prices.

Our Premium Rate Services (PRS) barring facility allows blocking of the subscription of PRS and its charges offered by StarHub or third parties. For our broadband plans, we publish the typical speed range that consumers can expect to experience.

CUSTOMER SATISFACTION
AND FEEDBACK

Customer satisfaction is one of the most important indicators for assessing our success in the marketplace. From 2014,

we will continue to implement Net Promoter System, a more robust tool for measuring and tracking customer satisfaction and loyalty.

According to international social media statistics company Socialbakers, StarHub was named the top Socially Devoted Facebook brand in Singapore for three consecutive quarters in 2013. Socialbakers is used by over 250,000 brands and marketers worldwide each month to track their performance on social media platforms, including Facebook and Twitter. StarHub scored a high of 86.3% for social response rates, which is over 9% above the global industry average for telcos. The average response time for StarHub to answer customer questions on Facebook is 6.5 hours, 32.1 hours less than the industry benchmark in Singapore.

CONSUMER PRIVACY
AND DATA SECURITY

As a leading mobile and TV operator, we possess a significant amount of customer data. Protecting customers' privacy and their personal data is a key priority for us. We have enhanced our customer privacy and data security programme to ensure compliance with Singapore's Personal Data Protection Act, scheduled to come into force in 2014. We have implemented procedures to ensure that the customers who have registered their phone numbers with the National Do Not Call (DNC) Registry will not receive promotional and marketing messages via phone calls, text messages and faxes except for those who had given specific consent to receive marketing messages. Those who had given their consent can withdraw their consent to stop receiving messages.

We have set up a user-friendly portal on the StarHub website to allow customers to register their Opt-In or Opt-Out preference for Voice Call, SMS/MMS and Fax from StarHub and our preferred partners in three simple steps.

COMPLIANCE

StarHub was not fined or sanctioned for any non-compliance with laws or regulations including the ones concerning the provision and use of products and services during FY2013.

SUPPLY CHAIN

Our procurement practices include strict adherence to the ethical code of conduct, which addresses issues of integrity, due diligence, fairness and conflict of interest in the selection of vendors, suppliers and contractors.

StarHub has four main business lines. These are Mobile, TV, Broadband and Fixed Network. A significant part of our supply chain includes manufacturers

and suppliers of network equipment, consumer handsets and customer premise equipment, and creators or providers of content. Our supply chain is illustrated below.

StarHub, excluding Nucleus Connect, engaged 5,443 suppliers in 2013, of which 83.1% are local suppliers, up from 81.8% in 2012. Out of the over \$552m billed by suppliers, 83.6% was by local suppliers, up from 81.0% in 2012.

We plan to include a Sustainability Questionnaire section in our Supplier Assessment in 2014, broadly covering their approach to environment, civic mindedness, corporate governance, and labour rights.

I'm very delighted with the services that Alex Chang, Dorothy and Field Engineer provided us. They were well organised and responsible for every single matter, even urgent changes. Alex Chang follows up on tasks closely and is very flexible. Even the field engineers who perform the task are very knowledgeable. GOOD JOB. Grade 5 star services and thumbs up.

FOO CHIH CHIAO
– StarHub Enterprise Customer –

AN OVERVIEW OF STARHUB GROUP SUPPLY CHAIN

BUSINESS UNIT	EXTERNAL	COLLATERALS SUPPLIERS	SOFT CONTENT SUPPLIERS	IT SUPPLIERS	OWN NETWORK	CUSTOMER PREMISE EQUIPMENT	SALES & FULFILMENT CHANNELS	AFTER USE
Mobile			Apps		2G, 3G, 4G	Mobile handsets, SIM cards, Mobile accessories		
TV		Printers (of publicity/marketing materials), corporate gift vendors, etc.	Programmes (content providers and production partner)	Customer Relationship Management, Enterprise Planning Resource, Billing, Database, Storage, etc.	Hybrid Fibre Coaxial (HFC), Fibre IP	Set-Top Boxes	Stores, Exclusive Partners, Resellers, Sales Partners, Direct Sales, Retail Chain Stores, Field Services	Traded-in handsets, Faulty/obsolete equipment, Surplus/old marketing/publicity material
Broadband	Fibre				HFC, Fibre IP	Cable Modems, Routers		
Fixed Network					Fibre, Fibre IP, Undersea Cable	Customer Premise Equipment		
Corporate				Intranet Office IT hardware		Expendable office supplies		

OUR WORKPLACE

Our mission is to create a vibrant workplace based on trust, teamwork, inclusivity and excellence.

New StarHub employees go through a three-day Orientation for New Employees programme to learn more about StarHub.



Our goal is to be an employer of choice by offering a vibrant workplace driven by teamwork, creativity, excellence, diversity, and work-life balance. We believe employee satisfaction is crucial to serve our customers effectively and efficiently. Our people play a key role in driving business growth. Our approach therefore is to invest in people to drive excellence across StarHub.

Our HR policies and practices promote merit-based hiring and remuneration, fair treatment, teamwork, safe and healthy working conditions, diversity, reward and recognition for performance, people development, career growth and work-life balance.

EMPLOYEE PROFILE

We employed 3,528 people in 2013, of whom 499 were in supervisory or managerial positions. In StarHub, IS & Network Engineering (31.3%),

Consumer Business Group (22%) and Customer Service (21.6%) accounted for the largest shares of the headcount. Median age of employees in 2013 was 35 years.

OUR PERFORMANCE

Diversity and equal opportunity

We promote diversity and offer equal opportunity irrespective of gender, age, racial, ethnic or cultural background. Our workforce profile reflects our commitment to diversity.

EQUAL REMUNERATION FOR MEN AND WOMEN

Ratio of base salary: Female to Male

	2013	2012	2011
Female	1	1	1
Male	1.1	1.1	1.3

DIVERSITY OF STARHUB

Gender Diversity (%)



● Female
● Male

Gender Diversity (%) Department/Division/Section Heads



● Female
● Male

Gender Profile by Employee Category (%)



● Female
● Male

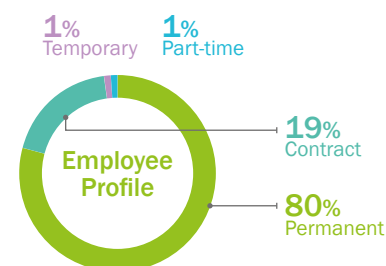
Our Commitments

- Nurture a caring workplace based on fair and inclusive employment practices.
- Promote teamwork as a core value.
- Promoting diversity and providing equal opportunity.
- People development through regular training and education.
- Attract, nurture and retain talent.
- Ensure health and safety in the workplace.
- Encourage employee volunteerism.

Performance Highlights

WOMEN IN WORKFORCE: 42%	TRAINING SPEND PER EMPLOYEE: \$884
FEMALE HEADS OF DEPARTMENT: 34%	EMPLOYEE TURNOVER: 15.5%
LOCAL EMPLOYEES: 81%	FATAL ACCIDENTS: 0
TRAINING HOURS PER EMPLOYEE: 25	EMPLOYEE SATISFACTION RATE: 97%

Employee Profile



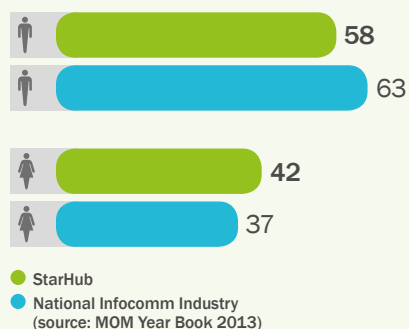
* does not add up to 100% due to rounding

SUSTAINABILITY REPORT 2013

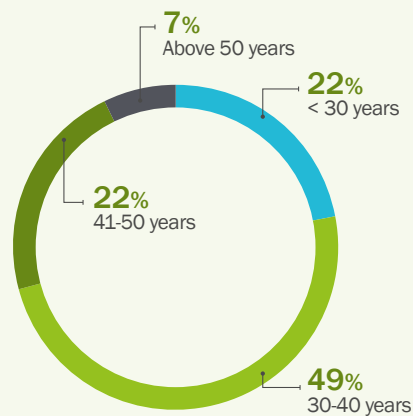
DIVERSITY OF STARHUB

Gender Diversity (%)

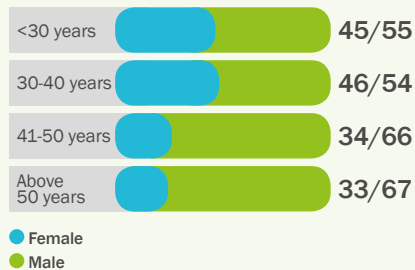
StarHub vs Infocomm Industry



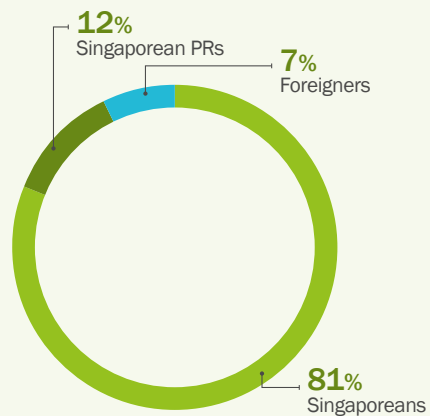
Age Diversity (%)



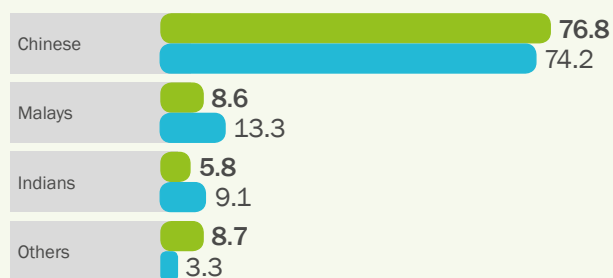
Age Diversity by Gender (%)



Local Employees (%)



Ethnic Diversity (%)



● StarHub*

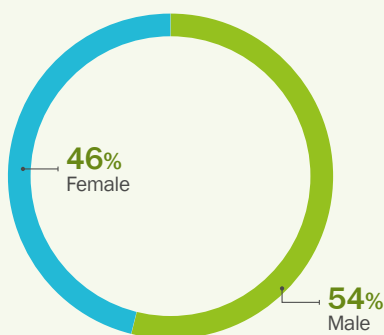
● National Ethnic Composition*

(source: Population Trends 2013, Department of Statistics, Singapore)

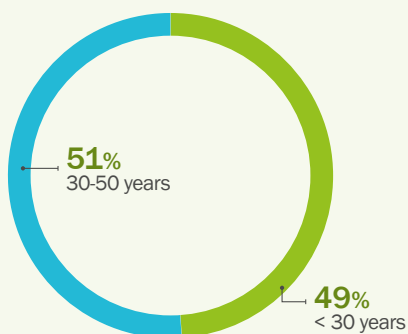
* Does not add up to 100% due to rounding.

NEW HIRING

Hiring by Gender



Hiring by Age Group



TRAINING AND EDUCATION

Employee development is an important aspect of our people management strategy. The main objectives of our Learning & Development Framework are to build and maintain an engaged and motivated workforce, build leadership quality for the future, and identify and equip employees with critical technical skills which are required to meet current and future business challenges.

Other than in-house training programmes, employees are also provided sponsorship opportunities for attending functional skills training, overseas training and conferences, certification courses and executive management programmes.

Our employees received 71,066 hours of training—an average of 25 hours per employee—in 2013. We spent \$2.5 million on training in 2013 compared with \$1.5 million in 2012. Per trainee expenditure for 2013 was \$1,368.

Jointly with the Singapore Retailers Association and Master-Card Singapore, we sponsored three retail shop employees for the SRA-MasterCard Retail Scholarships Programme. 2013 was the first time we participated in the programme which aims to groom potential leaders in the retail industry. Demands in the ever-changing retail landscape coupled with changing consumer behaviour make it more urgent for employees facing customers to acquire knowledge and new ways to delight the customers and enhance their experience.

PERFORMANCE MANAGEMENT

All permanent employees continued to receive periodic performance reviews and career development reviews in an organisation-wide exercise.

EMPLOYEE BENEFITS

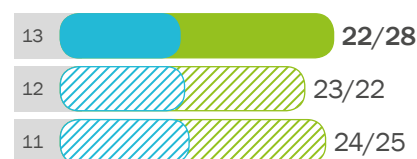
Our permanent employees are entitled to a range of benefits which are not available to temporary or part-time employees. Examples include Comprehensive Health

Average Training Hours by Category and Gender



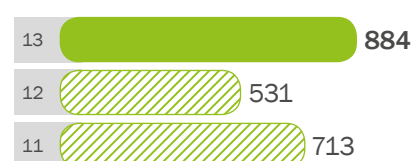
● Female
● Male

Training Hours Per Employee by Gender



● Female
● Male

Training Expenditure (\$)

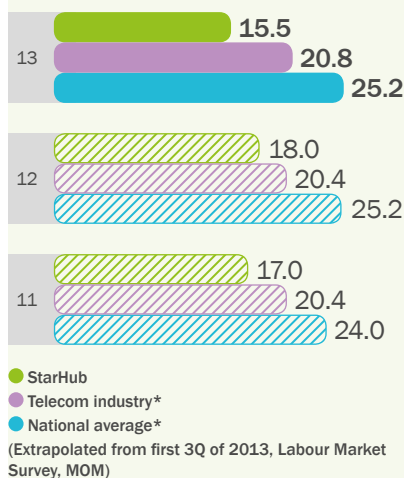


● Training expenditure per employee per annum

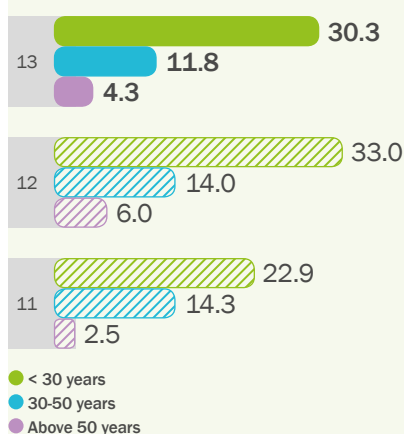
SUSTAINABILITY REPORT 2013

EMPLOYEE TURNOVER

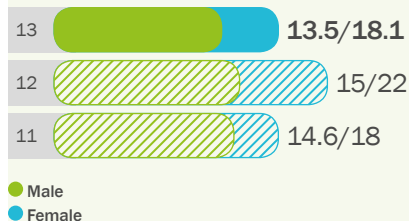
Employee Turnover (%)



Employee Turnover by Age Groups (%)



Employee Turnover by Gender (%)



Screening, additional insurance coverage other than Work Injury Compensation insurance coverage, leave entitlement (except for National Service Leave), medical/dental/specialist consultation and/or treatment reimbursement, transport allowance, training except for the job-related training necessary for them to perform their job, claim for professional fees for joining professional associations, Long Service Award, entry passes for places of interest, and tokens for special occasions (e.g. birth/marriage).

ENHANCED BENEFITS
Leave

We have enhanced some of our leave schemes including the childcare leave, paternity leave and shared parental leave following the Child Development Co-Savings Act (CDCA) which came into effect on 1 May 2013.

Besides this, the company also recognises that eldercare is a growing need and is largely provided by the younger generations of the family. We have extended eldercare leave to our employees for the purpose of caring for their aged parents when they require medical attention.

Employee Plan Benefits

We have enhanced our employee StarHub TV and MaxOnline plans further to ensure that employees enjoy greater benefits as compared to the commercial plans. We have also extended attractive rates to our employees who subscribe to MaxInfinity plan.

Insurance

The insurance coverage has also been enhanced to provide greater protection to our employees. In addition, we also brokered with the insurance broker to extend the supplementary major medical insurance coverage to the employees' families at very favourable premium rates.

Employee satisfaction

In the 2013 Annual HR Satisfaction Survey, 97% of the participants

responded that the overall HR performance met or exceeded requirements, up from 95% in 2012 and 92% in 2011.

Occupational Health and Safety

Our approach to workplace safety involves assessing health and safety risks, inculcating awareness of best practices and taking preventive measures.

StarHub is a certified bizSafe Level 3 organisation. The certificate is awarded by the Workplace Safety and Health Council Singapore based on an independent audit by a Ministry of Manpower-approved bizSafe auditor.

Our Workplace Safety and Health (WSH) Committee periodically reviews StarHub's safety and health policies, procedures and practices. We have also appointed Risk Assessment team members from various functions and departments. The risk assessment team works with a nominated Risk Management Champion to assess risks for every work activity and process carried out at the workplace. We have created a StarHub Workplace Safety and Health portal on the company Intranet for employees, to support continuous communication and learning.

Health Education

We continued to organise talks and workshops to raise employee awareness about health issues. Topics covered in 2013 included Back and Neck Care, Sports Injury & Prevention and Food Therapy. 600 employees also participated in an onsite Health Screening.

Safety for field staff

Our safety policies cover the field staff and contractors involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside work. Our Workplace Safety and Health system includes a Code of Practice on WSH Risk

Management, Risk Assessment, safety procedures for installation of radio equipment and a disaster recovery plan.

We require our contractors to comply with the provisions of the Workplace Safety & Health Act while undertaking work at our sites. Contractors are required to carry out a risk assessment of the workplace and submit the assessment report for necessary approval prior to carrying out work on site.

In 2013, there were no fatal accidents at any of our worksites. We reported four minor cases for Work Injury Compensation. These were minor injuries sustained; for example, hurt by falling equipment, or falling from a misstep.

Siting of masts

We actively support responsible policies and practices on the siting of masts and transmission sites that encourage stakeholder consultation, site sharing and initiatives to reduce visual impacts.

A brief description of our sites as at the end of FY2013 is presented below:

TYPE OF SITE	PERCENTAGE
Stand-alone Mobile Sites	0.7%
Shared Sites (Mobile-CAS)	9.2%
Sites on Existing Structures	90.1%



Jeannie Ong

CASE STUDY

STARHUB'S FIRST FEMALE C-LEVEL EXECUTIVE

Jeannie Ong became the first female C-level executive at StarHub when she was named Chief Marketing Officer in August 2013. Jeannie was previously StarHub's Senior Vice President of Corporate Communications & Investor Relations. In addition to providing strategic counsel in the areas of Corporate Communications, Investor Relations and Corporate Sustainability, she now also oversees StarHub's Marketing and manages its Customer Value Management team.

Jeannie joined StarHub in April 2001 and helped to bring the company public in October 2004. Jeannie holds an honours degree from the University of London, where she majored in Economics and Marketing. Her appointment demonstrates the merit-based reward system employed by StarHub.

Employee Satisfaction Rate (%)



My wife and I were at your Plaza Singapura shop on 31 August and were served by Eddy who we found to be patient, knowledgeable, helpful and, most importantly of all, bothered to follow-up with our queries. I would like to thank him and congratulate StarHub for having such a wonderful, dedicated employee.

TAN SIAK HOW
- StarHub Customer -

OUR ENVIRONMENT

Our mission is to continuously minimise the environmental impacts of our business operations.

StarHub supported the National Parks Board's (NParks) Plant-A-Tree programme by planting 100 trees on Pulau Ubin.



Our infocomm services improve the efficiency and competitiveness of individuals, businesses and the wider economy. Our TV network is an important source of infotainment for the masses in Singapore. However, delivery of these crucial services entails some environmental impact. Our approach is to continuously assess, review, prioritise and reduce the most material environmental impacts across our business. A key element of this approach is to involve our employees in addressing the key environmental issues.

Energy, greenhouse gas emissions, waste and water continue to be the most important areas for our attention.

STARHUB ENVIRONMENTAL POLICY

This year, we also reviewed and refreshed our Green Policy established in 2009, to focus more on minimising the most material environmental impacts of our operations. Our environmental programme continues to be guided by the following six-point commitments enshrined in the Green Policy:



Our Commitments

- Reduce energy intensity.
- Reduce greenhouse gas emissions.
- Reduce water use.
- Reduce and recycle waste.
- Increase employee awareness about environmental issues.
- Comply with regulations.

Performance Highlights

ENERGY INTENSITY: 181 Giga Joules per \$million revenue	WATER USE: 29,348 cubic metres
CARBON EMISSIONS INTENSITY: 24.8 tonnes CO ₂ e per \$million revenue	E-WASTE RECYCLING: 259 tonnes
	GENERAL WASTE: 49 tonnes

CASE STUDY

MOBILE NETWORK UPGRADE

In 2013, we modernised our mobile network with more efficient and capable 2G and 3G equipment. We also added another network to our existing infrastructure to support LTE. Yet, despite the expanded network and although the average electricity tariff only dropped by 6% year on year, our mobile network's electrical consumption has dropped 12%.

SUSTAINABILITY REPORT 2013

CASE STUDY

MEDIAHUB:
OUR NEW GREEN
FACILITY

We initiated our MediaHub project in November 2013 with a groundbreaking ceremony graced by Minister for Communications and Information, Dr Yaacob Ibrahim.

MediaHub, which is located at one-north in Buona Vista, will serve as a convergence hub for our fixed, mobile and pay TV networks, and will also be the place for our innovation and future business.

The six-storey building has been designed to achieve the Building & Construction Authority Green Mark (Data Centre) Gold^{Plus} certification.

MediaHub will include a host of environmentally friendly features for energy efficiency, water efficiency, sustainable construction and management, and indoor environment quality.

OUR PERFORMANCE

StarHub's main office, StarHub Green at Ubi—which was awarded the Green Mark Gold by the Building and Construction Authority in Singapore in 2009—continues to save energy and water.

Energy

Our energy footprint comes mainly from the running of data centres, base stations, offices and transport. Our approach is to find ways to reduce energy consumption through employee awareness, by adopting energy efficient technologies and using renewable energy.

We have taken steps to improve the cabling management and air-conditioning efficiency of our data centres in order to reduce energy consumption.

In 2013, electricity consumption at our mobile Base Transceiver Stations (BTS), which account for roughly 26% of all electricity use, came down by 12% despite the fact that we expanded our mobile network, as we continued to modernise the network by adopting energy efficient technologies.

Renewable energy

StarHub has two solar-powered mobile BTS located at the headquarters building StarHub Green and on the roof of IKEA Store at Alexandra Road. We also have a solar-powered BTS-enabled vehicle to boost signal strength where and when necessary.

Greenhouse gas emissions

Our organisational carbon footprint results from the use of energy—mainly electricity, diesel and petrol. Our approach is to reduce carbon emission intensity by minimising the use of energy and increasing energy efficiency.

Ozone-depleting fugitive emissions

Fugitive emissions from the use of refrigerant R22, an ozone-depleting hydrochlorofluorocarbon (HCFC) used in air-conditioning equipment, amounted to 984 tonnes CO₂e in 2013. We are in the process of phasing out the use of R22 in favour of lower impact alternatives.

Waste

Our operational waste primarily includes paper and packaging, mostly generated at our offices. Our waste management approach is based on the classical “Reduce, Reuse and Recycle” philosophy. We also help our customers to recycle their after-use mobile phones and cable TV equipment such as set-top boxes and remote controls.

DETAILED EMISSIONS SUMMARY (CO₂e TONS)

EMISSION SOURCES	2013	2012	2011
SCOPE 1			
Stationary combustion	148	121	229
Mobile combustion	639	641	664
Fugitive emissions (refrigerant gases)	255	0	2,131
Total Scope 1 emissions	1,042	762	3,024
SCOPE 2			
Purchased electricity	57,342	60,077	58,670
Total Scope 2 emissions	57,342	60,077	58,670
Total CO₂ emissions	58,383	60,839	61,695

CASE STUDY

GREEN CORPORATE KPIs

The StarHub Green Corporate Key Performance Indicators (KPIs), set annually, account for 5% of every employee's bonus, from the CEO down. Here is a summary of the Green KPIs adopted for 2013 and their results.

KPI	THRESHOLD	TARGET	STRETCH	ACHIEVED
Electrical Consumption (million kWh based on three key facilities)	8.857	8.813	8.769	8.96 (Below Threshold)
Paper Usage (based on sheets per employee)	3,998	3,958	3,918	3,594 (Above Stretch)
Paper Recycling (kilogrammes)	9,910	10,009	10,108	10,260 (Above Stretch)
Number of MyStarHub e-bill Users	41,000	46,000	51,000	63,757 (Above Stretch)

CASE STUDY

NEW PAPERLESS INITIATIVES SAVE ABOUT 30 TONNES OF PAPER

BOARD PORTAL

Our Board of Directors firmly support StarHub's efforts in sustainability. In 2013, we implemented the Board Portal, completely replacing all hard copy Board papers with electronic versions. All Board documents are now made available on tablets, so that our Directors can access the information anyplace any time. This reduces the printing of paper.

PAPERLESS BILLING SYSTEM

In one of our initiatives to save paper, we have implemented a paperless bill payment system at our retail shops, printing out bills only for customers who request a hard copy for retention. This system saved us an estimated 4.5 million sheets or about 22,353kg of paper in 2013.

MYSTARHUB E-BILL

MyStarHub e-bill, an initiative launched in 2012 to encourage customers to switch from receiving printed bills to electronic statements, continues to save paper as 63,757 billing accounts were on the scheme as of 31 December 2013. In 2013, the initiative saved an estimated 7,567kg of paper.

To complement MyStarHub e-bill, we launched a MyStarHub App, available on both the iOS and Android platforms. The app allows customers to view their account details, like billing information, on their mobile devices at their convenience, encouraging them to go paperless.

SUSTAINABLE PAPER

Internally, all paper that we use is FSC-Certified which means the paper is produced from pulp sourced from sustainably managed plantations.

SUSTAINABILITY REPORT 2013

CASE STUDY

HELPING CUSTOMERS TO SAVE THE PLANET

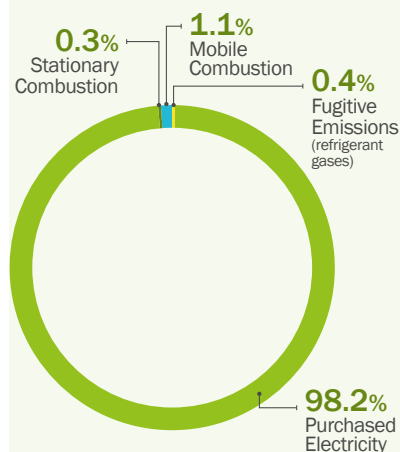
StarHub customers can now do their bit to save our planet using their StarHub Rewards points. In support of Earth Hour 2013, we introduced a tax-deductible \$5 donation to World Wide Fund for Nature (Singapore) Limited Conservation Fund as part of the StarHub Rewards Redemption for Charity programme.

StarHub is the only local infocommunications provider that offers customers the opportunity to make a positive social or environmental impact using their Rewards points. StarHub customers can visit www.starhub.com/rewards to redeem their donations to WWFSCF or MINDS Towner Gardens School.

StarHub's Electronic Waste Recycling Programme remains as the only channel for individual consumers in Singapore, to responsibly dispose of their electronic waste. In 2013, 6,568kg of e-waste was collected from 38 bins island-wide.

PERFORMANCE CHARTS

Sources of GHG Emissions 2013



In 2013, we expanded the waste management initiative to five more locations for which the data has been reported. The amount of general waste in 2013 was lower, partly due to the reduced consumption of paper across the organisation as well as an increase in the amount of paper recycled.

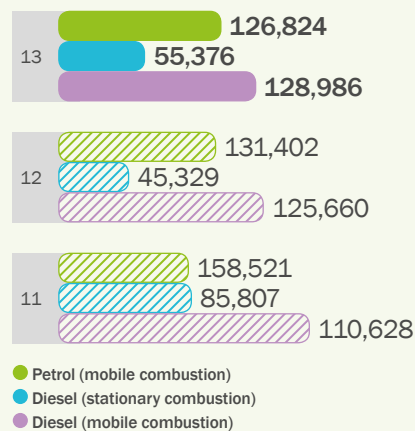
Recycling

We continued to push our recycling programme to target paper and electronic waste. The figures are presented in the charts on pages 77 and 79.

Water

Water is not a material impact of our business operations as water is only used for drinking or for domestic purposes. However, water is a scarce resource in the context of Singapore which lacks natural aquifers and the land mass is limited. Water conservation therefore is one of the environmental goals at StarHub. In 2013, we expanded our water measurement activity to include more locations for the purpose of calculating and reporting water use. The new

Fuel Consumption (litres)



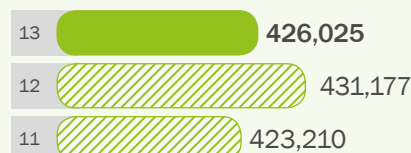
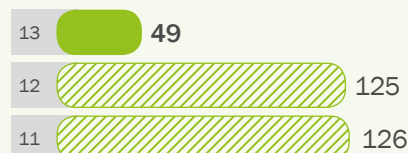
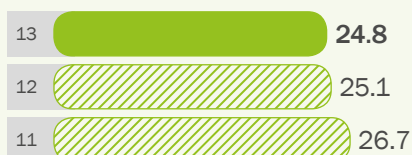
locations include our warehouse and repair centre at Tanjong Pagar Distripark, Changi Landing Station, and Nucleus Connect offices at 50 Yishun Industrial Park A and 3 Tai Seng Drive. In view of these additions, water use data for 2011 and 2012 has been restated in this report.

Employee awareness

An employee initiative in 2013 saw 83 StarHub volunteers planting 100 trees on Pulau Ubin under National Parks Board's (NParks') Plant-A-Tree programme. The trees were of native species and were selected to restore local biodiversity on the island. After the tree-planting session, the StarHub employees were treated to a very informative guided tour of Chek Jawa, one of Singapore's richest ecosystems.

COMPLIANCE

StarHub was not fined or sanctioned for any non-compliance with environmental laws or regulations during FY2013.

Electricity Use (million kWh)**Total Energy Consumption** (Giga Joules)**Electronic Waste Recycled** (tonnes)**General Waste** (tonnes)**Carbon Emission Intensity** (tonnes CO₂e per \$million revenue)**Energy Intensity** (Giga Joules per \$million revenue)**Water Consumption** (cubic metres)**CASE STUDY****EARTH HOUR 2013**

For Earth Hour 2013, we collaborated with Singapore's other two telco operators to issue an Earth Hour Challenge to our collective consumers. The challenge was for 2,303 customers to decline a shopping bag during the three days before Earth Hour. As a result of that challenge, StarHub employees joined forces with employees from the other two telcos to clean a stretch of East Coast Beach.

A photography contest was organised in conjunction with Earth Hour 2013 for employees, to raise awareness of our natural world and environment.

BONDING WITH OUR COMMUNITY

Our mission is to build trusted long term relationships with the community by making a positive contribution.



The StarHub-Central Singapore Nurture Programme reaches out to help hundreds of children from low-income families.

We, and our employees, are committed to making a positive difference in the community. We even create opportunities for our customers to do their part for community building.

Reaching out to the needy and the underprivileged through targeted initiatives is at the core of our corporate citizenship. We are also concerned about keeping our basic telecommunications services accessible and affordable to the weaker sections of society. Bridging the digital divide is therefore an integral part of our community development efforts.

Employee volunteerism is a key element of our community initiatives. Involvement of employees in community projects promotes team work, bonding and satisfaction, and strengthens our brand through solving some of the community's problems.

COMMUNITY INVESTMENT

Our donations and other community investments in 2013 amounted to \$1.2 million.

The StarHub Sparks Fund continues to be one of the prime vehicles for our community initiatives. Since inception in 2000, we have committed 1% of revenue earned from all IDD 008 and IDD 018 calls to the Fund, and from which over \$10.9 million has been disbursed to various charitable causes to date.

SPARKLER'S INITIATIVE: TAKING EMPLOYEE VOLUNTEERISM TO THE NEXT LEVEL

StarHub's volunteerism leave programme, which began in 2006, allows each StarHub employee two days of paid volunteerism leave per year. StarHub employees volunteered a total of 211.5 days to support community initiatives in 2013, up from 133 days in 2012.

We took our employee volunteerism programme to a whole new level in 2013 by introducing the Sparkler's Initiative. The initiative allows StarHub employees

to create their own social outreach events, for which they can also tap on their volunteerism leave and receive up to \$10,000 fund matching for any donations they raise for their beneficiary.

Organisations that the initiative has supported in 2013 include Geylang East Home for the Aged, ISCOS, Melrose Home and Children's Cancer Foundation.

NURTURING MORE CHILDREN

Our title sponsorship of \$250,000 in 2013 allowed more children to benefit from the StarHub-Central Singapore Nurture Programme, a free English literacy programme by Central Singapore Community Development Council. The funds will help to roll out a more structured and comprehensive curriculum called Nurture^{Plus}, to improve the English language literacy of children from low-income families.

This is the first year that the enhanced curriculum has been completed by 450 beneficiaries, and also the third consecutive year that StarHub is demonstrating its support of the Nurture Programme.

STARHUB GOLDEN GURUS: BRIDGING THE DIGITAL DIVIDE

In March 2013, we unveiled our Golden Gurus—eight tech-savvy senior citizens aged between 58 and 77 who will be information technology (IT) champions for their peers. These Golden Gurus are StarHub's ambassadors, giving back to society by imparting IT knowledge to other seniors.

The eight StarHub Golden Gurus, selected from over 160 applicants based on their experience, knowledge, exposure to IT and social media, and interpersonal skills, share their knowledge with other senior citizens via blogs, a dedicated Facebook application within StarHub's Facebook page and a dedicated page in the StarHub Community on StarHub's website at www.starhub.com

Our Commitments

- Make positive contribution to local communities, focus on the underprivileged.
- Promote local sports.
- Bridge digital divide.
- Encourage employee volunteerism
- Encourage customers to participate in community initiatives.

Performance Highlights

COMMUNITY INVESTMENT: **\$1.2 million**

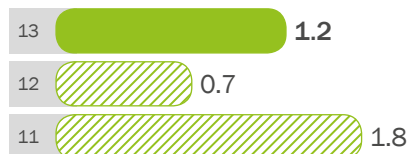
NUMBER OF CAUSES, CHARITIES AND PROGRAMMES SUPPORTED: **15**

EMPLOYEE VOLUNTEERISM: **211.5 man-days**

DONATIONS REDEEMED BY CUSTOMERS THROUGH STARHUB'S REWARDS REDEMPTION FOR CHARITY PROGRAMME: **\$150,765**

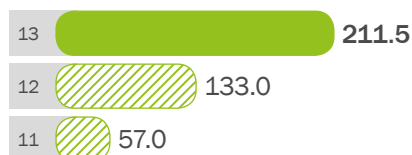
SUSTAINABILITY REPORT 2013

Community Investment (\$million)



● Amount disbursed from StarHub Sparks Fund

Employee Volunteerism (days)

**ACTIVE STARS: SCHEMES FOR SENIOR CITIZENS**

We are committed to empower the community by providing subsidised mobile access to help low-income households, senior citizens and people with disabilities. For example, our Active Stars scheme offers 25% extra credits on pre-paid cards for senior citizens aged 55 years and above. The scheme also offers discounted mobile plans, designated handsets at zero cost and special discounts on select TV channels. Our Active Plus programme allows senior citizens to enjoy a host of benefits and discounts at partner outlets.

DONATE-A-TONE

In early 2013, our technologically innovative campaign named Donate-A-Tone allowed our mobile customers to make a donation to the selected charity, Samaritans of Singapore (SOS), simply by opting for a message from SOS to be their connecting tone. The initiative enabled SOS to tap onto the Connecting Tones of StarHub's 2.2 million-strong network of mobile subscribers to raise funds and awareness.

Monthly Connecting Tones charges payable by customers went wholly to SOS. In addition, the StarHub Sparks Fund matched all donations made through Donate-A-Tone subscriptions dollar-for-dollar.

SPECIAL TABLETS PROGRAMME FOR STUDENTS FROM LOW-INCOME FAMILIES

We worked with Skoolbo, an eLearning company, to sponsor tablets for students aged seven to nine from low-income families in the South East District to help them improve their English and Maths skills.

In June 2013, the tablets were presented to 18 students from the NTUC Income's OrangeAid South East Learning Family Programme Alumni (LFPA). The participants brought the tablets home to play Skoolbo Core Skills, a free app for English and Maths installed on the tablets specially prepared for them. At the end of the programme in early December, the progress of each child was analysed and the children registered an average improvement rate of 32.8%.

Teaching basic computer skills to the elderly.



Shaving heads to raise funds for children with cancer.



EMPOWERING VISUALLY AND HEARING IMPAIRED WITH *MYSMARTEYE*, *SMARTBUDDY*

By combining technology and crowd sourcing, StarHub has developed an award-winning mobile app, *MySmartEye*, which allows the visually impaired to connect to a worldwide community of micro-volunteers, who then lend them their power of sight.

The free app, downloaded onto a smartphone, prompts the user to select if he or she is a micro-volunteer or a visually impaired individual. The visually impaired will be able to use *MySmartEye* to snap a picture, which is then shared in real-time with micro-volunteers who have installed the app. These volunteers have the option of describing the picture, and their replies are read out over the visually impaired user's phone.

In conjunction with the launch of *MySmartEye*, StarHub also introduced *SmartBuddy*, a mobile plan specially packaged with more talk time, SMS and data to offer the visually and hearing impaired more freedom with peace-of-mind.

STARHUBBERS SHAVE HEADS TO SUPPORT CHILDREN WITH CANCER

StarHub employees continued their support for the Children's Cancer Foundation's Hair for Hope campaign for the second consecutive year by shaving their heads. Seven women were part of the 46 employees from StarHub and its wholly-owned subsidiary Nucleus Connect who shaved their heads in support of the initiative, which aims to spread awareness of child cancer as well as raise funds to help children with cancer and their families.

StarHub donated \$46,000 from the StarHub Sparks Fund, or \$1,000 for each of the employees who shaved at the event. This is in addition to the \$28,680 in online donations raised by well-wishers.

SUPPORTING SKILLS TRAINING FOR PEOPLE WITH DISABILITIES

StarHub's sponsorship of an office skills training programme offered at the Society for the Physically Disabled's (SPD) Infocomm Accessibility Centre (IAC) will enable people with disabilities to find better employment

I cannot find any words to express my gratitude. StarHub made me change my mindset once again. I am so glad and happy to know that in this modern world, StarHub is still the compassionate organisation that I have always known. Keep it up, well done.

KELVIN NG
- StarHub Customer -

Walking the Talk with beneficiaries at the ComChest Heartstrings Walk 2013.



SUSTAINABILITY REPORT 2013

//

I had a lot of fun at this Christmas Party, especially playing the games! Thank you to StarHub for the presents, the food and the party! I am also very grateful to the StarHubber who fulfilled my wish of entry to Universal Studios for my family.

A FAIRY GODPARENT PROGRAMME
BENEFICIARY, aged 14

//

opportunities. The programme, known as the IAC Certificate in Office Skills (ICOS), aims to equip people with physical, sensory and developmental disabilities with the skills necessary for an administrative position.

Partly accredited by the Singapore Workforce Skills Qualifications, the structured programme offers modules in information and communications technology, personal effectiveness, work preparation as well as soft skills such as managing workplace conflicts. StarHub's donation of \$200,000 (the first \$120,000 paid in 2013) to SPD will cover the course fees of 72 participants over two years.

We also invited 11 trainees from the first ICOS batch to the StarHub office to give them a taste of the corporate work environment and at the same time make our employees aware of the difficulties some people with disabilities face daily.

SHARING GOOD TIMES WITH THE LESS FORTUNATE

A group of 70 StarHub employees decided to share their team-bonding Christmas Party—that included three

hours of games, fun and food—with 44 young children of ex-offenders on Christmas Eve, 2013. After the games, StarHub volunteers handed out presents to the children based on the children's wishlist. StarHub's young guests, who came with their parents, are beneficiaries of the Yellow Ribbon Fund-ISCOS Fairy Godparent Programme.

Earlier in August, StarHub had invited some 22 families under ISCOS' care to the StarHub Family Day at Wave House Sentosa.

STARHUB-ISCOS BURSARY AWARD 2014

We committed \$80,000 as a title sponsor of the StarHub-ISCOS Bursary Award 2014, which is a major component of the Yellow Ribbon Fund-ISCOS Fairy Godparent Programme. It encourages ex-offenders' children to perform well in school and be rewarded with a cash bursary at the end of the school term. A one-time cash award ranging from \$300–\$500 is given to students who have attained 55% or equivalent and above in their final exam results.

Bringing Father's Day to prisoners and their families.



SEEDS OF HOPE AT SINGAPORE BOYS HOSTEL

In January 2013, StarHub employees worked with boys from Singapore Boys Hostel (SBHL), a home for boys placed under probation, to break ground and plant the first crops for a Seeds of Hope Edible Garden at SBHL. The project is supported by the Garden City Fund, NParks' charity arm. The garden was funded by a \$50,000 donation from the StarHub Sparks Fund in late 2012.

The garden, 19 metres by 17 metres in size, will be used to grow fruits, vegetables, as well as herbs and spices. The vegetables, fruits, spices and herbs grown from the garden will then be brought home by the boys to share with their families.

PROMOTING LOCAL SPORTS CONTENT

A three-year Memorandum of Understanding signed between StarHub and the Singapore Sports Council in October 2013 will see an overall increase in local sports content on StarHub's broadcast platforms to a wider audience and, as a result, drive greater interest in and awareness of Singapore's local sports scene.

We also dedicated a segment of our upcoming daily sports news show on SuperSports Arena, a free sports channel, to cover local sports events and profile local athletes.

MEDIA SPOTS FOR SOCIAL CAMPAIGNS

We continued to make in-kind donations in support of social and environmental causes in 2013. These included \$1,170,400 worth of TV Commercial (TVC) spots for Children Cancer Foundation's Hair for Hope initiative and \$611,800 worth of TVC spots for World Wide Fund's Earth Hour campaign.

(From left to right): Mrs Pamela Lee, Chairperson of Trybe Limited (the appointed Managing Agent of SBHL); Mr Tan Tong Hai, Chief Executive Officer of StarHub; and Mr Ng Cheow Kheng, Director of Horticulture and Community Gardening, NParks, at the Seeds of Hope Edible Garden opening ceremony.



BENEFICIARIES OF STARHUB'S COMMUNITY OUTREACH PROGRAMMES IN 2013

\$300,000 for the Community Chest Heartstrings Walk 2013 as a Presenting Partner

\$250,000 to StarHub-Central Singapore Nurture Programme for children from low-income families

\$200,000 over two years committed to the Society for the Physically Disabled's IAC Certificate in Office Skills Programme

\$165,000 to Fengshan-Jade RC for tuition for children from low-income families

\$128,265 to MINDS Towner Garden School redeemed under StarHub Rewards Redemption for Charity Programme

Committed to \$80,000 for the StarHub-ISCOS Bursary Award under the Yellow Ribbon Fund-ISCOS Fairy Godparent Programme

Committed \$65,000 to youth-driven social enterprise Grid_Synergy

\$46,000 for Hair for Hope project to the Children's Cancer Foundation

Seeds of Hope Edible Garden at Singapore Boys Hostel

ECONOMIC PERFORMANCE



(From left to right): StarHub Chairman Tan Guong Ching, Minister for Communications and Information Dr Yaacob Ibrahim and StarHub Chief Executive Officer Tan Tong Hai at the MediaHub groundbreaking ceremony.

Sustainable business growth and healthy return on investment for shareholders and investors are our main economic objectives. However, our approach is to pursue growth in a manner that generates value for both shareholders and stakeholders. As a result, our business generates significant indirect economic value for a variety of stakeholders and the local community.

Our operations provided 3,528 direct jobs across StarHub as of end December 2013. A significant number of indirect jobs were created through our suppliers, retailers and business partners.

Our operating expenditure, including staff costs, exceeded \$1.9 billion in 2013, contributing indirectly to the national economic activity. We paid \$277 million in total staff costs which further added value to the local economy.

SUPPORTING LOCAL SUPPLIERS

Our support to local suppliers indirectly contributes to the local economic development through supporting jobs and tax opportunities for the government. Local suppliers accounted for 83.1% of our entire supplier base in 2013. Of the total supplier invoices in 2013, the share of the local suppliers was 83.6%.

INVESTING IN INFRASTRUCTURE

Our information and telecommunications services provide critical infrastructure for the larger economy that boosts competitiveness and productivity of businesses, empowers the community and enriches the lives of individuals. We have consistently invested in upgrading

the telecommunications, broadband and TV infrastructure to adopt the latest technologies and enhance energy efficiency. A major portion of our \$302.8 million capital expenditure was used for infrastructural investments.

INVESTING IN RESEARCH AND DEVELOPMENT

We regularly invest in research and development projects that promise new technological breakthroughs, reinvigorate our infrastructure, enhance productivity for customers and empower the community. These projects include Big Data Analytics, Mobile applications, TV White Spaces and telco application programmable interfaces amongst others.

FINANCIAL ASSISTANCE FROM THE GOVERNMENT

Some of our research & development programmes received funding support from the government in 2013.

We also received \$35,325 in subsidies for employee training in 2013 under various schemes run by the Singapore Workforce Development Agency.

FINANCIAL PERFORMANCE

A summarised version of our economic performance is presented below in accordance with the GRI G4 guidelines. These figures have been taken from the Audited Annual Report approved by the Board of Directors for the respective financial years. Please refer to Group Financial Review and Financial Statements sections of this report for more detailed information on our financial performance.

Our Commitments

- Creating sustainable value for shareholders as well as stakeholders.
- Making a positive indirect impact on local economy and communities.
- Supporting local suppliers.
- Investing in infrastructure.

Performance Highlights

NET PROFIT: \$371 million	LOCAL SUPPLIERS' SHARE IN TOTAL SUPPLIER INVOICES: 83.6%
DIRECT JOBS: 3,528	
LOCAL SUPPLIERS: 83.1%	

SUMMARY OF STARHUB'S ECONOMIC PERFORMANCE

Economic Performance Indicators (\$million)	2013	2012	2011
Operating revenue	\$2,359	\$2,422	\$2,312
Net profit	\$371	\$359	\$316
Operating costs (including staff costs)	\$1,946	\$2,001	\$1,935
Staff costs	\$277	\$266	\$267
Dividends paid to shareholders	\$344	\$343	\$343

SUSTAINABILITY REPORT 2013

GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

GENERAL STANDARD DISCLOSURES		EXTERNAL ASSURANCE
		Indicate if the Standard Disclosure Item has been externally assured.
		We did not seek external assurance for this report.
GENERAL STANDARD DISCLOSURES		PAGE NO./DIRECT REFERENCE
STRATEGY AND ANALYSIS		
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	16 – 17
ORGANISATIONAL PROFILE		
G4-3	Report the name of the organisation.	Back cover
G4-4	Report the primary brands, products, and services.	1, 3, 4, 5
G4-5	Report the location of the organisation's headquarters.	Singapore
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	StarHub primarily operates in Singapore.
G4-7	Report the nature of ownership and legal form.	1, 171, 172
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1, 3, 4, 5, 34
G4-9	Report the scale of the organisation	3, 4, 5, 56
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	56, 69, 70
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	None.
G4-12	Describe the organisation's supply chain.	67
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: Changes in the location of, or changes in, operations, including facility openings, closings, and expansions, Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations), Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	17
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	105, 106
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	16, 55, GHG Protocol (page 76)
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: Holds a position on the governance body, Participates in projects or committees, Provides substantive funding beyond routine membership dues, Views membership as strategic.	60
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	55, 143

G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	55, 57, 62
G4-19	List all the material Aspects identified in the process for defining report content.	62
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	63
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	63
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	55, 78
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None

STAKEHOLDER ENGAGEMENT

G4-24	Provide a list of stakeholder groups engaged by the organisation.	58-61
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	55, 58
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	58-61
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	58-61

REPORT PROFILE

G4-28	Reporting period (such as fiscal or calendar year) for information provided.	55
G4-29	Date of most recent previous report (if any).	March 2013
G4-30	Reporting cycle (such as annual, biennial).	55
G4-31	Provide the contact point for questions regarding the report or its contents.	56
G4-32	a. Report the 'in accordance' option the organisation has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	88-91
G4-33	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organisation and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	56

GOVERNANCE

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SUSTAINABILITY REPORT 2013

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G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	67

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G4-PR5	Results or key conclusions of surveys measuring customer satisfaction conducted in the reporting period.	66
CUSTOMER PRIVACY		
G4-PR8	Total number of substantiated complaints received regarding breaches of customer privacy and losses of customer data.	66
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I07	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing and initiatives to reduce visual impacts.	73
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Awards and Industry Honours

CORPORATE AWARDS

2014 Corporate Knights' Global 100

- Ranked 29th in the list of the world's most sustainable company
- Remains the only local telco to be awarded

Community Chest Awards 2013

- Corporate Platinum Award
- Special Events Gold Award
(for StarHub Rewards Redemption for Charity Programme)
- Five years Outstanding Corporate Award (2008 – 2012)

IAIR Awards 4th Annual Edition

- Best Company for Sustainability – Special category – Regional

International Law Office's Global Counsel Awards 2013

- Team Award for Regulatory (Non-financial Services)

International Law Office's Asia Pacific Counsel Awards 2013

- Team Award for Regulatory (Non-financial Services)

CUSTOMER SERVICE AWARDS

13th CCAS Contact Centre Awards

- Best In-House Contact Centre (Above 100 seats) – Gold
- Best Customer Service Professional of the Year (Between 20 – 100 seats) – Silver

INVESTOR RELATIONS AWARDS

9th Corporate Governance Asia Recognition Awards 2013

- Asia Icon on Corporate Governance Award
- Veronica Lai – Asian Company Secretary of the Year

Asiamoney Corporate Governance Poll 2013

- Best IR in Singapore – Winner

Governance and Transparency Index 2013

- Ranked 18th out of 663 companies

Institutional Investor's The 2013 All-Asia Executive Team

- Jeannie Ong – 2nd Runner-Up
(nominated by the Buy side for Best IR Professional)

IR Magazine Awards – South East Asia 2013

- Top 25 – 1st Runner-Up
- Grand Prix for Best Overall IR – 1st Runner-Up (Large Cap category)
- Jeannie Ong – Winner (Best IR Officer)
- Neil Montefiore – 1st Runner-Up (Best IR by a CEO)
- Kwek Buck Chye – 2nd Runner-Up (Best IR by a CFO)
- Best Corporate Literature – 2nd Runner-Up
- Best Investment Community Meetings – 1st Runner-Up
- Best in Sector – Winner (Technologies & Telecoms category)

Singapore Corporate Award 2013

- Best IR – Gold (Large Cap category)

SIAS Investors' Choice Award 2013

- Most Transparent Company Award (Services category) – Runner-Up

MARKETING/ ADVERTISING/ BRANDING

Asia Communication Awards 2013

- Operator of the Year
- Best Brand – 'Home Is Where The Heart Is' campaign

Cannes Lions 2013

- Mobile Marketing in the Direct category – Gold
- Public Health and Safety: Public Awareness Messages in the Direct category – Gold

Creative Circle Awards 2013

- Best in the Digital category

- Creative Use of Technology Mobile in the Digital category – Gold
- Mobile Applications in the Digital category – Gold
- Direct Response/Digital in the Direct category – Gold
- Mobile Use of Multiple Screens in the Digital category – Silver

Effie Singapore Awards 2013

- 'StarHub Family Time' campaign – Bronze
- 'Birds and the Bees 2.0' campaign – Bronze

HWM + Hardwarezone.com Tech Awards 2013

- Best Pay TV Service (Readers' Choice)

Loyalty & Engagement Awards 2013

- Best Use of Brand Advocacy – Gold

Marketing Excellence Awards 2013

- Excellence In Loyalty Marketing – Silver

Mob-Ex Awards 2014

- Most Creative App: MySmartEye – Gold
- Best Use of Social Platform: MySmartEye – Gold

Smart Card Awards Asia 2013

- Best NFC Project: SmartWallet

Spikes Awards 2013

- Mobile Applications and Other Downloadable Tools – Gold
- Promo & Activation (Public Service Charity and Fundraising) – Silver
- Direct (Product/Service Public Service, Charity and Fundraising) – Bronze
- Promo & Activation (Best Use of Other Digital Platforms in a Promotional Campaign) – Bronze

The Hall of Fame Awards 2013

- Marketing Innovation of the Year – Gold
- Product Innovation of the Year – Gold

Investor Relations

IT MAY HAVE BEEN MORE THAN NINE YEARS SINCE STARHUB WAS LISTED ON THE MAIN BOARD OF SGX-ST BUT WE HAVE NEVER WAVERED ON OUR STRONG SPIRIT OF CORPORATE GOVERNANCE AND CORPORATE TRANSPARENCY.

The Investor Relations (IR) team, led by the CEO, continued our firm and long standing belief in effectively and regularly communicating with all shareholders. The Company remained committed to making timely, full and accurate disclosure. We also believed and continue to believe in treating all shareholders fairly.

As an active participant in the local, regional and global equity conferences, StarHub met about 340 investors in some 245 meetings held in Asia, Europe and the USA. The Company also attended local and international roadshows to engage with existing institutional shareholders and potential investors. We continued to provide quick responses to investors' queries and frequent access to one-on-one sessions with the senior management team. The IR team also organised quarterly meetings and briefing sessions. These sessions were made available via conference call-ins and webcasts for numerous local/regional analysts and fund managers. Discussions were held on topics as wide-ranging as financial performance, technological developments, industry trends and content acquisition strategies.

The continued establishment and maintenance of regular dialogues with shareholders, to solicit and understand their views through analyst briefings, investor roadshows and equity conferences has, we believe, kept our messages clear and consistent, and helped the stock to appreciate by over 13% in 2013 to close at \$4.29 for the year. The stock outperformed the STI's flat gain in the same period.

We have seen a steady increase in quarterly dividends since we first started paying them in 2005. We paid 9 cents dividend per share (DPS) then and this has increased to the current 20 cents DPS in 2013. The Board takes a projected three-year view of the Company's earnings performance, the Company's reserves and free cash flows, to ensure that there is more than adequate funds for our dividend payments.

For the third consecutive year, we have included a sustainability report. We are pleased that our 2012 sustainability report brought us great honours by winning the 'Best Company for Sustainability – special category – regional' at the 4th annual IAIR Awards. We continued to build upon the foundation of our previous reports to provide a more holistic picture of our risk management and operational impacts, notably by identifying, for the first time since reporting on our sustainability, the Company's value chain.

INVESTORS' AND SHAREHOLDERS' PERCEPTIONS

To improve our overall IR efforts and get a better understanding of how effective our meetings with the analysts and fund managers were, StarHub engaged a third-party research firm to conduct extensive qualitative and quantitative interviews with targeted and key fund managers and analysts. The research firm solicited open and honest responses from the participants. Such candid views were then shared with the Board members and senior management team.

To complement and acquire a clearer picture of our shareholders' profile, we would perform a share registry analysis after every quarter's results. The shareholders' profile has shown that outside Singapore, the other top geographical regions where our investors are based in are in Asia, the UK and USA.

ACCOLADES AND ACKNOWLEDGMENTS

The Company's stakeholder communications efforts continued to be widely recognised by the investment community. In the 9th Corporate Governance Asia Recognition Awards 2013, we walked away with the 'Asia Icon on Corporate Governance' award. At the Institutional Investor's The 2013 All-Asia Executive Team Awards, Jeannie Ong was recognised for 'Best IR Professional', as nominated by the buy-side analysts. Jeannie also took the 'Best IR Officer' honours for the second consecutive year in the IR Magazine Awards – South East Asia 2013 and the Company won for 'Best in Sector – Technologies & Telecoms' category. In the Singapore Corporate Awards 2013, we won Gold for 'Best IR' in the large caps category.

 **13%**

THE STOCK APPRECIATED 13% IN 2013 TO CLOSE AT \$4.29

INVESTOR RELATIONS

WHY INVEST IN STARHUB



Events/Financial Calendar

IR CALENDAR OF EVENTS

1Q2013

- FY2012 results announcement
- Singapore Investor Roadshows
- BoAML ASEAN Conference – Singapore
- Daiwa Investors Conference – Tokyo
- CLSA ASEAN Corporate Access Forum – Bangkok
- Credit Suisse Asian Investment Conference – Hong Kong
- Daiwa ASEAN TMT Conference – Singapore

2Q2013

- 1Q2013 results announcement
- Singapore Investor Roadshows
- dbAccess Asia Conference – Singapore
- CLSA ASEAN Corporate Access Forum – Boston & New York
- CIMB ASEAN Conference – Kuala Lumpur
- RHB ASEAN Corporate Day – Singapore

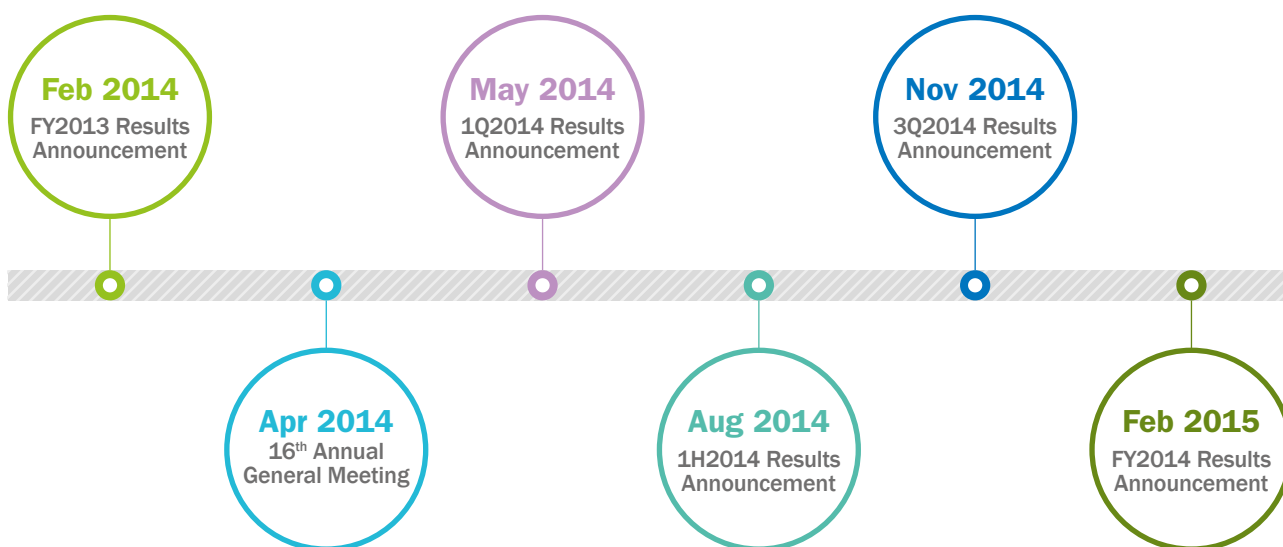
3Q2013

- DBS Vickers' Asia Conference – Singapore
- Shenzhen Roadshows
- 2Q2013 results announcement
- Singapore Investor Roadshows
- Macquarie ASEAN Corporate Day – Singapore
- JP Morgan ASEAN Conference – London
- Europe & US Roadshows – Edinburgh, New York & Zurich
- JP Morgan APAC Conference – Boston
- UBS ASEAN Conference – Singapore
- CLSA Investors' Forum – Hong Kong

4Q2013

- 3Q2013 results announcement
- Singapore Investor Roadshows
- Morgan Stanley APAC Summit – Singapore
- HSBC Asia Investor Forum – New York

FINANCIAL CALENDAR FOR 2014/15*



* Subject to change. Please check www.starhub.com/ir for the latest updates.

Corporate Governance

Going beyond the letter of the Code and embracing the spirit of transparency, accountability and integrity.

CORPORATE GOVERNANCE STATEMENT

StarHub is committed to good corporate governance to deliver long-term and sustained value creation for its stakeholders. Transparency, accountability and integrity continue to be the key foundation of corporate governance for StarHub.

CORPORATE GOVERNANCE REPORT 2013

StarHub's corporate governance framework, with specific reference to the principles and guidelines of the revised Code of Corporate Governance (Code) issued by the Monetary Authority of Singapore on 2 May 2012, is set out in this Report. StarHub has complied in all material aspects with the main principles and supporting guidelines set out in the Code throughout the financial year ended 31 December 2013. StarHub regularly reviews its governance policies and practices in light of developments in market best practices and regulations. StarHub strongly believes in going beyond the letter of the Code, and embracing the spirit of transparency, accountability and integrity.

1. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

StarHub is led by the Board. The Board is responsible and accountable to shareholders, for the overall conduct of StarHub's business and the long-term success of StarHub.

The Board's Role

The Board's key responsibilities include:

- providing leadership and guidance to Management on the Group's overall strategy and corporate plan, and ensure that necessary financial and human resources are in place for the Group to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and StarHub's assets. This is implemented through clear and robust procedures and delegated authorities;
- reviewing management performance. Operational and financial updates are provided to the Board periodically and at every Board meeting;
- assessing and approving key operational and business initiatives, major funding and investments proposals;
- identifying the key stakeholder groups, such as customers, suppliers, and business partners, and recognising that their perceptions affect StarHub's reputation;
- setting StarHub's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

- providing guidance on sustainability issues, such as environmental and social factors, as part of StarHub's overall business strategy; and
- ensuring the Group's compliance with all relevant laws and regulations.

Directors, collectively and individually, are obliged to act in good faith and consider the best interests of StarHub and all its shareholders at all times.

StarHub has adopted a set of internal policy which sets out the authority and approval limits for capital and operating expenditure, acquisition and disposal of investments, procurement of goods and services, bank facilities and cheque signatories at the Board level. Authority and approval sub-limits for such transactions are delegated to various Management levels to optimise operational efficiency.

Board Committees

In the discharge of its functions, the Board is supported by the Audit Committee (AC), Nominating Committee (NC), Executive Resource and Compensation Committee (ERCC), Strategy Committee (SC) and Risk Committee (RC), to which it delegates specific areas of responsibilities for review and decision making. Additional Board committees may be formed as necessitated by business imperatives.

Each Board Committee operates and makes decisions on matters within its terms of reference and applicable limits of authority, and where appropriate, recommends the course of action for the Board's consideration and decision. Minutes of the Board Committees' meetings are circulated to the Board to keep Directors updated on the outcome of Board Committees' meetings and the activities of the Board Committees.

The SC comprises the following non-executive Directors and co-opted members who are independent of Management:

- Mr Nihal Vijaya Devadas Kaviratne CBE (SC Chairman)
- Mr Tan Guong Ching
- Mr Steven Terrell Clontz
- Mr Lim Ming Seong
- Mr Liu Chee Ming
- Mr Robert J. Sachs
- Mr Stephen Geoffrey Miller (co-opted)

The SC supports and advises the Board and Management in the formulation and implementation of the Group's strategies with a view to grow and enhance shareholder value. The main responsibilities of the SC are:

- identifying and assessing significant intermediate and long-term opportunities and threats in the Group's business areas, operations and the industry; and
- providing constructive input and ensure objectivity and independence in the strategy formulation and review process.

The SC held four meetings during the financial year ended 31 December 2013.

The composition of the other Board Committees and their specific responsibilities are set out in subsequent relevant sections of this Report.

Board Meetings

The Board meets on a quarterly basis, coinciding with the announcement of the Group's quarterly and full year results. Additional Board meetings may be convened as and when necessary as deemed appropriate by the Board. A full-day Board Strategy offsite is held at least once in each financial year to review in depth the Group's strategy going forward and to consider and approve the Group's budget for the next financial year. To facilitate the Board's decision-making process, StarHub's Articles of Association allow Board meetings to be held via audio and video conferencing. The number of Board and Board Committee meetings held and the Board members' meeting attendance during the financial year ended 31 December 2013 are tabulated below:

TABLE 1

	Board	AC ⁽¹⁾	ERCC ⁽²⁾	NC ⁽³⁾	SC ⁽⁴⁾	RC ⁽⁵⁾
Name of Director	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)
Tan Guong Ching	100	–	–	–	100	100
Tan Tong Hai ⁽⁶⁾	100	–	–	–	–	100
Kua Hong Pak	100	100	–	–	–	–
Peter Seah Lim Huat	100	–	100	100	–	–
Nihal Vijaya Devadas Kaviratne CBE	100	100	–	–	100	–
Steven Terrell Clontz	100	–	–	–	100	–
Lim Ming Seong	100	100	100	–	100	–
Teo Ek Tor	100	100	100	100	–	–
Liu Chee Ming	80	–	–	–	75	–
Robert J. Sachs	100	–	–	–	100	–
Sio Tat Hiang	100	–	100	100	–	100
Nasser Marafih	100	–	–	–	–	–
Takeshi Kazami	100	–	–	–	–	–

(1) The AC held four meetings during the financial year ended 31 December 2013.

(2) The ERCC held four meetings during the financial year ended 31 December 2013. Mr Teo Ek Tor was appointed to the ERCC as a member with effect from 7 February 2013.

(3) The NC held two meetings during the financial year ended 31 December 2013.

(4) The SC held four meetings during the financial year ended 31 December 2013.

(5) The RC held two meetings during the financial year ended 31 December 2013.

(6) Mr Tan Tong Hai was appointed CEO and executive Director with effect from 1 March 2013, following Mr Neil Montefiore's retirement as CEO and executive Director on 28 February 2013.

CORPORATE GOVERNANCE

As part of their formal induction on joining the Board, all newly-appointed Directors are briefed by Management on the Group's business, strategies, financials, operations, governance practices, risk management policies and processes, culture and values, and the key developments in both the Group and industry. All Directors are also issued tablets for access to the StarHub Board Portal which contains, *inter alia*, information on directors' duties and how to discharge those duties, the Group's organisation structure, Senior Management's contact details, the respective Board Committees' terms of reference, and StarHub's insider trading policy. This ensures that the Directors have adequate working knowledge of the Group's business and operations. Directors have access to all relevant information, including discussions with Management and subject matter experts, and visits to operations. Directors may meet independently with Management at any time to discuss areas of interest or concern.

The Directors are provided with opportunities for continuing education from time to time, to equip themselves with the relevant skills and/or knowledge and keep abreast with developments. The Board is updated on key legal, regulatory, industry and accounting changes which affect the Group. These are done either during Board meetings, email updates or specially convened sessions, including seminars and trainings (including those conducted by StarHub's panel law firms and the Singapore Institute of Directors in conjunction with SGX-ST), which the Directors are encouraged to attend. Directors' trainings are co-ordinated and sponsored by StarHub. Articles and reports relevant to the Group's businesses are also circulated to the Directors for information and uploaded on the StarHub Board Portal.

BOARD COMPOSITION AND GUIDANCE

The Board comprises 13 Directors. Only the Group CEO, Mr Tan Tong Hai is an executive Director.

The NC reviews the size and composition of the Board from time to time, seeking to ensure that the Board has an appropriate number of independent Directors such that no individual or small group of individuals are allowed to dominate the Board's decision. The NC is of the view that the current size of the Board of 13 Directors and composition of the Board are conducive to facilitate effective discussion and decision making, taking into account the scope and nature of the operations of StarHub, and the complexity and requirements of the business.

The Board has diversity in culture, race, geography, international experience, skills and expertise. Board diversity brings out different perspectives and views to facilitate robust and quality deliberations, and mitigates 'group thinking' in decision making. The Board and its Board Committees comprise business leaders and professionals with strong

relevant experience in the Group's business and core competencies in accounting, financial, banking, business and management experience, industry knowledge, strategic planning experience, legal and regulatory expertise and customer-based experience and knowledge. In addition to contributing valuable insights and expertise, each Director brings objective perspectives to constructively challenge and help develop proposals on strategy. The Directors also bring with them an immense network of contacts across the industry, which is invaluable to StarHub. The Chairman and Directors support the CEO in stakeholder engagements, such as shareholders, business partners and regulators.

One-third of the Board is made up of independent Directors. The independent Directors are Mr Kua Hong Pak, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor, Mr Liu Chee Ming and Mr Robert J. Sachs. The Chairman, Mr Tan Guong Ching, is not an independent Director within the meaning of the Code given his chairmanship of Singapore Technologies Telemedia Pte Ltd.

The independence of each non-executive Director is reviewed annually by the NC, which will then recommend its assessment to the Board. Rigorous review is applied when assessing the continued independence of Directors who have served more than nine years. As at 31 December 2013, four of the five independent Directors of StarHub, namely Mr Kua Hong Pak, 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 Board does not impose any limit on the length of service of the independent Directors, as the Board takes the view that a more critical consideration in ascertaining the effectiveness of a Director's independence is his ability to exercise independence of mind and judgement to act honestly and in the best interest of StarHub. When assessing objectivity and independent judgment, 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 due and careful rigorous review, the Board is of the firm view that Mr Kua Hong Pak, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor and Mr Liu Chee Ming have demonstrated the essential independence of mind and judgment to act in the best interests of StarHub in the discharge of their directors' duties, and therefore considers them to be independent.

In order to address potential conflicts of interest, any Director who has an interest or relationship which is likely to impact on their independence or conflict with a subject under discussion by the Board is required to immediately declare his interest or relationship to the Board, remove himself from the information flow and abstain from participating in any discussion or voting on the subject matter.

Directors have access to independent professional advice, if necessary, at the expense of StarHub. At least once a year, the Board sets aside time during its scheduled meetings to discuss, *inter alia*, Management's performance, without the presence of Management.

The profile of each Director and other relevant information can be found in the write-up on the Board of Directors in this Annual Report. All principal directorships and chairmanships in any listed companies held by any of the Directors currently, and in the preceding three years, are also detailed in the Directors' Particulars section of this Annual Report.

CHAIRMAN AND CEO

The roles and responsibilities of the Chairman and the CEO are kept separate in order to maintain effective oversight to ensure an appropriate balance of power, clear accountability and enhance independent decision-making. No one individual holds considerable concentration of power within the Group.

The Chairman, Mr Tan Guong Ching, is non-executive and unrelated to the CEO. His responsibilities include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- chairing Board meetings and shareholders' meetings, and facilitating discussion within each meeting;
- promoting a culture of openness and quality debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- encouraging effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management, serving as a primary link between the Board and Management and providing continuity between Board meetings;
- facilitating the effective contribution of non-executive Directors;
- working with the CEO in relation to the Board's requirements for information to contribute effectively to the Board decision making process;
- overseeing the effective implementation of the Board's decisions; and

- promoting high standards of corporate governance.

The CEO has full executive responsibility for the day-to-day running of the Group's business operations and 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 may not be necessary, given the element of independence on the Board which enables the exercising of objective and independent judgment by the Directors.

BOARD MEMBERSHIP

The selection, appointment and re-appointment of Directors to the Board are carried out according to a formal process. The NC leads the process and makes recommendations of the candidate to the Board after taking into consideration, *inter alia*, the composition, diversity and progressive renewal of the Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour), potential conflicts of interest, and the evolving needs of StarHub. This is to ensure an appropriate balance of skills, experience, expertise and diversity is maintained. External consultants are engaged to assist with the selection process as necessary.

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 Board does not prescribe a maximum limit on the number of listed company board representations a director with multiple board representations may hold, as the Board believes that the more appropriate measure is the ability of such Director to value-add effectively through contribution of his skills, knowledge and experience, and demonstrate commitment to the role, including commitment of sufficient time and attention to StarHub's affairs. The NC is satisfied that all Directors have dedicated adequate time to the affairs of StarHub and have properly discharged their duties for the financial year 2013, and will continue to do so in 2014.

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

- Mr Peter Seah Lim Huat (NC Chairman);
- Mr Teo Ek Tor; and
- Mr Sio Tat Hiang.

The NC held two meetings during the financial year ended 31 December 2013.

CORPORATE GOVERNANCE

Whilst the NC Chairman is not considered independent within the meaning of the Code given his directorship at STT Communications Limited, the NC and the Board are of the view that such an appointment does not interfere with the NC Chairman's exercise of independent judgment on the Board or acting objectively in the best interests of the Group in carrying out his duties. The Board notes that the NC Chairman is not involved in the day-to-day running of the Group's business and operations, and is independent of Management, with clear separation of role from Management in deliberations of the NC.

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. In accordance with StarHub's Articles of Association, all Directors who are appointed by the Board are subject to retirement at the first Annual General Meeting (AGM) of StarHub subsequent to their appointment. One third of all the other Directors shall retire by rotation at each AGM provided always that all Directors shall retire from office at least once in every three years. The Directors retiring from office shall be eligible for re-election by the shareholders.

The NC also assesses each Director's independence annually. If the NC considers a Director to be independent, notwithstanding that he has one or more of the specific relationships mentioned in the Code, it shall provide its view to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a Director is not independent even if he does not fall within the circumstances set out in the Code, and shall similarly provide its views to the Board for the Board's consideration.

In line with the Code, the Board does not have any alternate Directors. All Directors dedicate their personal time and attention to the affairs of StarHub. All new appointments to the Board are subject to the approval of StarHub's regulators, the Info-communications Development Authority of Singapore and the Media Development Authority of Singapore.

BOARD PERFORMANCE

StarHub believes that Board performance is ultimately reflected in the performance of the Group. The NC is responsible for reviewing the composition of the Board to ensure that there is good governance and the Board remains relevant to the changing needs of StarHub and its business.

Each financial year, the NC undertakes a formal annual evaluation of the effectiveness of the Board and the Board Committees. For the financial year ended 31 December 2013, the Board engaged the assistance of Aon Hewitt Singapore Pte Ltd as independent external consultants to facilitate and enhance the annual evaluation process. The evaluation included a review of detailed questionnaires

completed by each Director, which invited feedback on key areas such as:

- the adequacy of the Board composition;
- the relationship between the Board and Management, including the level of engagement and flow of information;
- the level and quality of the Directors' and Board Committees' contributions and standard of conduct;
- Board processes, including level and timeliness of information provided to the Board;
- the effectiveness of discussions and debate at Board and Board Committee meetings;
- the degree of diversity of skills, experience and knowledge of Board members; and
- the level of guidance and advisory provided to Management.

The results of the performance evaluation exercise are reported to the NC, in consultation with the Chairman. The NC reviews and recommends to the Board the steps which need to be taken 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 assist in implementing the measures needed.

ACCESS TO INFORMATION

Prior to each Board and Board Committee meeting, Management provides the Directors with timely information relevant to matters on the agenda for the meeting, except for the sensitive matters which may be tabled at the meeting itself. The Board also receive monthly management and financial reports providing updates on key performance indicators and financial analysis on the Group, and regular analysts' reports on StarHub and the industry. Such information and reports enable the Directors to make sound and informed decisions, and keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group.

The Board has open, independent and unrestricted access to Management at all times. Frequent dialogue and interaction take place between Management and the Directors, as encouraged by the CEO. This enables the Directors to understand StarHub's strategies and operations at a deeper level, allowing them to provide constructive and valuable insights and guidance to StarHub.

As part of StarHub's 'Green' initiative, StarHub launched the StarHub Board Portal during the 2013 financial year, which replaces hard copy Board/Board Committee papers and allows Board members to securely access and read Board/Board Committee papers and materials electronically any place and any time, using tablet devices issued by StarHub.

The Board also has independent access to the Company Secretaries, who attend all Board meetings. The Company Secretaries facilitate good information flows within the Board and between the Board and Management, advise the Board on all legal and governance matters, ensure that Board procedures are followed and that applicable rules and regulations are complied with. Secretariat also facilitates the orientation of new Directors and assists in arranging professional development and training for Directors as required. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

In furtherance of their duties, the Directors (either individually or as a group), may seek independent professional advice, where necessary, at StarHub's expense.

2. REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

With the assistance of the ERCC, the Board ensures that a formal and transparent procedure is adopted for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors.

The ERCC comprises the following non-executive Directors who are independent of Management:

- Mr Peter Seah Lim Huat (ERCC Chairman);
- Mr Lim Ming Seong;
- Mr Teo Ek Tor; and
- Mr Sio Tat Hiang.

The ERCC held four meetings during the financial year ended 31 December 2013.

Whilst the ERCC Chairman is not considered independent within the meaning of the Code given his directorship at STT Communications Limited, the NC and the Board are of the view that such an appointment does not interfere with the ERCC Chairman's exercise of independent judgment on the Board or acting objectively in the best interests of the Group in carrying out his duties. The Board notes that the ERCC Chairman is not involved in the day-to-day running of the Group's business and operations, and is independent of Management, with clear separation of role from Management in deliberations of the ERCC.

The ERCC is responsible for overseeing StarHub's remuneration policies, and its key duties include:

- reviewing and recommending to the Board for endorsement the general framework of remuneration for the Board and key management personnel (as

- defined in the Code), and the specific remuneration packages for each non-executive Director and key management personnel of StarHub, with a focus on long-term sustainability and shareholders' return. Such remuneration framework and packages are linked to:
 - (a) the performance of StarHub, the Group and the individuals;
 - (b) industry practices and compensation norms; and
 - (c) the need to attract key management personnel to ensure continuing development of talent and renewal of strong leadership for StarHub;
- succession planning for the CEO and key officers such as the Chief Financial Officer (CFO). 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 to the Board for approval the grant of share awards to Directors and key management personnel;
- 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.

The CEO does not attend any ERCC discussions which relate to his own compensation, terms and conditions of service or the review of his performance. However, he is present at other ERCC discussions on the compensation and incentive policies, such as share awards, bonus framework, salary and other incentive schemes, of StarHub's key staff. In addition, 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 himself, or where there are conflicts of interests.

The ERCC has access to expert professional advice on remuneration of all Directors. The ERCC is satisfied that the independence and objectivity of its appointed remuneration consultant, Carrots Consulting Pte Ltd (Carrots) is not affected by any relationship between StarHub and Carrots.

The ERCC reviews StarHub's obligations arising in the event of termination of the executive Director 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.

CORPORATE GOVERNANCE

In performing the duties as required under its Terms of Reference, the ERCC ensures that remuneration paid to the CEO and key management personnel is strongly linked to the achievement of business and individual performance targets. The performance targets as determined by the ERCC are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short and long-term quantifiable objectives.

During the financial year 2013, the ERCC engaged Carrots to conduct a Pay-for-Performance Alignment Study. The results showed Pay-for-Performance alignment for StarHub in both absolute and relative terms over the 3-year period from financial years 2010 to 2012. Carrots also conducted a Compensation Risk Assessment. ERCC reviewed the various compensation risks that may arise and introduced mitigating policies to better manage risk exposure identified. 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 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 the greater responsibility carried by that office.

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 alignment of the interests of the non-executive Directors with the interests of shareholders, non-executive Directors who receive the restricted share awards are required to hold shares in StarHub worth at least 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 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 the financial year ended 31 December 2013 will be subject to shareholders' approval at the forthcoming AGM.

TABLE 2

Annual Fees for the Board

Board Chairman:	\$137,000
Non-Executive Director:	\$65,000

Additional Annual Fees for the Board Committees

Type of Committee	Chairman	Member
Audit Committee	\$42,000	\$25,000
Executive Resource and Compensation Committee	\$28,000	\$16,000
Nominating Committee	\$24,000	\$15,000
Strategy Committee	\$28,000	\$16,000
Risk Committee	\$28,000	\$16,000

Breakdown of Non-Executive Directors' Remuneration

The following shows the composition of non-executive Directors' remuneration for the financial year ended 31 December 2013:

Name of Non-Executive Directors	Directors' Remuneration		
	Cash-based	Share-based	Total
Tan Guong Ching	\$148,890	63,810	\$212,700
Kua Hong Pak	\$96,250	— ⁽¹⁾	\$96,250
Peter Seah Lim Huat	\$106,050	45,450	\$151,500
Nihal Vijaya Devadas Kaviratne CBE	\$127,050	54,450	\$181,500
Steven Terrell Clontz ⁽²⁾	\$113,050	48,450	\$161,500
Lim Ming Seong	\$117,950	50,550	\$168,500
Teo Ek Tor	\$111,930	47,970	\$159,900
Liu Chee Ming	\$87,500	37,500	\$125,000
Robert J. Sachs	\$94,150	40,350	\$134,500
Sio Tat Hiang ⁽²⁾	\$104,230	44,670	\$148,900
Nasser Marafih	\$70,000	30,000	\$100,000
Takeshi Kazami ⁽²⁾	\$61,250	— ⁽³⁾	\$61,250

(1) Mr Kua Hong Pak had declined the share award and will only receive the cash component of his remuneration. Mr Kua holds no shares in StarHub.

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

(3) 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.

No employee of the Group was an immediate family member of any Director or the CEO and whose remuneration exceeded \$50,000 per annum, during the financial year ended 31 December 2013.

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' Report.

CEO/Executive Director and Key Management Personnel Remuneration

The ERCC seeks to ensure that the level and mix of remuneration of the CEO and key management personnel are competitive and relevant, aligned with shareholders' interest and promote long-term success of the Group. The annual performance incentive is tied to the performance of StarHub's business units and individual employees, inclusive of a portion which is tied to EVA performance. The StarHub Performance Share Plan serves as long-term incentives to motivate key management personnel to strive for superior performance and to align their interests with those of shareholders. The StarHub Performance Share Plan is also aimed to strengthen StarHub's competitiveness in attracting and retaining talented key management personnel and employees.

As executive Director, the CEO is remunerated as a member of the Senior Management of StarHub. He does not receive Directors' fees for his Board directorship with StarHub.

His compensation consists of a base salary, allowances, performance-related bonuses/payments, benefits-in-kind and share awards. Contingent share awards granted to the CEO are subject to the prescribed performance targets being met over a specified performance period. Under the StarHub Performance Share Plan, the performance targets benchmark: (a) the performance of StarHub's Total Shareholders' Return (TSR) measured against the MSCI Asia Pacific Telecommunications Index (including Japan) over the performance period; and (b) the Wealth Added, which measures investment performance in terms of StarHub's TSR against shareholders expected returns using the cost of equity. If the threshold performance targets are not attained, no shares will be granted to the CEO. On the other hand, if the prescribed performance targets are met or exceeded, up to twice the number of shares that are the subject of the award will be granted. Under the StarHub Restricted Stock Plan, the performance targets are: (a) Return on Invested Capital – achieved against predetermined targets; and (b) Free Cashflow – achieved against predetermined targets. If the threshold performance targets are not achieved, no shares will be granted to the CEO. On the other hand, if the prescribed performance targets are met or exceeded, up to 1.5 times the number of shares that are the subject of the award will be granted. Similarly, the bonuses awarded to the CEO depend on the CEO's achievement of his prescribed performance targets.

CORPORATE GOVERNANCE

The aggregate annual compensation paid and accruing in bands of \$250,000 (including any benefits-in-kind) to the CEO and each of the top five key management personnel (who are also not Directors of StarHub) for the services rendered by

them in any capacity to the Group for the financial year ended 31 December 2013, and details of the share awards granted to the CEO and key management personnel for the financial year ended 31 December 2013, are set out in Table 3 below.

TABLE 3

	Fixed ⁽¹⁾ (%)	Variable ⁽²⁾ (%)	Benefits-in-kind ⁽³⁾ (%)	Remuneration bands ⁽⁴⁾	Share Awards granted in 2013 under StarHub Performance Share Plan ⁽⁵⁾	Share Awards granted in 2013 under StarHub Restricted Stock Plan ⁽⁶⁾
CEO and Executive Director						
Tan Tong Hai	45	50	5	B	Refer to details in Directors' Report	Refer to details in Directors' Report
Senior Executives						
Nicholas Tan	55	40	5	A ⁽⁷⁾	N.A. ⁽⁸⁾	N.A. ⁽⁸⁾
Kevin Lim	60	35	5	A	Up to 54,000 shares	Up to 39,000 shares
Jeannie Ong	60	35	5	A	Up to 54,000 shares	Up to 39,000 shares
Mock Pak Lum	65	30	5	A	Up to 54,000 shares	Up to 39,000 shares
Veronica Lai	60	35	5	A	Up to 54,000 shares	Up to 39,000 shares

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for the year ended 31 December 2013.

(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 the year ended 31 December 2013. 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 for sustainable shareholder value creation over the medium term, with alignment to StarHub's strategic business objectives. Under this 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. Under the EVA scheme, a notional EVA bank account is set up for each senior executive, into which the annual EVA performance bonus earned by him 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-in-kind 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) Remuneration bands:

"A" refers to remuneration between \$500,001 and \$750,000 p.a.

"B" refers to remuneration between \$2,000,001 and \$2,250,000 p.a.

(5) A share award was granted under the StarHub Performance Share Plan on 31 May 2013. The share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The share award is conditional upon the participant achieving prescribed performance targets over the performance period from 1 January 2013 to 31 December 2015. The performance targets benchmark (a) the performance of StarHub's Total Shareholders' Return (TSR) measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of StarHub's TSR against shareholders' expected returns using cost of equity. The actual number of shares delivered will depend on the level of attainment of the performance targets.

(6) A share award was granted under the StarHub Restricted Stock Plan on 31 May 2013. The share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The share award is conditional upon the participant achieving prescribed performance targets over the performance period from 1 January 2013 to 31 December 2014. These performance targets: (a) Return on Invested Capital – achieved against predetermined targets; and (b) Free Cashflow. The actual number of shares delivered will depend on the level of attainment of the performance targets. Shares will be delivered in phases according to the stipulated vesting periods.

(7) This remuneration band denotes Mr Nicholas Tan's annualised compensation for financial year ended 31 December 2013. He joined StarHub as CFO on 1 July 2013. Accordingly, the amount of actual compensation received was based on the period from 1 July 2013 to 31 December 2013.

(8) Mr Nicholas Tan joined StarHub as CFO on 1 July 2013, after the annual grant of share awards under the respective StarHub Performance Share Plan and StarHub Restricted Stock Plan for financial year 2013.

If the executive Director or any key management personnel of StarHub is involved in fraud or misconduct, which results in re-statement of StarHub's financial results or financial loss to StarHub, the Board may pursue to reclaim the unvested components of remuneration from such executive Director or key management personnel from 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.

3. ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

The Board provides shareholders with the Group's quarterly and full-year operating performance and financial results via SGXNET. In presenting the quarterly and annual financial statements to shareholders, the Board aims to provide a balanced and informed assessment of the Group's performance, position and prospects.

For the quarterly financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the SGX-ST Listing Manual. For the financial year ended 31 December 2013, 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 provides 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 is overall responsible for the governance of risks. The Board ensures that a sound system of risk management and internal controls are maintained to safeguard shareholders' interests and StarHub's assets.

The RC assists the Board in the oversight of risk management in StarHub. The RC comprises of the following Directors:

- Mr Tan Guong Ching (RC Chairman);
- Mr Tan Tong Hai; and
- Mr Sio Tat Hiang.

The RC held two meetings during the financial year ended 31 December 2013.

The RC's key responsibilities include:

- reviewing and recommending to the Board on 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;
- providing 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 ensuring that Management puts in place action plans to mitigate the risks identified where possible;
- reviewing the adequacy and effectiveness of StarHub's internal controls and risk management systems, including operational, compliance and information technology controls;
- reviewing policies and procedures for timely risk identification and containment; and
- setting and instilling the appropriate risk-aware culture throughout StarHub for effective risk governance.

The Board, upon recommendation by the RC, approved a Risk Appetite Statement to provide guidance to the 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 people 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"), which provides executive oversight and coordination of enterprise-wide risk management efforts across the Group. The MRC also proactively identifies existing and emerging significant risks, and manages them at the enterprise level within StarHub. The RC has authority to investigate any matter within its terms of reference, full access to and co-operation by 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 such reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE

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 based on the recommendations made by the external and internal auditors, and taking into account any Management's views.

For the financial year ended 31 December 2013, the Board has received assurance from CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of StarHub's operations and finances, and that StarHub's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Based on the risk management system and internal controls established and maintained by the Group, reviews performed by Management, as supported by findings by external and internal auditors, and relevant assurance by CEO and CFO pursuant to the Code, the Board, with the concurrence of the AC, opines that the risk management system and internal controls, including financial, operational, compliance and information technology controls, are adequate and effective in meeting the needs of the Group in its current business environment and scope of operations.

AUDIT COMMITTEE

The AC comprises the following Directors:

- Mr Kua Hong Pak (AC Chairman);
- Mr Nihal Vijaya Devadas Kaviratne CBE (independent Director);
- Mr Teo Ek Tor (independent Director); and
- Mr Lim Ming Seong.

The AC held four meetings during the financial year ended 31 December 2013, and met with the external auditors without Management at least once.

All AC members are non-executive Directors, the majority of whom (including the AC Chairman) are independent Directors. The members collectively have strong accounting and related financial 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 the adequacy and effectiveness of StarHub's internal controls, including financial, operational and compliance controls;
- 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 (with regard to 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 that is renewable annually;
- making recommendations to the Board on the proposals to the shareholders on 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 or failure of internal controls or violation of any law that is likely to have a material impact on the Group's results; and
- reviewing StarHub's Whistle Blowing Policy and the arrangements therein by which employees of StarHub and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and such concerns will be independently investigated and appropriate follow-up action(s) will be taken.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation by 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 such reasonable resources to enable it to discharge its functions properly.

The AC performed a review of the independence and objectivity of the external auditors, and also a review of the volume and type of non-audit services provided by the external auditors during the financial year ended 31 December 2013. The aggregate amount of external auditors' fees for financial year ended 31 December 2013 and the breakdown for the audit and non-audit services are set out in Note 19.3 to the Financial Statements on page 157 of the Annual Report.

Based on the information, 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. Accordingly, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment

as the Group's external auditors at the 2014 AGM. To further maintain the independence of KPMG LLP, the AC ensures that: (a) the audit partner in-charge of the Group is rotated every five years; and (b) a former audit partner will not be appointed as a AC member of StarHub within 12 months upon his or her cessation as KPMG LLP partner and for so long as he or she has any financial interest in KPMG LLP.

INTERNAL AUDIT

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

The internal auditor reports to the AC functionally, and to the CEO and CFO of StarHub administratively. The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all 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. Quarterly internal audit reports are submitted to the AC detailing the internal auditors' progress in executing the audit plan and any major findings and corrective actions taken by Management.

The AC conducts a review on 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 activities it audits. The AC meets with the internal auditor at least once a year without the presence of Management.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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 in StarHub or its business which may materially affect the price or value of StarHub's shares, on a timely basis.

All new material price-sensitive information is disclosed on an adequate, accurate and timely basis via the SGXNET. The SGXNET announcements are also posted on StarHub's

Investor Relations 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. StarHub's Articles of Association allow a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. Shareholders, who hold shares through nominees such as CPF and custodian banks, may attend AGM as observers without being constrained by the two-proxy rule, subject to availability of seats.

5. COMMUNICATION WITH SHAREHOLDERS

StarHub actively engages 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 has also taken steps to solicit and understand the views of the shareholders via: (a) periodic analyst and media briefings throughout the year; (b) the CEO and Investor Relations team meeting with institutional investors regularly, through international road shows and conferences organised by major brokerage firms; and (c) via third-party perception studies on StarHub.

Apart from the SGXNET, the StarHub IR website at www.starhub.com/ir is the primary source of information for the investors. It houses all media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, and other corporate information relating to the Group. The website is regularly updated. Investors may also elect to be notified of any new updates via an e-mail alert service. New material price-sensitive information such as financial results are however, released through SGXNET before any media or analyst conferences are conducted or posted on the StarHub IR website. This ensures fair and non-selective disclosure of information to all investors.

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.

Dividend is declared on a quarterly basis. Shareholders

CORPORATE GOVERNANCE

are informed of the dividend payout in the respective quarterly and the full-year financial results announcements via the SGXNET.

6. CONDUCT OF SHAREHOLDER MEETINGS

StarHub encourages shareholder participation at general meetings.

StarHub issues its notice of AGM together with its annual reports to all shareholders (including foreign shareholders) at least 21 days prior to the scheduled AGM. This is to provide ample time for shareholders to review the notice of AGM and annual reports before the AGM and if they wish, appoint their proxies to attend the AGM. As part of StarHub's commitment towards more environmentally-friendly and sustainable efforts, electronic copies of annual reports (in the form of a CD-ROM) are issued. Shareholders may elect to receive hardcopies of annual reports by request.

All Directors (in particular the Chairman of the Board and the respective Chairman of the AC, SC, NC, ERCC and RC) together with 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.

Each shareholder is entitled to vote in person or by appointing up to two proxies to attend and vote on his or her behalf. StarHub's Articles of Association do not allow shareholders to vote in absentia at general meetings, except through the appointment of a proxy or proxies to cast their vote in their stead.

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 the SGXNET on the same day of the general meeting.

Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, are made available to shareholders upon their request.

7. ADDITIONAL MEASURES TO ENHANCE CORPORATE GOVERNANCE

Beyond complying with the requirements of the Code, the SGX-ST Listing Manual, the Companies Act and the Securities and Futures Act, StarHub has also undertaken various additional measures to enhance corporate governance.

Securities Dealings

With respect to dealings in the securities of StarHub by the Directors and employees of the Group, StarHub has adopted the following insider trading policy that exceeds the requirements of the SGX-ST Listing Manual:

- All Directors and employees of the Group are prohibited from dealing in StarHub's securities:
 - (a) two weeks prior to the announcement of the Group's results for each of the first three quarters of its financial year; and
 - (b) a month prior to the announcement of the Group's full year results; and
- All Directors, 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 one month prior to the announcement of each of the Group's quarterly and full year 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.

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.

The Board has voluntarily undertaken to reduce the amount of shares it may issue and allot pursuant to the general authority granted by StarHub's shareholders to the Board, from 20% to 15% of StarHub's total issued share capital. In addition, the Board has voluntarily reduced the amount of Share awards that can be granted under the 10-year StarHub Share Plans from 15% to 8% of StarHub's total issued share capital, subject to shareholders' approval at the 2014 EGM.

Whistle Blowing Policy

In line with StarHub's zero tolerance for fraud and other ethical violations, the Group has instituted a robust procedure for purpose of providing third parties and employees with accessible channels, including a direct channel to employees' immediate

supervisors, the relevant Heads of Department or the Head of Human Resource (as may be appropriate), as well as the AC, for reporting suspected fraud, corruption, financial impropriety, unethical conduct and other criminal or dishonest practices.

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

In cases of suspected wrongdoing involving the CEO and/or 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 investigation results to employees, taking into account the interests of the Group.

The Group's whistle-blowing policy aims to encourage the reporting of such matters in good faith, with confidence that whistle-blowers will be treated fairly and accorded with protection against reprisals. StarHub will take disciplinary action against any party who victimises whistle-blowers. Further, StarHub does not disregard anonymous complaints but will give such complaints appropriate weight. 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

StarHub's Employee Code of Conduct, Ethics Policy and Corporate Gift and Hospitality Policy set out principles 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. The code and policies 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, StarHub has enhanced existing processes and internal controls on tenders, vendor selection and purchasing under the Supplier and Vendor Policy to ensure transparency, objectivity and compliance. The Employee Code of Conduct is updated from time to time and is available on StarHub's intranet, while the Supplier and Vendor Policy, the Ethics Policy and the Corporate Gift and Hospitality Policy are available on both StarHub's intranet and corporate website for easy access.

Compliance Leave Policy

As a further risk mitigation measure and to enhance governance, StarHub has voluntarily put in place a Compliance Leave Policy which applies to all 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 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.

Document Classification Policy

StarHub has implemented a clear document classification policy to ensure that all documents relating to the Group's business, activities and operations are classified according to whether the information contained within the document is confidential, for internal use or for public distribution. This classification helps to safeguard the information, 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 has undertaken a strategic BCM programme which has been certified as meeting the Singapore Standards SS540:2008. The BCM programme ensures that StarHub has in place business continuity and disaster recovery policies, plans and procedures. This provides assurance to the Group's stakeholders that StarHub will be able to provide, maintain and recover its critical business functions and continue to provide info-communication products and services in the event of an emergency, disaster or crisis. StarHub will be upgrading the BCM programme to meet the International Standards ISO22301:2013 in 2014.

Laptop Encryption Solution

To further enhance security of confidential and commercially sensitive documents stored in laptops belonging to senior staff, StarHub has implemented a Laptop Encryption Solution which ensures that sensitive and confidential information relating to StarHub continue to be protected, in the event of any loss of the laptop. StarHub continually evaluates new technologies to further enhance the security of its confidential and sensitive information.

Directors' Particulars

Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years			
Director	Age in Year 2014	Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2011 to 30 Dec 2013)
Tan Guong Ching	68	Singapore Technologies Telemedia Pte Ltd Singapore Technologies Aerospace Limited STT Communications Ltd Asia Mobile Holding Company Pte. Ltd. Asia Mobile Holdings Pte. Ltd. Singapore Shipping Corporation Limited Cambridge-MTN Private Limited Singapore Millennium Foundation	eircom Limited Temasek Life Sciences Laboratory Limited Singapore Pools (Private) Limited IP Academy Pteris Global Limited
Tan Tong Hai	51	StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Mobile Pte Ltd StarHub Online Pte Ltd SHINE Systems Assets Pte. Ltd. Nanyang Polytechnic	–
Kua Hong Pak	70	ComfortDelGro Corporation Limited SBS Transit Ltd VICOM Ltd PSA Corporation Limited PSA International Pte Ltd Temasek Holdings (Private) Limited	–
Peter Seah Lim Huat	68	DBS Bank Ltd DBS Group Holdings Ltd CapitaLand Limited Government of Singapore Investment Corporation Private Limited STATS ChipPAC Ltd DBS (Hong Kong) Limited Level 3 Communications, Inc	Global Crossing Limited Singapore Technologies Engineering Ltd
Nihal Vijaya Devadas Kaviratne CBE	70	DBS Bank Ltd DBS Group Holdings Ltd GlaxoSmithKline Pharmaceuticals Limited PT TVS Motor Company TVS Motor (Singapore) Pte. Limited Wildlife Reserves Singapore Pte Ltd Akzo Nobel India Limited SATS Ltd.	Fullerton India Credit Company Limited Fullerton Securities and Wealth Advisors Limited Titan Industries Ltd TVS Motor Company (Europe) BV
Steven Terrell Clontz	64	InterDigital, Inc. Nucleus Connect Pte. Ltd. Jasper Wireless, Inc. Level 3 Communications, Inc.	eircom Limited Global Crossing Limited (as Executive Committee Member) Equinix, Inc.

Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years			
Director	Age in Year 2014	Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2011 to 30 Dec 2013)
Lim Ming Seong	67	CSE Global Limited First Resources Ltd Singapore Technologies Kinetics Ltd Singapore Technologies Telemedia Pte Ltd Amplus Communications Pte Ltd U Mobile Sdn Bhd STT Communication Ltd W-Industries, Inc.	WhiteRock Partners Ltd WhiteRock Management Pte Ltd WhiteRock Management (USA), Inc. Servelec Group Limited
Teo Ek Tor	61	PrimePartners Group Pte Ltd PrimePartners Corporate Finance Pte Ltd Aris PrimePartners Asset Management Pte Ltd (formerly known as PrimePartners Asset Management Pte Ltd) WhiteRock Medical Company Pte Ltd Prime Agrico Ltd	PrimePartners Renewable Energy, Inc. ServTouch Holdings Pte Ltd
Liu Chee Ming	63	Platinum Broking Company Limited Platinum Holdings Company Limited Platinum Securities Company Limited Platinum Securities Company Limited (Singapore) Access Investment Management (H.K.) Limited Kader Holdings Company Limited The Singapore International School Foundation Ltd Haitong Securities Company Ltd	–
Robert J. Sachs	66	Continental Consulting Group, LLC. (as Principal) Dana-Farber Cancer Institute, Inc. Public Broadcasting Service WGBH Educational Foundation	Global Crossing Limited Big Band Networks, Inc. UpdateLogic, Inc.
Sio Tat Hiang	67	Singapore Technologies Telemedia Pte Ltd STT Communications Ltd Asia Mobile Holding Company Pte. Ltd. Asia Mobile Holdings Pte. Ltd. i-STT Investments Pte. Ltd. ST Telecommunications (Beijing) Co., Ltd ST Teleport Pte Ltd STT Crossing Ltd TeleChoice International Limited Shenington Investments Pte Ltd U Mobile Sdn Bhd	Grid Communications Pte. Ltd.

DIRECTORS' PARTICULARS

Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years			
Director	Age in Year 2014	Present Principal Directorships/Chairmanships & Appointments	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2011 to 30 Dec 2013)
Nasser Marafih	53	Asia Mobile Holdings Pte. Ltd. Asiacell Communications LLC Wataniya Mobile Telecommunication Co. (NMTC) Tunisiana S.A. PT Indosat, Tbk Shenington Investments Pte Ltd Wataniya Telecom Algeria S.P.A. Wataniya Palestine Mobile Telecommunications Public Shareholding Company wi-tribe Limited	–
Takeshi Kazami	51	NTT Singapore Pte Ltd NTT Communications World Network (S) Pte. Ltd. NTT Australia Pty Ltd PT. NTT Indonesia NTT Communications Philippines Corporation NTT MSC Sdn Bhd NTT Communications (Vietnam) Limited Emerio GlobeSoft Pte Ltd	NTT Communications (Thailand) Co., Ltd. NTT Communications India Private Limited Frontline Systems Australia Pty Limited

Financial Statements

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Directors' Report

Year ended 31 December 2013

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2013.

DIRECTORS

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

Tan Guong Ching	(Chairman)
Tan Tong Hai	(Chief Executive Officer, appointed on 1 March 2013)
Kua Hong Pak	
Peter Seah Lim Huat	
Nihal Vijaya Devadas Kaviratne CBE	
Steven Terrell Clontz	
Lim Ming Seong	
Teo Ek Tor	
Liu Chee Ming	
Robert J. Sachs	
Sio Tat Hiang	
Nasser Marafih	
Takeshi Kazami	

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants, share options and share awards in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

SHARES IN THE COMPANY AND IN RELATED CORPORATIONS

	1 January 2013/ Date of Appointment	31 December 2013
The Company		
Ordinary shares		
Tan Guong Ching	97,870	116,941
Tan Tong Hai	111,570	394,770
Peter Seah Lim Huat	540,762	556,192
Nihal Vijaya Devadas Kaviratne CBE	200,052	217,982
Steven Terrell Clontz	29,400	40,100
Lim Ming Seong	281,310	198,236
Teo Ek Tor	116,300	130,638
Liu Chee Ming	148,226 ⁺	161,684 ⁺
Robert J. Sachs	83,276	95,834
Sio Tat Hiang	–	4,400
Nasser Marafih	33,360	43,030

+ Held (partly or wholly) by a nominee.

SHARES IN THE COMPANY AND IN RELATED CORPORATIONS *(continued)*

1 January 2013 31 December 2013

Related Corporations**Mapletree Commercial Trust Management Ltd.**

Units in Mapletree Commercial Trust

Nihal Vijaya Devadas Kaviratne CBE

80,000

–

Mapletree Industrial Trust Management Ltd

Units in Mapletree Industrial Trust

Nihal Vijaya Devadas Kaviratne CBE

60,000

–

Mapletree Logistics Trust Management Ltd.

Units in Mapletree Logistics Trust

Nihal Vijaya Devadas Kaviratne CBE

90,000

–

Singapore Airlines Limited

Ordinary shares

Tan Guong Ching

2,000

2,000

Singapore Technologies Engineering Ltd

Ordinary shares

Tan Guong Ching

55,375

60,475

Peter Seah Lim Huat

526,025

545,325

Nihal Vijaya Devadas Kaviratne CBE

17,000

17,000

Lim Ming Seong

87,536

90,736

Singapore Telecommunications Limited

Ordinary shares

Tan Guong Ching

2,840

2,840

Kua Hong Pak

3,027

3,027

Peter Seah Lim Huat

3,040

3,217

SMRT Corporation Ltd

Ordinary shares

Tan Guong Ching

11,000

11,000

SP Australia Networks (Transmission) Ltd (“SPANTL”)**SP Australia Networks (Distribution) Ltd (“SPANDL”)****SP Australia Networks (Finance) Trust (“SPANFT”)**

Stapled securities comprising shares in SPANTL and SPANDL and units in SPANFT

Tan Guong Ching

216,193

230,864

Directors' Report

Year ended 31 December 2013

SHARES IN THE COMPANY AND IN RELATED CORPORATIONS *(continued)*

	1 January 2013	31 December 2013
STATS ChipPAC Ltd		
Ordinary shares		
Peter Seah Lim Huat	6,900	6,900
Steven Terrell Clontz	800	800
Lim Ming Seong	6,900	6,900
TeleChoice International Limited		
Ordinary shares		
Peter Seah Lim Huat	50,000	50,000
Lim Ming Seong	60,000	60,000
Sio Tat Hiang	150,000	150,000

OPTIONS AND OTHER INTERESTS IN THE COMPANY AND IN RELATED CORPORATIONS

	Date of Appointment	31 December 2013
The Company		
Conditional awards of shares under StarHub Performance Share Plan		
Tan Tong Hai	121,900 ⁽¹⁾	—
	121,900 ⁽²⁾	121,900 ⁽²⁾
	122,000 ⁽³⁾	122,000 ⁽³⁾
	—	210,000 ⁽⁴⁾

- (1) A conditional award was granted in May 2010. The performance period was from 2010 to 2012. The final award was granted in March 2013 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were delivered in April 2013.
- (2) A conditional award was granted in March 2011. The performance period was from 2011 to 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.
- (3) A conditional award was granted in May 2012. The performance period is from 2012 to 2014. 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.
- (4) A conditional award was granted in May 2013. The performance period is from 2013 to 2015. No shares will be delivered if the threshold performance targets are not achieved while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

OPTIONS AND OTHER INTERESTS IN THE COMPANY AND IN RELATED CORPORATIONS *(continued)*

	1 January 2013/ Date of Appointment	31 December 2013
The Company		
Conditional awards of shares under StarHub Restricted Stock Plan		
Tan Guong Ching	6,671 ⁽⁵⁾	—
Tan Tong Hai	20,570 ⁽⁵⁾	—
	19,000 ⁽⁶⁾	19,000 ⁽⁶⁾
	71,000 ⁽⁷⁾	39,410 ⁽⁷⁾
	71,000 ⁽⁸⁾	71,000 ⁽⁸⁾
	—	160,000 ⁽⁹⁾
Peter Seah Lim Huat	5,330 ⁽⁵⁾	—
Nihal Vijaya Devadas Kaviratne CBE	5,330 ⁽⁵⁾	—
Lim Ming Seong	5,626 ⁽⁵⁾	—
Teo Ek Tor	4,938 ⁽⁵⁾	—
Liu Chee Ming	3,858 ⁽⁵⁾	—
Robert J. Sachs	3,858 ⁽⁵⁾	—
Nasser Marafih	3,170 ⁽⁵⁾	—

(5) A conditional award was granted in May 2009. The performance period was from 2009 to 2010. The final award was granted in 2011 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were delivered in phases according to the stipulated vesting periods from 2011 and 2013.

(6) A conditional award was granted in May 2010. The performance period was from 2010 to 2011. The final award was granted in 2012 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2012 and 2013, and the balance will be delivered in 2014.

(7) A conditional award was granted in March 2011. The performance period was from 2011 to 2012. The final award was granted in 2013 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2013, and the balance will be delivered in 2014.

(8) A conditional award was granted in May 2012. The performance period was from 2012 to 2013. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

(9) A conditional award was granted in May 2013. The performance period is from 2013 to 2014. 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' Report

Year ended 31 December 2013

OPTIONS AND OTHER INTERESTS IN THE COMPANY AND IN RELATED CORPORATIONS *(continued)*

	1 January 2013	31 December 2013	Exercise Price \$	Exercise Period
STATS ChipPAC Ltd				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	70,000	—	1.99	06.08.2004 to 05.08.2013
	35,000	35,000	1.91	17.02.2005 to 16.02.2014

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share awards of the Company, or of its related corporations, either at the beginning of the financial year, or at date of appointment, if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2014.

Except as disclosed under the "Options and other interests" section of this report, 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.

Except as disclosed in this report and in notes 19.2.1 and 19.2.2 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE-BASED PAYMENTS

The StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan (collectively referred to as the "Plans") were approved and adopted by the members at an Extraordinary General Meeting of the Company held on 16 August 2004.

The Plans and the StarHub Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") are administered by the Company's Executive Resource and Compensation Committee ("ERCC") comprising four directors, namely Peter Seah Lim Huat (Chairman), Lim Ming Seong, Teo Ek Tor and Sio Tat Hiang.

The Company designates Singapore Technologies Telemedia Pte Ltd as its parent company ("Parent Company") for purposes of the Plans.

(a) Options granted under the StarHub Share Option Plan 2000 and the StarHub Share Option Plan 2004 (collectively, the "StarHub Share Option Plans")

- (i) The StarHub Share Option Plan 2000 was terminated in 2004, while the StarHub Share Option Plan 2004 has been suspended since 2006. Hence, no option has been granted since 2006. The existing options granted were vested according to the terms of the StarHub Share Option Plan 2000, or as applicable, the StarHub Share Option Plan 2004 and the respective grants.
- (ii) Since 31 December 2010, there has been no option outstanding held by the directors of the Company.

SHARE-BASED PAYMENTS *(continued)*

(a) Options granted under the StarHub Share Option Plan 2000 and the StarHub Share Option Plan 2004 (collectively, the "StarHub Share Option Plans") *(continued)*

(iii) Details of options granted to directors of the Company under the StarHub Share Option Plans are as follows:

Name of director	Aggregate options granted and accepted since commencement of the StarHub Share Option Plans to 31 December 2013	Aggregate options exercised since commencement of the StarHub Share Option Plans to 31 December 2013
------------------	-----------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------

StarHub Share Option Plan 2000

Peter Seah Lim Huat	93,750	93,750
Steven Terrell Clontz	6,875,010	6,875,010
Lim Ming Seong	118,750	118,750

StarHub Share Option Plan 2004

Peter Seah Lim Huat	44,250	44,250
Nihal Vijaya Devadas Kaviratne CBE	44,250	44,250
Lim Ming Seong	44,250	44,250
Teo Ek Tor	44,250	44,250
Liu Chee Ming	44,250	44,250
Robert J. Sachs	25,500	25,500

- (iv) As at the end of the financial year, no options have been granted to controlling shareholders of the Company or its associates or to directors or employees of the Parent Company and its subsidiaries ("Parent Group").
- (v) No options had been offered at a discount during the financial year.
- (vi) The options granted by the Company do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company.
- (vii) During the financial year, a total of 618,886 ordinary shares fully paid in the Company were issued pursuant to the StarHub Share Option Plans at exercise prices of between \$0.88 and \$1.52 per share.
- (viii) As at the end of the financial year, unissued shares of the Company under the StarHub Share Option Plans are as follows:

Number of option holders	Exercise period	Number of unissued shares	Exercise price per share \$
55	03.04.2005 to 02.04.2014	88,200	0.96
86	27.11.2005 to 26.11.2014	167,724	0.99
173	31.05.2006 to 30.05.2015	563,506	1.52
Total		819,430	

Except as disclosed in this report, there were no other unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

Directors' Report

Year ended 31 December 2013

SHARE-BASED PAYMENTS *(continued)*

(b) StarHub Performance Share Plan and StarHub Restricted Stock Plan

- (i) The StarHub Performance Share Plan and the StarHub Restricted Stock Plan were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.
- (ii) The following persons shall be eligible to participate in the aforesaid plans 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 Performance Share Plan and the StarHub Restricted Stock Plan; and
 - (3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.
- (iii) Under the StarHub Performance Share Plan, 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. The first performance target benchmarks the performance of the Company's Total Shareholder Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index including Japan, over the performance period. The second performance target used is Wealth Added which measures the investment performance in terms of the Company's TSR against shareholders' expected returns by using cost of equity as a benchmark.

Since the commencement of the StarHub Performance Share Plan to the financial year ended 31 December 2013, conditional awards aggregating 8,405,150 shares have been granted under the aforesaid plan. 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.

Details of share awards granted under the StarHub Performance Share Plan (or "PSP"), are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the PSP to 31 December 2013	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2013
Executive director:				
Tan Tong Hai	210,000	681,800	243,800	453,900
Key executives	269,000	6,812,150	494,500	1,100,066

SHARE-BASED PAYMENTS *(continued)*

(b) StarHub Performance Share Plan and StarHub Restricted Stock Plan *(continued)*

- (iv) Under the StarHub Restricted Stock Plan, 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 Restricted Stock Plan 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 Performance Share Plan 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 financial year ended 31 December 2008, (a) the first performance target benchmarks the performance of the Company's TSR measured against the Straits Times Index ("STI") over the performance period; and (b) the second performance target used is measured against Free Cashflow ("FCF"). For performance-based restricted awards granted during and from financial year ended 31 December 2008 onwards, the performance targets used are measured against the Return on Invested Capital ("ROIC") and the FCF respectively.

Since the commencement of the StarHub Restricted Stock Plan to the financial year ended 31 December 2013:

- (1) performance-based restricted awards aggregating 14,925,100 shares have been granted under the aforesaid Plan. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 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; and
- (5) a restricted award of 114,900 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.

Directors' Report

Year ended 31 December 2013

SHARE-BASED PAYMENTS *(continued)*

(b) StarHub Performance Share Plan and StarHub Restricted Stock Plan *(continued)*

Details of share awards granted under the StarHub Restricted Stock Plan (or "RSP"), are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commence- ment of the RSP to 31 December 2013	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2013
Non-executive directors:				
Tan Guong Ching	12,400	122,800	19,071	—
Peter Seah Lim Huat	10,100	98,700	15,430	—
Nihal Vijaya Devadas Kaviratne CBE	12,600	103,700	17,930	—
Steven Terrell Clontz	10,700	40,100	10,700	—
Lim Ming Seong	11,300	106,900	16,926	—
Teo Ek Tor	9,400	91,100	14,338	—
Liu Chee Ming	9,600	76,100	13,458	—
Robert J. Sachs	8,700	73,700	12,558	—
Sio Tat Hiang	4,400	4,400	4,400	—
Nasser Marafih	6,500	50,400	9,670	—
Executive director:				
Tan Tong Hai	160,000	544,000	78,870	289,410
Key employees	1,324,000	12,821,200	1,600,865	3,980,930

As at 31 December 2013, no participant has been granted options under the StarHub Share Option Plans and/or received shares pursuant to the release of awards granted under the StarHub Performance Share Plan and/or the StarHub Restricted Stock Plan, 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, StarHub Performance Share Plan and StarHub Restricted Stock Plan 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 Performance Share Plan and the StarHub Restricted Stock Plan collectively.

During the financial year, a total of 3,341,535 ordinary shares fully paid in the Company were issued pursuant to the StarHub Performance Share Plan and the StarHub Restricted Stock Plan.

AUDIT COMMITTEE

The members of the Audit Committee as at the date of this report are as follows:

Kua Hong Pak, independent non-executive director (Chairman);
 Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director;
 Lim Ming Seong, non-executive director; and
 Teo Ek Tor, independent non-executive director.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, 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 Company and its subsidiaries prior to their submission to the directors of the Company for adoption; and
- (3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

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

On behalf of the Board of Directors



Tan Guong Ching
 Director



Tan Tong Hai
 Director

Singapore
 6 February 2014

Statement by Directors

Year ended 31 December 2013

In our opinion:

- (a) the financial statements set out on pages 126 to 168 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors



Tan Guong Ching
Director



Tan Tong Hai
Director

Singapore
6 February 2014

Independent Auditors' Report

Members of the Company
StarHub Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 126 to 168.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

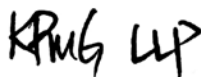
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 February 2014

Statements of Financial Position

As at 31 December 2013

	Note	GROUP		COMPANY	
		2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Non-current assets					
Property, plant and equipment	3	857.4	791.1	384.1	367.7
Intangible assets	4	380.6	397.0	92.1	105.9
Subsidiaries	5	–	–	1,692.1	1,202.1
Balances with related parties	10	–	–	123.0	600.0
Deferred tax assets	6	–	2.5	–	–
		1,238.0	1,190.6	2,291.3	2,275.7
Current assets					
Inventories	7	43.2	28.1	36.7	21.2
Trade receivables	8	123.5	142.3	108.5	130.9
Other receivables, deposits and prepayments	9	154.4	123.6	29.8	20.4
Balances with related parties	10	24.0	12.0	111.3	48.2
Cash and cash equivalents	11	266.9	312.0	207.5	245.7
		612.0	618.0	493.8	466.4
Current liabilities					
Trade and other payables	12	(753.7)	(728.1)	(335.3)	(344.5)
Balances with related parties	10	(76.5)	(56.5)	(402.8)	(321.5)
Provision for taxation		(71.4)	(94.6)	(35.0)	(51.4)
		(901.6)	(879.2)	(773.1)	(717.4)
Net current liabilities		(289.6)	(261.2)	(279.3)	(251.0)
Non-current liabilities					
Trade and other payables	12	(28.9)	(37.5)	(28.9)	(37.5)
Borrowings	13	(687.5)	(687.5)	(687.5)	(687.5)
Deferred income	14	(21.3)	(41.7)	–	–
Deferred tax liabilities	6	(128.0)	(119.2)	(75.8)	(72.4)
		(865.7)	(885.9)	(792.2)	(797.4)
Net assets		82.7	43.5	1,219.8	1,227.3
Shareholders' equity					
Share capital	15	271.4	263.1	271.4	263.1
Reserves	17	(188.7)	(219.6)	948.4	964.2
Total equity		82.7	43.5	1,219.8	1,227.3

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

Income Statements

Year ended 31 December 2013

	Note	GROUP		COMPANY	
		2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Total revenue	18	2,359.3	2,421.6	1,011.8	1,185.2
Operating expenses	19	(1,946.0)	(2,001.0)	(1,023.5)	(1,080.6)
Other income	20	49.9	26.7	367.2	295.9
		463.2	447.3	355.5	400.5
Finance income	21	2.8	4.1	21.6	20.1
Finance expense	21	(18.8)	(20.0)	(20.1)	(21.4)
Net finance (costs)/income		(16.0)	(15.9)	1.5	(1.3)
Profit before taxation		447.2	431.4	357.0	399.2
Taxation	22	(76.5)	(72.1)	(32.7)	(42.7)
Profit for the year		370.7	359.3	324.3	356.5
Attributable to:					
Equity holders of the Company		370.7	359.3	324.3	356.5
Profit for the year		370.7	359.3	324.3	356.5
Earnings per share					
Basic (cents)	23	21.5	20.9		
Diluted (cents)	23	21.4	20.8		
EBITDA	24	732.7	719.8		

Statements of Comprehensive Income

Year ended 31 December 2013

	Note	GROUP		COMPANY	
		2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Profit for the year		370.7	359.3	324.3	356.5
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		0.3	–	–	–
Effective portion of changes in fair value of cash flow hedge	22	2.8	(0.4)	2.8	(0.4)
Total comprehensive income for the year, net of taxation		373.8	358.9	327.1	356.1
Total comprehensive income for the year attributable to equity holders of the Company		373.8	358.9	327.1	356.1

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

Statements of Changes in Equity

Year ended 31 December 2013

GROUP	Share capital \$'mil	Treasury shares \$'mil	Goodwill written off \$'mil	Share-based payments reserve \$'mil	Hedging reserve \$'mil	Translation reserve \$'mil	Retained profits \$'mil	Total reserves \$'mil	Total equity \$'mil
At 1.1.2012	262.8	(5.5)	(276.3)	13.9	(6.6)	–	34.3	(240.2)	22.6
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	359.3	359.3	359.3
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	(0.4)	–	–	(0.4)	(0.4)
Total comprehensive income for the year	–	–	–	–	(0.4)	–	359.3	358.9	358.9
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	0.3	–	–	–	–	–	–	–	0.3
Share-based payments expenses	–	–	–	6.4	–	–	–	6.4	6.4
Purchase of treasury shares	–	(2.3)	–	–	–	–	–	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	–	7.6	–	(6.6)	–	–	–	1.0	1.0
Dividends paid (note 16)	–	–	–	–	–	–	(343.4)	(343.4)	(343.4)
Total transactions with equity holders of the Company	0.3	5.3	–	(0.2)	–	–	(343.4)	(338.3)	(338.0)
At 31.12.2012	263.1	(0.2)	(276.3)	13.7	(7.0)	–	50.2	(219.6)	43.5
At 1.1.2013	263.1	(0.2)	(276.3)	13.7	(7.0)	–	50.2	(219.6)	43.5
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	370.7	370.7	370.7
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	–	0.3	–	0.3	0.3
Effective portion of changes in fair value of cash flow hedge, net of taxation	–	–	–	–	2.8	–	–	2.8	2.8
Total comprehensive income for the year	–	–	–	–	2.8	0.3	370.7	373.8	373.8
Transactions with equity holders of the Company, recognised directly in equity									
<i>Contributions by and distributions to equity holders of the Company</i>									
Issue of shares pursuant to share plans	8.3	–	–	(7.5)	–	–	–	(7.5)	0.8
Share-based payments expenses	–	–	–	8.8	–	–	–	8.8	8.8
Dividends paid (note 16)	–	–	–	–	–	–	(344.2)	(344.2)	(344.2)
Total transactions with equity holders of the Company	8.3	–	–	1.3	–	–	(344.2)	(342.9)	(334.6)
At 31.12.2013	271.4	(0.2)	(276.3)	15.0	(4.2)	0.3	76.7	(188.7)	82.7

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

COMPANY	Share capital \$'mil	Treasury shares \$'mil	Merger/ capital reserve \$'mil	Share-based payments reserve \$'mil	Hedging reserve \$'mil	Retained profits \$'mil	Total reserves \$'mil	Total equity \$'mil
At 1.1.2012	262.8	(5.5)	276.5	13.9	(6.6)	668.1	946.4	1,209.2
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	356.5	356.5	356.5
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge, net of taxation	-	-	-	-	(0.4)	-	(0.4)	(0.4)
Total comprehensive income for the year	-	-	-	-	(0.4)	356.5	356.1	356.1
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	0.3	-	-	-	-	-	-	0.3
Share-based payments expenses	-	-	-	6.4	-	-	6.4	6.4
Purchase of treasury shares	-	(2.3)	-	-	-	-	(2.3)	(2.3)
Transfer from treasury shares to share-based payments reserve	-	7.6	-	(6.6)	-	-	1.0	1.0
Dividends paid (note 16)	-	-	-	-	-	(343.4)	(343.4)	(343.4)
Total transactions with equity holders of the Company	0.3	5.3	-	(0.2)	-	(343.4)	(338.3)	(338.0)
At 31.12.2012	263.1	(0.2)	276.5	13.7	(7.0)	681.2	964.2	1,227.3
At 1.1.2013	263.1	(0.2)	276.5	13.7	(7.0)	681.2	964.2	1,227.3
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	324.3	324.3	324.3
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedge, net of taxation	-	-	-	-	2.8	-	2.8	2.8
Total comprehensive income for the year	-	-	-	-	2.8	324.3	327.1	327.1
Transactions with equity holders of the Company, recognised directly in equity								
<i>Contributions by and distributions to equity holders of the Company</i>								
Issue of shares pursuant to share plans	8.3	-	-	(7.5)	-	-	(7.5)	0.8
Share-based payments expenses	-	-	-	8.8	-	-	8.8	8.8
Dividends paid (note 16)	-	-	-	-	-	(344.2)	(344.2)	(344.2)
Total transactions with equity holders of the Company	8.3	-	-	1.3	-	(344.2)	(342.9)	(334.6)
At 31.12.2013	271.4	(0.2)	276.5	15.0	(4.2)	661.3	948.4	1,219.8

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

Consolidated Cash Flow Statement

Year ended 31 December 2013

	2013 \$'mil	2012 \$'mil
Operating activities		
Profit before taxation	447.2	431.4
Adjustments for:		
Depreciation and amortisation, net of asset grants	269.5	272.5
Loss on disposal of property, plant and equipment and intangible assets	0.1	0.4
Income related grants	(49.9)	(26.7)
Share-based payments	8.8	6.4
Changes in fair value of financial instruments	(1.7)	0.6
Net finance costs	16.0	15.9
Other non-cash items	0.9	1.0
Operating cash flow before working capital changes	690.9	701.5
Changes in working capital:		
Inventories	(15.1)	9.1
Trade receivables	18.8	9.7
Other receivables, deposits and prepayments	(21.4)	(18.1)
Trade and other payables	2.5	21.5
Balances due from related parties	(12.0)	5.2
Balances due to related parties	20.0	14.6
Cash generated from operations	683.7	743.5
Income tax paid	(89.0)	(54.0)
Net cash from operating activities	594.7	689.5
Investing activities		
Proceeds from disposal of property, plant and equipment	0.6	1.0
Purchase of property, plant and equipment and intangible assets	(302.8)	(272.7)
Interest received	2.8	4.0
Net cash used in investing activities	(299.4)	(267.7)
Financing activities		
Proceeds from exercise of share options	0.8	1.1
Proceeds from bank loans	–	80.0
Proceeds from issuance of medium term note	–	220.0
Grants received	21.7	50.5
Repayment of bank loans	–	(275.0)
Dividends paid	(344.2)	(343.4)
Interest paid	(19.2)	(19.9)
Purchase of treasury shares	–	(2.3)
Net cash used in financing activities	(340.9)	(289.0)
Net change in cash and cash equivalents	(45.6)	132.8
Exchange difference on cash and cash equivalents	0.5	–
Cash and cash equivalents at beginning of year	312.0	179.2
Cash and cash equivalents at end of year (note 11)	266.9	312.0

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

Notes to the Financial Statements

Year ended 31 December 2013

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 February 2014.

1 DOMICILE AND ACTIVITIES

StarHub Ltd (“StarHub” or the “Company”) is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (the “Group”).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) pursuant to the requirements of the Companies Act, Chapter 50.

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements, except as disclosed below.

Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for annual periods beginning on 1 January 2013. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years.

New accounting standards and interpretations not yet adopted

Certain accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date and are relevant to its operations but are not yet effective have not been applied by the Group.

The initial application of the standards and interpretations relevant to the Group’s operations is not expected to have any material impact on the Group’s financial statements. The Group has not considered the impact of the accounting standards issued after 31 December 2013.

2.2 CONSOLIDATION

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Investments in subsidiaries are stated in the Company’s statement of financial position at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group’s financial statements.

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited (“Temasek”), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the “pooling of interest” method.

Notes to the Financial Statements

Year ended 31 December 2013

2.2 CONSOLIDATION *(continued)*

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.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the reporting date. Income, expenses and cash flows are translated at average rates prevailing during the period. Translation differences are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to the profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

All significant intra-group transactions, balances and unrealised gains/losses are eliminated on consolidation. Unrealised gains are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Otherwise they are recognised immediately in the income statement.

2.3 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labour, an appropriate proportion of overheads, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing costs.

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

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

Leasehold land	–	60 years
Leasehold buildings	–	30 years
Leasehold improvements	–	Shorter of lease term or 5 years
Network equipment	–	2 years to 15 years
Office equipment, computers and furniture and fittings	–	2 years to 5 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

No depreciation is provided on freehold property.

No depreciation is provided in respect of property, plant and equipment under construction.

2.4 INTANGIBLE ASSETS

Goodwill

Acquisitions prior to 1 January 2010

Goodwill arising on acquisition prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in note 2.5.

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves in the year of acquisition and has not been retrospectively capitalised and amortised.

Goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed or the goodwill is impaired. Similarly negative goodwill that has previously been taken to reserves is not taken to income statement when the business is disposed of.

Telecommunications licences

Telecommunications licences costs incurred is measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income statement using the straight-line method over the period of the licence, being 10 years to 21 years, commencing from the effective date of the licence.

Computer software

Computer software comprises software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income statement using the straight-line method over their estimated useful lives of 2 years to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in income statement as incurred.

Computer software integral to a related item of equipment is accounted for as property, plant and equipment.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.5 IMPAIRMENT

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, in which case it is charged to other comprehensive income.

For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amounts.

Notes to the Financial Statements

Year ended 31 December 2013

2.5 IMPAIRMENT (*continued*)

Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of units) and then, to reduce the carrying amount of other assets in the CGU (group of units) on a *pro rata* basis.

Calculation of recoverable amount

The recoverable amount of an asset or its CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit 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.

Reversals of impairment

An impairment loss recognised in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

2.6 INVENTORIES

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

2.7 TRADE AND OTHER RECEIVABLES

Trade and other receivables (including balances with related parties) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables. Allowance for doubtful receivables is made based on historical write-off patterns and ageing of accounts receivables. Bad debts are written off when incurred.

2.8 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash balances and deposits with financial institutions and bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.9 TRADE AND OTHER PAYABLES

Trade and other payables (including balances with related parties) are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 BORROWINGS

Borrowings are initially recognised at fair value of the proceeds received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of borrowings is recognised in income statement over the period of the borrowings.

2.11 EMPLOYEE BENEFITS

Share-based payment

Share Option Plans

The Share Option Plans allow the Group employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

Performance Share Plan and Restricted Stock Plan

The Performance Share Plan and the Restricted Stock Plan are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the 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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or Performance Cash Plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 CUSTOMER LOYALTY PROGRAMMES

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as unearned revenue until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

2.13 PROVISIONS

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.14 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

Notes to the Financial Statements

Year ended 31 December 2013

2.15 REVENUE RECOGNITION

Revenue comprises fees earned from telecommunications services, broadband access, Pay TV, related advertising space and sale of equipment. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- Revenue from sale of pre-paid phone cards for which services have not been rendered is deferred and presented in the statement of financial position as unearned revenue. Upon the expiry of pre-paid phone cards, any unutilised value of the cards is taken to the income statement.
- Revenue from sale of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.
- Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

2.16 FINANCE COSTS

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

2.17 GOVERNMENT GRANTS

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

2.18 MARKETING AND PROMOTIONS

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the income statement when incurred.

2.19 OPERATING LEASES

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.20 INCOME TAXES

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

2.20 INCOME TAXES *(continued)*

Deferred tax assets and liabilities are not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction other than a business combination that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 DIVIDENDS

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividends to the Company's shareholders are recognised in the financial year in which the dividends are approved by the shareholders.

2.22 FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at exchange rates approximate to those ruling at the reporting date. Transactions in foreign currencies are translated at rates ruling on transaction dates. The translation differences arising from such transactions are included in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Singapore dollars at the exchange rate at the date on which fair value was determined.

2.23 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in note 2.24.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

2.24 HEDGING

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the Hedging Reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

Notes to the Financial Statements

Year ended 31 December 2013

2.24 HEDGING (continued)

Cash flow hedges (continued)

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

2.25 SEGMENT REPORTING

With the adoption of FRS 108, segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Fixed network services and equipment sales on an operationally integrated network, customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

2.26 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements in the application of accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported income and expenses during the financial year. These estimates are based on management's best knowledge and judgement of current events and environment. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the application of the Group's accounting policies, which are described in note 2, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

The key assumptions concerning the future, and other key sources at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 3 – measurement of depreciable amounts relating to property, plant and equipment
- Note 4 – measurement of recoverable amounts relating to goodwill impairment
- Note 6 – recognition of deferred tax assets
- Note 8 – measurement of recoverable amounts of trade receivables
- Note 19.2.2 – measurement of share-based payments
- Note 27 – valuation of financial instruments

3 PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold land \$'mil	Leasehold buildings \$'mil	Leasehold improve- ments \$'mil	Freehold property \$'mil	Network equipment \$'mil	Office equipment, computers and furniture and fittings \$'mil	Motor vehicles \$'mil	Construction in progress \$'mil	Total \$'mil
Cost									
At 1.1.2012	-	8.3	60.5	1.7	2,839.5	166.1	6.1	91.5	3,173.7
Additions	-	-	0.1	-	6.2	-	1.3	248.4	256.0
Transfers	-	-	0.8	-	209.3	9.4	-	(219.5)	-
Disposals	-	-	(11.1)	-	(49.9)	(16.1)	(0.5)	-	(77.6)
At 31.12.2012	-	8.3	50.3	1.7	3,005.1	159.4	6.9	120.4	3,352.1
At 1.1.2013	-	8.3	50.3	1.7	3,005.1	159.4	6.9	120.4	3,352.1
Additions	34.3	-	-	-	13.7	-	0.2	239.3	287.5
Transfers	-	0.8	1.2	-	259.5	11.2	-	(272.7)	-
Disposals	-	-	(1.6)	-	(304.1)	(7.3)	(0.4)	-	(313.4)
At 31.12.2013	34.3	9.1	49.9	1.7	2,974.2	163.3	6.7	87.0	3,326.2
Accumulated depreciation									
At 1.1.2012	-	0.9	43.0	-	2,236.0	128.1	3.8	-	2,411.8
Charge for the year	-	0.3	7.3	-	201.7	16.1	1.0	-	226.4
Disposals	-	-	(11.1)	-	(49.5)	(16.1)	(0.5)	-	(77.2)
At 31.12.2012	-	1.2	39.2	-	2,388.2	128.1	4.3	-	2,561.0
At 1.1.2013	-	1.2	39.2	-	2,388.2	128.1	4.3	-	2,561.0
Charge for the year	0.4	0.3	7.0	-	197.6	14.2	1.0	-	220.5
Disposals	-	-	(1.5)	-	(303.5)	(7.3)	(0.4)	-	(312.7)
At 31.12.2013	0.4	1.5	44.7	-	2,282.3	135.0	4.9	-	2,468.8
Carrying amount									
At 31.12.2012	-	7.1	11.1	1.7	616.9	31.3	2.6	120.4	791.1
At 31.12.2013	33.9	7.6	5.2	1.7	691.9	28.3	1.8	87.0	857.4

	GROUP	
	2013 \$'mil	2012 \$'mil
Staff costs capitalised in construction in progress during the year	3.1	3.6

Notes to the Financial Statements

Year ended 31 December 2013

3 PROPERTY, PLANT AND EQUIPMENT *(continued)*

COMPANY	Leasehold buildings \$'mil	Leasehold improve- ments \$'mil	Network equipment \$'mil	Office equipment, computers and furniture and fittings \$'mil	Motor vehicles \$'mil	Construction in progress \$'mil	Total \$'mil
Cost							
At 1.1.2012	8.3	48.3	965.8	128.3	1.6	61.9	1,214.2
Additions	–	–	–	–	0.4	100.9	101.3
Transfers	–	0.7	98.3	6.8	–	(105.8)	–
Disposals	–	(6.3)	(4.2)	(15.9)	(0.1)	–	(26.5)
At 31.12.2012	8.3	42.7	1,059.9	119.2	1.9	57.0	1,289.0
At 1.1.2013	8.3	42.7	1,059.9	119.2	1.9	57.0	1,289.0
Additions	–	–	–	–	0.2	97.9	98.1
Transfers	0.8	0.3	98.1	8.8	–	(108.0)	–
Disposals	–	(1.5)	(3.1)	(7.1)	–	–	(11.7)
At 31.12.2013	9.1	41.5	1,154.9	120.9	2.1	46.9	1,375.4
Accumulated depreciation							
At 1.1.2012	0.9	33.9	729.2	104.5	0.8	–	869.3
Charge for the year	0.3	6.4	58.8	12.4	0.3	–	78.2
Disposals	–	(6.3)	(3.9)	(15.9)	(0.1)	–	(26.2)
At 31.12.2012	1.2	34.0	784.1	101.0	1.0	–	921.3
At 1.1.2013	1.2	34.0	784.1	101.0	1.0	–	921.3
Charge for the year	0.2	6.1	64.9	10.0	0.4	–	81.6
Disposals	–	(1.5)	(3.0)	(7.1)	–	–	(11.6)
At 31.12.2013	1.4	38.6	846.0	103.9	1.4	–	991.3
Carrying amount							
At 31.12.2012	7.1	8.7	275.8	18.2	0.9	57.0	367.7
At 31.12.2013	7.7	2.9	308.9	17.0	0.7	46.9	384.1

4 INTANGIBLE ASSETS

GROUP	Telecom- munications licences \$'mil	Software \$'mil	Software in development \$'mil	Goodwill \$'mil	Total \$'mil
Cost					
At 1.1.2012	116.8	406.8	8.8	220.3	752.7
Additions	–	0.2	21.9	–	22.1
Transfers	–	21.5	(21.5)	–	–
Disposals	–	(6.0)	(0.2)	–	(6.2)
At 31.12.2012	116.8	422.5	9.0	220.3	768.6
At 1.1.2013	116.8	422.5	9.0	220.3	768.6
Additions	–	–	33.8	–	33.8
Transfers	–	25.8	(25.8)	–	–
Disposals	–	(0.2)	–	–	(0.2)
At 31.12.2013	116.8	448.1	17.0	220.3	802.2
Accumulated amortisation					
At 1.1.2012	52.6	276.5	–	–	329.1
Charge for the year	6.5	41.3	–	–	47.8
Disposals	–	(5.3)	–	–	(5.3)
At 31.12.2012	59.1	312.5	–	–	371.6
At 1.1.2013	59.1	312.5	–	–	371.6
Charge for the year	6.5	43.6	–	–	50.1
Disposals	–	(0.1)	–	–	(0.1)
At 31.12.2013	65.6	356.0	–	–	421.6
Carrying amount					
At 31.12.2012	57.7	110.0	9.0	220.3	397.0
At 31.12.2013	51.2	92.1	17.0	220.3	380.6

Impairment tests for goodwill

The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating unit 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 cash-generating unit ("CGU") is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to profit margins. The value-in-use calculations apply a discounted cash flow model using cash flow projections from the most recent financial budget and forecasts approved by management covering 4 years. The forecast cash flows were extrapolated using an estimated growth rate of 5.3% (2012: 5.3%). The pre-tax discount rate applied is assumed at 5.9% (2012: 6.3%) for the value-in-use calculation.

No impairment charge was required for the carrying amount of goodwill assessed as at 31 December 2013 and 31 December 2012 as the recoverable value was in excess of the carrying value. Any reasonably possible change to the key assumptions applied was not likely to cause the recoverable values to be below the carrying values.

Notes to the Financial Statements

Year ended 31 December 2013

4 INTANGIBLE ASSETS (continued)

COMPANY	Telecom- munications licences \$'mil	Software \$'mil	Software in development \$'mil	Total \$'mil
Cost				
At 1.1.2012	1.0	357.6	6.9	365.5
Additions	–	–	17.5	17.5
Transfers	–	17.4	(17.4)	–
Disposals	–	(6.1)	–	(6.1)
At 31.12.2012	1.0	368.9	7.0	376.9
At 1.1.2013	1.0	368.9	7.0	376.9
Additions	–	0.1	24.8	24.9
Transfers	–	17.2	(17.2)	–
At 31.12.2013	1.0	386.2	14.6	401.8
Accumulated amortisation				
At 1.1.2012	0.6	238.0	–	238.6
Charge for the year	0.1	37.6	–	37.7
Disposals	–	(5.3)	–	(5.3)
At 1.1.2012	0.7	270.3	–	271.0
At 1.1.2013	0.7	270.3	–	271.0
Charge for the year	0.1	38.6	–	38.7
At 31.12.2013	0.8	308.9	–	309.7
Carrying amount				
At 31.12.2012	0.3	98.6	7.0	105.9
At 31.12.2013	0.2	77.3	14.6	92.1
				GROUP AND COMPANY
				2013
				\$'mil
				2012
				\$'mil
Staff costs capitalised in software in development during the year				2.1
				2.9

5 SUBSIDIARIES

COMPANY	2013 \$'mil	2012 \$'mil
Investments in subsidiaries, at cost	1,209.1	1,209.1
Loans to subsidiaries	490.0	–
Discount implicit in the interest-free loan to a subsidiary	21.9	21.9
	1,721.0	1,231.0
Allowance for impairment losses	(28.9)	(28.9)
	1,692.1	1,202.1

At 31 December 2013, the loans to the subsidiaries are unsecured, not repayable within the next 12 months and bore interest rate of 3.48% per annum. For comparative purposes, the amounts were included in Note 10.

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2013 %	2012 %
The subsidiaries directly held by the Company are as follows:				
StarHub Cable Vision Ltd. ⁽¹⁾	Provision of subscription television and television broadcasting services	Singapore	100	100
StarHub Mobile Pte Ltd ⁽¹⁾	Provision of mobile telecommunications services	Singapore	100	100
StarHub Internet Pte Ltd ⁽¹⁾	Provision and operation of internet services	Singapore	100	100
StarHub Online Pte Ltd ⁽¹⁾	Provision of broadband access services	Singapore	100	100
Nucleus Connect Pte. Ltd. ⁽¹⁾	Provision of high speed wholesale broadband services	Singapore	100	100
SHINE Systems Assets Pte. Ltd. ⁽¹⁾	Investment in, ownership or lease of infrastructure assets for use by StarHub Group and its partners	Singapore	100	100
StarHub (Mauritius) Ltd ⁽²⁾	Investment holding company and for acquisition of info-communication and infotainment services	Mauritius	100	100
StarHub (Hong Kong) Limited ⁽³⁾	Provision of telecommunication services	Hong Kong	100	100
StarHub Shop Pte Ltd ⁽⁴⁾	Dormant	Singapore	100	100
StarHub, Inc. ⁽⁴⁾	Dormant	United States	100	100
Other subsidiary indirectly held by the Company is as follows:				
Foosti Pte. Ltd. ^{(4) (5)}	Dormant	Singapore	100	100

⁽¹⁾ Audited by KPMG LLP Singapore

⁽²⁾ Audited by KPMG Mauritius, a member firm of KPMG International

⁽³⁾ Audited by another firm

⁽⁴⁾ Not required to be audited by laws of the country of incorporation

⁽⁵⁾ The company is currently in liquidation pursuant to a winding-up order by the High Court of Singapore issued on 14 January 2011.

Notes to the Financial Statements

Year ended 31 December 2013

6 DEFERRED TAXES

Movements in deferred tax assets and liabilities during the year are as follows:

GROUP	At 1.1.2013	Recognised in income statement	Recognised in other comprehensive income	Recognised in equity statement	At 31.12.2013
2013	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil
Deferred tax assets					
Property, plant and equipment and intangible assets	(7.9)	7.9	—	—	—
Deferred income	10.4	(10.4)	—	—	—
Total	2.5	(2.5)	—	—	—
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(121.6)	(17.6)	—	—	(139.2)
Other payables and accruals	2.4	7.1	(0.6)	—	8.9
Unutilised capital allowances	—	2.3	—	—	2.3
Total	(119.2)	(8.2)	(0.6)	—	(128.0)

GROUP	At 1.1.2012	Recognised in income statement	Recognised in other comprehensive income	Recognised in equity statement	At 31.12.2012
2012	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil
Deferred tax assets					
Property, plant and equipment and intangible assets	(4.5)	(3.4)	—	—	(7.9)
Deferred income	7.0	3.4	—	—	10.4
Other payables and accruals	0.1	(0.1)	—	—	—
Tax losses carried forward	0.2	(0.2)	—	—	—
Total	2.8	(0.3)	—	—	2.5
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(116.0)	(5.6)	—	—	(121.6)
Other payables and accruals	3.2	(1.1)	0.1	0.2	2.4
Total	(112.8)	(6.7)	0.1	0.2	(119.2)

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:

	2013 \$'mil	2012 \$'mil
Tax losses	54.2	55.4
Deferred tax assets	9.2	9.4

The Group has not recognised deferred tax assets in respect of the above tax losses as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

6 DEFERRED TAXES (continued)

COMPANY 2013	At 1.1.2013 \$'mil	Recognised in income statement \$'mil	Recognised in other comprehensive income \$'mil	Recognised in equity statement \$'mil	At 31.12.2013 \$'mil
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(74.9)	(2.8)	–	–	(77.7)
Other payables and accruals	2.5	–	(0.6)	–	1.9
Total	(72.4)	(2.8)	(0.6)	–	(75.8)

COMPANY 2012	At 1.1.2012 \$'mil	Recognised in income statement \$'mil	Recognised in other comprehensive income \$'mil	Recognised in equity statement \$'mil	At 31.12.2012 \$'mil
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(73.0)	(1.9)	–	–	(74.9)
Other payables and accruals	3.2	(1.0)	0.1	0.2	2.5
Total	(69.8)	(2.9)	0.1	0.2	(72.4)

7 INVENTORIES

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Inventories, at lower of cost and net realisable value	43.2	28.1	36.7	21.2
(Written back)/allowance made during the year	(2.4)	2.1	(3.0)	1.6

Notes to the Financial Statements

Year ended 31 December 2013

8 TRADE RECEIVABLES

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Trade receivables	152.6	171.7	137.4	159.7
Allowance for doubtful receivables	(29.1)	(29.4)	(28.9)	(28.8)
	123.5	142.3	108.5	130.9

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 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	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Past due 0 – 15 days	37.9	43.4	35.0	41.7
Past due above 15 days	16.8	28.7	12.1	22.5
	54.7	72.1	47.1	64.2

The movements in allowance for doubtful receivables in respect of trade receivables during the year are as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
At beginning of year	29.4	32.2	28.8	31.9
Allowance for doubtful receivables	15.5	14.8	0.8	0.7
Recharged to subsidiaries	–	–	15.1	13.8
Allowance utilised	(15.8)	(17.6)	(15.8)	(17.6)
At end of year	29.1	29.4	28.9	28.8

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Grant receivables	8.3	–	–	–
Accrued revenue	75.6	45.6	9.8	2.5
Deposits	4.9	4.9	1.1	1.3
Prepayments	63.5	72.5	16.7	15.5
Other receivables	1.2	0.6	1.3	1.1
Mark-to-market financial instruments				
– Forward exchange contracts	0.9	–	0.9	–
	154.4	123.6	29.8	20.4

10 BALANCES WITH RELATED PARTIES

The immediate and ultimate holding companies are Asia Mobile Holdings Pte. Ltd. and Temasek Holdings (Private) Limited respectively. These companies are incorporated in the Republic of Singapore.

10.1 AMOUNTS DUE FROM RELATED PARTIES

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Current				
Loan to subsidiary	–	–	22.0	–
Amounts due from (trade):				
– Ultimate holding company	0.1	0.1	0.1	0.1
– Subsidiaries	–	–	80.3	38.9
– Related corporations	23.9	11.9	8.9	9.2
	24.0	12.0	111.3	48.2
Non-current				
Loans to subsidiaries	–	–	123.0	600.0

At 31 December 2013, the loans to subsidiaries are unsecured and bore interest ranging from 2.22% to 3.48% (2012: 2.69%) per annum.

10.2 AMOUNTS DUE TO RELATED PARTIES

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Amounts due to (trade):				
– Subsidiaries	–	–	353.6	274.6
– Related corporations	76.5	56.5	49.2	46.9
	76.5	56.5	402.8	321.5

The amounts due to subsidiaries include unsecured interest bearing amounts of \$110.7 million (2012: \$160.9 million) at interest rates ranging from 0.85% to 1.20% (2012: 0.80% to 1.10%) per annum and are repayable on demand. The remaining amounts due to subsidiaries have trade terms.

11 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Fixed deposits	170.8	225.8	170.8	195.9
Cash at bank and in hand	96.1	86.2	36.7	49.8
	266.9	312.0	207.5	245.7

Notes to the Financial Statements

Year ended 31 December 2013

12 TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Current					
Trade payables		38.2	59.4	34.6	54.2
Accruals		459.5	410.7	216.4	212.8
Unearned revenue		143.1	164.4	25.3	31.0
Property, plant and equipment vendors		77.9	59.4	44.5	33.6
Deferred income	14	20.4	21.2	–	–
Deposits from customers		14.6	12.4	14.5	12.3
Mark-to-market financial instruments					
– Interest rate swaps		–	0.4	–	0.4
– Forward exchange contracts		–	0.2	–	0.2
		753.7	728.1	335.3	344.5
Non-current					
Unearned revenue		23.8	29.0	23.8	29.0
Mark-to-market financial instruments					
– Interest rate swaps		5.1	8.5	5.1	8.5
		28.9	37.5	28.9	37.5

13 BORROWINGS

	Note	GROUP AND COMPANY	
		2013 \$'mil	2012 \$'mil
Bank loans	13.1	467.5	467.5
Medium term note	13.2	220.0	220.0
		687.5	687.5

13.1 BANK LOANS

	GROUP AND COMPANY	
	2013 \$'mil	2012 \$'mil
Non-current	467.5	467.5
Repayable:		
– After 1 year but within 5 years	467.5	347.5
– After 5 years but within 10 years	–	120.0
	467.5	467.5

At 31 December 2013, the unsecured bank loans bore interest at rates ranging from 0.79% to 2.56 % (2012: 1.02% to 2.56 %) per annum.

13 BORROWINGS (continued)

13.2 MEDIUM TERM NOTE

	GROUP AND COMPANY	
	2013 \$'mil	2012 \$'mil
Non-current	220.0	220.0

The Company has established a multicurrency medium term note programme with a maximum aggregate principal amount of \$1,000,000,000 in September 2011. In September 2012, the Company issued a \$220,000,000 10 years medium term note which bore an interest rate of 3.08% per annum and is payable in September 2022. There is no material difference between the carrying amount and fair value of the medium term note.

14 DEFERRED INCOME

	Note	GROUP		COMPANY	
		2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Deferred grants					
At beginning of year		62.9	84.4	–	–
Amount accreted to the income statement		(21.2)	(21.5)	–	–
At end of year		41.7	62.9	–	–
Deferred grants to be accreted:					
Current (within 1 year)	12	20.4	21.2	–	–
Non-current (after 1 year but within 5 years)		21.3	41.7	–	–
Total		41.7	62.9	–	–

The deferred income are government grants received. The assets related grants are recognised over the estimated useful lives of the related assets. The income related grants are recognised on a systematic basis over the periods to match the related cost.

15 SHARE CAPITAL

COMPANY	2013		2012	
	Number of shares 'mil	\$'mil	Number of shares 'mil	\$'mil
Issued and fully paid ordinary shares:				
At beginning of year	1,717.5	263.1	1,717.3	262.8
Issue of ordinary shares	3.3	7.5	–	–
Issue of ordinary shares for cash pursuant to the exercise of options under the StarHub Share Option Plans	0.6	0.8	0.2	0.3
At end of year	1,721.4	271.4	1,717.5	263.1

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.

As at 31 December 2013, included in the total number of ordinary shares was 72,788 shares (2012: 72,788 shares) held by the Company as treasury shares. The treasury shares were included as a deduction from equity (note 17).

Notes to the Financial Statements

Year ended 31 December 2013

16 DIVIDENDS

	COMPANY	
	2013 \$'mil	2012 \$'mil
Final dividend of \$0.05 (2012: \$0.05) per share (1-tier tax exempt) paid in respect of the previous financial year	86.0	85.8
Interim dividends of \$0.15 (2012: \$0.15) per share (1-tier tax exempt) paid in respect of the current financial year	258.2	257.6
	344.2	343.4

17 RESERVES

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Treasury shares	(0.2)	(0.2)	(0.2)	(0.2)
Merger/Capital reserve	–	–	276.5	276.5
Goodwill written off	(276.3)	(276.3)	–	–
Share-based payments reserve	15.0	13.7	15.0	13.7
Hedging reserve	(4.2)	(7.0)	(4.2)	(7.0)
Translation reserve	0.3	–	–	–
Retained profits	76.7	50.2	661.3	681.2
	(188.7)	(219.6)	948.4	964.2

Treasury shares comprise the cost of the Company's shares held by the Group.

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18 TOTAL REVENUE

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Mobile revenue	1,235.4	1,224.2	–	–
Pay TV revenue	385.5	396.3	–	–
Broadband revenue	240.0	249.4	–	–
Fixed network services revenue	368.3	357.7	609.5	711.2
Sale of equipment	130.1	194.0	402.3	474.0
	2,359.3	2,421.6	1,011.8	1,185.2

19 OPERATING EXPENSES

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Cost of equipment sold	376.7	440.7	375.8	439.1
Cost of services	364.3	339.7	52.4	47.0
Traffic expenses	200.5	230.5	86.1	94.2
Depreciation and amortisation (net of asset grants)	269.5	272.5	120.3	115.9
Marketing and promotions	153.6	147.4	14.0	10.8
Staff costs	276.6	265.9	204.0	194.4
Allowance for doubtful receivables	15.5	14.8	0.8	0.7
Repairs and maintenance	74.1	63.2	34.6	28.1
Operating leases	129.1	131.3	64.0	67.3
Other expenses	86.1	95.0	71.5	83.1
	1,946.0	2,001.0	1,023.5	1,080.6

During the year, the Group reviewed and revised its basis of estimating certain content and programming costs incurred to better reflect the economic benefits expected to be derived during their contractual periods. Compared to the previous method of computation, the effect of this change in accounting estimates on cost of services for current year was an increase of \$25.0 million and the effect on 2014 and 2015 is approximately an increase of \$6.0 million and a decrease of \$14.0 million respectively.

19.1 DEPRECIATION AND AMORTISATION (NET OF ASSET GRANTS)

Depreciation and amortisation expenses comprise the following:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Depreciation of property, plant and equipment	220.5	226.4	81.6	78.2
Accretion of asset grants to the income statement	(1.1)	(1.7)	–	–
	219.4	224.7	81.6	78.2
Amortisation of intangible assets	50.1	47.8	38.7	37.7
Total	269.5	272.5	120.3	115.9

19.2 STAFF COSTS

The following are included in staff costs:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Defined contribution plans	25.1	24.9	17.8	17.4
Share-based payments	8.8	6.4	8.8	6.4

Notes to the Financial Statements

Year ended 31 December 2013

19 OPERATING EXPENSES *(continued)*

19.2.1 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Short-term employee benefits	13.1	12.1	12.0	11.1
Share-based payments	5.7	3.8	5.3	3.5
	18.8	15.9	17.3	14.6

Included in the above is the total compensation to directors of the Company which amounted to \$5.4 million (2012: \$5.2 million).

Key management personnel also participate in the StarHub Share Option Plans, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan as detailed in Note 19.2.2. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of 479,000 shares (2012: 964,000 shares) under the StarHub Performance Share Plan and conditional awards of 411,000 shares (2012: 662,000 shares) under the StarHub Restricted Stock Plan were granted to the key management personnel of the Company during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2010 to 2012 performance period, there were 1,345,500 shares delivered to the key management personnel of the Company during the year under the 2010 conditional awards granted to key management personnel of the Company in May 2010 pursuant to the StarHub Performance Share Plan.

Based on the actual level of achievement of the pre-determined performance targets over the 2011 to 2012 performance period, final awards comprising 699,300 shares were awarded to the key management personnel of the Company during the year under the 2011 conditional awards granted to the key management personnel of the Company in March 2011 pursuant to the StarHub Restricted Stock Plan. 349,900 shares under the final awards were delivered during the year, with the balance of 349,400 shares to be delivered in phases according to the stipulated vesting periods.

All share options and conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

As at 31 December 2013, none (2012: 68,000) of the share options under the StarHub Share Option Plans, 2,161,566 (2012: 2,442,650) of the conditional awards of shares under the StarHub Performance Share Plan, and 1,495,900 (2012: 1,586,720) of the conditional awards of shares under the StarHub Restricted Stock Plan granted to the key management personnel were outstanding.

19 OPERATING EXPENSES *(continued)*

19.2.2 SHARE-BASED PAYMENTS

The StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan (collectively referred to as the “Plans”) were approved and adopted by its members at an Extraordinary General Meeting of the Company held on 16 August 2004.

The information regarding the Plans and the StarHub Share Option Plan 2000 is set out below:

- (a) **Options granted under the StarHub Share Option Plan 2004 and the StarHub Share Option Plan 2000 (collectively, the “StarHub Share Option Plans”)**
 - (i) Under the StarHub Share Option Plan 2004, the exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the ERCC in its absolute discretion on the date of grant to be either:
 - (1) a price which is equal to the volume-weighted average price for the Company’s shares on the Singapore Exchange Securities Trading Limited (“SGX”) over the three consecutive trading days immediately preceding the date of grant of that option (“Market Price”), or such higher price as may be determined by the ERCC in its absolute discretion; or
 - (2) a price which is set, at the absolute discretion of the ERCC, at a discount to the Market Price so long as the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.
 - (ii) Under the StarHub Share Option Plan 2000, the exercise price for each ordinary share in respect of which an option is exercisable was determined by the ERCC in its absolute discretion on the date of grant.
- (b) **StarHub Performance Share Plan and StarHub Restricted Stock Plan**
 - (i) Under the StarHub Performance Share Plan, 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 ERCC is satisfied that the prescribed performance targets have been achieved. There are no vesting periods beyond the performance achievement periods.
 - (ii) Under the StarHub Restricted Stock Plan, 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).
 - (iii) During the financial year ended 31 December 2013, the conditional grants of 479,000 (2012: 964,000) shares under the StarHub Performance Share Plan and the conditional grants of 1,484,000 (2012: 2,009,000) shares under the StarHub Restricted Stock Plan 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.
 - (iv) During the financial year ended 31 December 2013, 114,900 (2012: 155,900) shares under the StarHub Restricted Stock Plan 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.

Notes to the Financial Statements

Year ended 31 December 2013

19 OPERATING EXPENSES (continued)

19.2.2 SHARE-BASED PAYMENTS (continued)

StarHub Share Option Plan

Share options outstanding under the StarHub Share Option Plans are as follows:

COMPANY	Number of share options		Weighted average exercise price per share	
	2013 '000	2012 '000	2013 \$	2012 \$
Outstanding at beginning of year	1,571	2,731	1.30	1.24
Exercised	(619)	(941)	1.27	1.19
Forfeited	(133)	(219)	1.13	1.05
Outstanding at end of year	819	1,571	1.35	1.30
Exercisable at end of year	819	1,571	1.35	1.30

Options were exercised throughout the year. The weighted average share price during the year was \$4.21 per share (2012: \$3.35 per share).

The outstanding share options have the following exercise prices:

COMPANY	2013 '000	2012 '000
Exercise price:		
\$0.88 to \$0.99	256	609
\$1.52	563	962
	819	1,571
Weighted average remaining contractual life	1.18 years	2.03 years

The share options have a maximum validity period of 10 years from the date of grant and vesting periods according to the terms and conditions of the StarHub Share Option Plans and respective grants. The share options granted have a vesting period up to 3 years.

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Binomial model. No options were granted for the years ended 31 December 2013 and 31 December 2012.

19 OPERATING EXPENSES (continued)

19.2.2 SHARE-BASED PAYMENTS (continued)

StarHub Performance Share Plan

The movements of the number of shares under the StarHub Performance Share Plan, 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:

2013 Date of grant	Balance outstanding at 1.1.2013 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31.12.2013 '000
17 May 2010	673	–	(673)	–	–
31 March 2011	858	–	–	–	858
25 May 2012	912	–	–	(40)	872
31 May 2013	–	479	–	(47)	432
Total	2,443	479	(673)	(87)	2,162

2012 Date of grant	Balance outstanding at 1.1.2012 '000	Number of performance shares granted '000	Number of performance shares vested '000	Number of performance shares forfeited '000	Balance outstanding at 31.12.2012 '000
29 May 2009	321	–	(321)	–	–
17 May 2010	673	–	–	–	673
31 March 2011	961	–	–	(103)	858
25 May 2012	–	964	–	(52)	912
Total	1,955	964	(321)	(155)	2,443

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 2013 and 2012 are as follows:

	Year of grant	
	2013	2012
Fair value	\$2.69	\$3.24
Share price	\$4.01	\$3.21
Expected volatility of the Company's shares	16.30%	15.41%
Expected volatility of MSCI Asia-Pacific Telecommunications Component Stock	10.68%	7.24%
Expected dividend yield	4.80%	5.52%
Risk-free interest rates	0.49%	0.32%

Notes to the Financial Statements

Year ended 31 December 2013

19 OPERATING EXPENSES (continued)

19.2.2 SHARE-BASED PAYMENTS (continued)

StarHub Restricted Stock Plan

The movements of the number of shares under the StarHub Restricted Stock Plan, 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:

2013 Date of grant	Balance outstanding at 1.1.2013 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31.12.2013 '000
29 May 2009	394	–	(389)	(5)	–
17 May 2010	1,036	–	(521)	(41)	474
31 March 2011	1,832	–	(888)	(95)	849
25 May 2012	1,953	–	–	(76)	1,877
10 May 2013	–	115	(99)	(16)	–
31 May 2013	–	1,484	–	(25)	1,459
Total	5,215	1,599	(1,897)	(258)	4,659

2012 Date of grant	Balance outstanding at 1.1.2012 '000	Number of restricted shares granted '000	Number of restricted shares vested '000	Number of restricted shares forfeited '000	Balance outstanding at 31.12.2012 '000
9 May 2008	204	–	(198)	(6)	–
15 January 2009	33	–	(33)	–	–
29 May 2009	862	–	(435)	(33)	394
17 May 2010	2,081	–	(543)	(502)	1,036
31 March 2011	1,982	–	–	(150)	1,832
7 June 2012	–	156	(133)	(23)	–
25 May 2012	–	2,009	–	(56)	1,953
Total	5,162	2,165	(1,342)	(770)	5,215

The fair value of the share awards is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards.

The assumptions under the model used for the grant in 2013 and 2012 are as follows:

	Year of grant	
	2013	2012
Fair value	\$3.68	\$2.83
Share price	\$4.01	\$3.21
Expected volatility of the Company's shares	16.30%	15.41%
Expected dividend yield	4.80%	5.52%
Risk-free interest rates	0.35% – 0.46%	0.24% – 0.32%

19 OPERATING EXPENSES (continued)

19.3 OTHER EXPENSES

Included in other expenses are the following:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Fees paid to auditors of the Company:				
– Audit	0.4	0.4	0.1	0.1
– Non-audit	0.3	0.2	0.1	0.1
Exchange loss/(gain)	2.7	(4.9)	0.5	(1.8)
Changes in fair value of financial instruments	(1.7)	0.6	(1.7)	0.6
Loss/(gain) on disposal of property, plant and equipment and intangible assets	0.1	0.4	(0.1)	0.9

20 OTHER INCOME

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Corporate recharges to subsidiaries	–	–	217.1	205.9
Dividend income from subsidiaries	–	–	150.0	90.0
Income related grants	49.9	26.7	0.1	–
	49.9	26.7	367.2	295.9

21 FINANCE INCOME AND EXPENSE

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Interest income:				
– Bank deposits	2.8	4.1	2.7	3.9
– Subsidiaries	–	–	18.9	16.2
Finance income	2.8	4.1	21.6	20.1
Interest expense:				
– Bank loans	12.0	18.0	11.9	18.0
– Medium term note	6.8	2.0	6.8	2.0
– Subsidiaries	–	–	1.4	1.4
Finance expense	18.8	20.0	20.1	21.4

Notes to the Financial Statements

Year ended 31 December 2013

22 TAXATION

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Current tax				
Current income tax	76.8	81.0	36.1	52.0
Utilisation of previously unrecognised deferred tax assets	(9.4)	(10.5)	(4.3)	(11.6)
Over provision in prior year	(1.6)	(5.4)	(1.9)	(0.6)
	65.8	65.1	29.9	39.8
Deferred tax				
Origination and reversal of temporary differences	9.8	1.9	1.0	2.3
Over provision of tax assets in prior year	0.9	5.1	1.8	0.6
	10.7	7.0	2.8	2.9
Total income tax in income statement	76.5	72.1	32.7	42.7

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Profit before taxation	447.2	431.4	357.0	399.2
Income tax using Singapore tax rate of 17%	76.0	73.3	60.7	67.8
Income not subject to tax	(0.2)	(0.3)	(25.5)	(15.3)
Non-deductible expenses	3.6	3.5	2.1	2.2
Deferred tax assets not recognised	8.6	8.8	–	–
Utilisation of previously unrecognised deferred tax assets	(9.4)	(10.5)	(4.3)	(11.6)
Over provision in prior year, net	(0.7)	(0.3)	(0.1)	–
Others	(1.4)	(2.4)	(0.2)	(0.4)
Total income tax in income statement	76.5	72.1	32.7	42.7

The Company's utilisation of previously unrecognised deferred tax assets relate to unutilised tax losses and unabsorbed capital allowances transferred from its subsidiaries under the group tax relief system in Singapore.

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Cash flow hedge, before tax	3.4	(0.5)	3.4	(0.5)
Taxation	(0.6)	0.1	(0.6)	0.1
Effective portion of changes in fair value of cash flow hedge	2.8	(0.4)	2.8	(0.4)

23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the StarHub share plans.

	GROUP	
	2013 \$'mil	2012 \$'mil
Profit attributable to equity holders	370.7	359.3
	Number of shares	
	2013 'mil	2012 'mil
Weighted average number of ordinary shares (basic)	1,720.7	1,716.8
Adjustment for dilutive effect of share plans	7.6	9.0
Weighted average number of ordinary shares (diluted)	1,728.3	1,725.8

24 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION

Earnings before interest, tax, 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	
	2013 \$'mil	2012 \$'mil
Profit before taxation	447.2	431.4
Adjustments for:		
Depreciation and amortisation (net of asset grants)	269.5	272.5
Finance income	(2.8)	(4.1)
Finance expense	18.8	20.0
EBITDA	732.7	719.8

Notes to the Financial Statements

Year ended 31 December 2013

25 RELATED PARTY TRANSACTIONS

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group and the Company with related parties during the financial year were as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Ultimate holding company				
Sales	0.6	0.6	0.6	0.6
Subsidiaries				
Sales	—	—	539.9	656.6
Purchase of services	—	—	42.4	43.1
Related corporations				
Sales	85.1	102.6	31.9	33.6
Purchase of property, plant and equipment	23.3	22.1	20.9	18.6
Rental expenses	83.2	81.2	37.6	36.6
Purchase of services	100.6	119.3	26.6	22.7
Purchase of inventories	204.2	178.8	203.8	178.3

26 SEGMENT REPORTING

Segment information is presented based on the information reviewed by the chief operating decision maker ("CODM") for performance assessment and resource allocation.

The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Fixed networks services and equipment sales on a fully integrated network, customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

26 SEGMENT REPORTING (continued)

The Group's reportable segment information is as follows:

	GROUP	
	2013 \$'mil	2012 \$'mil
Mobile	1,235.4	1,224.2
Pay TV	385.5	396.3
Broadband	240.0	249.4
Fixed network services	368.3	357.7
Sale of equipment	130.1	194.0
Total revenue	2,359.3	2,421.6
EBITDA	732.7	719.8
Depreciation and amortisation (net of asset grants)	(269.5)	(272.5)
Finance income	2.8	4.1
Finance expense	(18.8)	(20.0)
Profit before taxation	447.2	431.4
Taxation	(76.5)	(72.1)
Profit for the year	370.7	359.3
Assets and liabilities		
Non-current assets	1,238.0	1,190.6
Current assets	612.0	618.0
Total assets	1,850.0	1,808.6
Borrowings	687.5	687.5
Other non-current liabilities	178.2	198.4
Current liabilities	901.6	879.2
Total liabilities	1,767.3	1,765.1
Other information		
Capital expenditure	321.3	278.1
Free cash flow *	291.9	416.8

* 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 2013

27 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's business. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy, and has established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policy in relation to derivative financial instruments is set out in note 2.23.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

Liquidity risk

The Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, and has available funding through diverse sources of committed and uncommitted credit facilities from banks and the capital market through its medium term note programme.

27 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

GROUP	Carrying amount	Contractual cash flows			
		Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2013	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil
Non-derivative financial liabilities					
Borrowings	687.5	770.1	9.2	513.8	247.1
Trade and other payables ^	588.7	588.7	588.7	–	–
Balances with related parties	76.5	76.5	76.5	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	6.6	6.6	4.0	2.6	–
	1,359.3	1,441.9	678.4	516.4	247.1

GROUP	Carrying amount	Contractual cash flows			
		Total	Within 1 year	After 1 year but within 5 years	After 5 years but within 10 years
2012	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil
Non-derivative financial liabilities					
Borrowings	687.5	785.9	9.7	398.7	377.5
Trade and other payables ^	540.1	540.1	540.1	–	–
Balances with related parties	56.5	56.5	56.5	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	10.7	10.8	4.3	6.5	–
Forward exchange contracts	0.2	0.2	0.2	–	–
	1,295.0	1,393.5	610.8	405.2	377.5

Notes to the Financial Statements

Year ended 31 December 2013

27 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

COMPANY 2013	Carrying amount \$'mil	Contractual cash flows			
		Total \$'mil	Within 1 year \$'mil	After 1 year but within 5 years \$'mil	After 5 years but within 10 years \$'mil
Non-derivative financial liabilities					
Borrowings	687.5	770.1	9.2	513.8	247.1
Trade and other payables ^	308.5	308.5	308.5	—	—
Balances with related parties	402.8	402.8	402.8	—	—
Derivative financial liabilities					
Interest rate swaps used for hedging	6.6	6.6	4.0	2.6	—
	1,405.4	1,488.0	724.5	516.4	247.1

COMPANY 2012	Carrying amount \$'mil	Contractual cash flows			
		Total \$'mil	Within 1 year \$'mil	After 1 year but within 5 years \$'mil	After 5 years but within 10 years \$'mil
Non-derivative financial liabilities					
Borrowings	687.5	785.9	9.7	398.7	377.5
Trade and other payables ^	311.1	311.1	311.1	–	–
Balances with related parties	321.5	321.8	321.8	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	10.7	10.8	4.3	6.5	–
Forward exchange contracts	0.2	0.2	0.2	–	–
	1,331.0	1,429.8	647.1	405.2	377.5

^ The carrying amount of trade and other payables disclosed in the table exclude deferred income, unearned revenue, interest accruals for derivative financial liabilities. The latter is included in the derivative financial liabilities.

27 FINANCIAL RISK MANAGEMENT (continued)

The following table indicates the periods in which the cash flow hedges are expected to affect profit or loss:

GROUP AND COMPANY 2013	Within 1 year \$'mil	After 1 year but within 5 years \$'mil	Total \$'mil
Interest rate swaps			
– Liabilities	2.5	2.6	5.1

GROUP AND COMPANY 2012	Within 1 year \$'mil	After 1 year but within 5 years \$'mil	Total \$'mil
Interest rate swaps			
– Liabilities	2.5	6.4	8.9

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 2013, the Group had outstanding interest rate swap agreements with notional principal amounts totalling \$335.0 million (2012: \$335.0 million) in cash flow hedges against borrowings. These interest rate swaps will mature over the remaining term ranging from 1.1 years to 3.4 years (2012: 2.1 years to 4.4 years) to match the underlying hedged cash flows arising on the borrowings consisting of semi-annual interest payments. The fixed interest payable are at interest rates ranging from 0.86% to 2.25% per annum (2012: 0.86% to 2.25% per annum).

Sensitivity analysis

The Group's and the Company's borrowings are denominated in Singapore dollars. An increase/decrease in the interest rates by 100 basis points with all other variables remaining constant, will result in the Group's and the Company's profit before taxation to be lower/higher by \$0.1 million (2012: \$1.3 million).

Foreign currency risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than Singapore Dollar. The currency giving rise to this risk is primarily the United States Dollar.

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 2013, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately \$68.6 million (2012: \$42.9 million).

Notes to the Financial Statements

Year ended 31 December 2013

27 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

The Group's and the Company's exposures to United States Dollar are as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Trade and other receivables	32.3	18.2	6.8	5.8
Cash and cash equivalents	80.2	86.6	71.1	76.3
Trade and other payables	(146.7)	(163.2)	(72.2)	(92.9)
	(34.2)	(58.4)	5.7	(10.8)

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

At 31 December 2013, a 1% (2012: 1%) strengthening of Singapore Dollar against the United States Dollar would increase profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Profit before taxation	0.3	0.6	0.1	0.1

A 1% (2012: 1%) weakening of Singapore Dollar against the United States Dollar would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

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.

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.

27 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values (continued)

Interest rates used in determining fair values

The Group and the Company use the interbank swap yield as of 31 December 2013 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2013 % per annum	2012 % per annum
Derivatives	0.86 – 2.25	0.86 – 2.25

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation method, at reporting date:

	GROUP AND COMPANY	
	2013 \$'mil	2012 \$'mil
Financial assets		
Mark-to-market financial instruments		
– Forward exchange contracts	0.9	–
Financial liabilities		
– Interest rate swaps	5.1	8.9
– Forward exchange contracts	–	0.2
	5.1	9.1

28 CAPITAL MANAGEMENT

The Group regularly reviews its financial position, capital structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns, including the level of dividends, and proper strategic positioning.

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Share Option Plan, StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders, bank borrowings from financial institutions and medium term note issued.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

Notes to the Financial Statements

Year ended 31 December 2013

29 COMMITMENTS

(a) Capital and other financial commitments

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Contracted and not provided for in the financial statements:				
- Capital expenditures	376.1	271.8	153.8	151.3
- Other operating expenditures	431.5	452.1	–	–
	807.6	723.9	153.8	151.3

Included in the capital expenditures contracted by the Company is an amount of approximately \$3.9 million (2012: \$7.8 million) which has been entered into on behalf of its subsidiaries.

As at 31 December 2013, the Group has outstanding capital and other financial commitments with related companies amounting to \$18.9 million (2012: \$20.7 million).

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2013 \$'mil	2012 \$'mil	2013 \$'mil	2012 \$'mil
Payable:				
- Within 1 year	100.0	97.8	60.9	51.2
- Within 2 to 5 years	156.8	219.9	78.5	106.5
- After 5 years	4.2	4.7	3.3	3.6
	261.0	322.4	142.7	161.3

Included in the operating lease commitment of the Company is \$7.4 million (2012: \$6.6 million) which is contracted on behalf of a subsidiary.

The operating leases include lease of premises and network infrastructure. The leases have varying terms and renewal rights.

As at 31 December 2013, the Group has outstanding operating lease commitments with related companies amounting to \$202.4 million (2012: \$253.9 million).

30 SUBSEQUENT EVENTS

Dividend

The directors have proposed a final dividend of \$0.05 (2012: \$0.05) per share, tax exempt (one tier), totalling \$86.1 million (2012: \$85.9 million) in respect of the financial year ended 31 December 2013. 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 2014.

Lease of office space

On 30 January 2014, the Company has entered into a new lease agreement of the current office space for a period of ten years from 1 January 2015 to 31 December 2024 for \$103.4 million.

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 2013 to 31 December 2013 \$'mil	1 January 2013 to 31 December 2013 \$'mil
Transactions for the Sale of Goods & Services		
SembCorp Marine Limited & its associates	0.1	–
Singapore Telecommunications Limited & its associates	47.8	–
TeleChoice International Ltd & its associates	3.4	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	1.7	–
	53.0	–
Transactions for the Purchase of Goods & Services		
CapitaLand Limited & its associates	10.4	–
Mapletree Industrial Trust & its associates	0.5	–
Refinery Media Pte Ltd	–	0.3
Singapore Power Limited & its associates	25.7	–
Singapore Telecommunications Limited & its associates	91.8	–
SMRT Corporation Ltd & its associates	0.3	–
STT Communications Ltd and its associates	2.4	–
TeleChoice International Ltd & its associates	231.9	–
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	2.5	–
	365.5	0.3

During the financial year ended 31 December 2013, 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 24 February 2014

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of issued shares excluding treasury shares	: 1,722,912,740
Total number of treasury shares held	: 72,788
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: 0.004%

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 – 999	1,109	7.64	617,851	0.03
1,000 – 10,000	11,247	77.47	42,306,000	2.46
10,001 – 1,000,000	2,137	14.72	88,597,531	5.14
1,000,001 and above	24	0.17	1,591,464,146	92.37
Total	14,517	100.00	1,722,985,528	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares		% of issued share capital ⁽⁵⁾
	Direct interest	Deemed interest	
Temasek Holdings (Private) Limited	–	973,479,664 ⁽¹⁾	56.50
Singapore Technologies Telemedia Pte Ltd	–	970,807,990 ⁽²⁾	56.35
STT Communications Ltd	–	970,807,990 ⁽²⁾	56.35
Asia Mobile Holding Company Pte. Ltd.	–	970,807,990 ⁽²⁾	56.35
Asia Mobile Holdings Pte. Ltd.	970,807,990	–	56.35
Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C.)	–	970,807,990 ⁽³⁾	56.35
Qtel Investment Holdings S.P.C.	–	970,807,990 ⁽³⁾	56.35
Nippon Telegraph and Telephone Corporation	–	171,490,520 ⁽⁴⁾	9.95
NTT Communications Corporation	171,490,520	–	9.95

Notes:

- (1) Temasek Holdings (Private) Limited is deemed to have an interest in 973,479,664 shares of StarHub in which Fullerton Fund Management Company Ltd, DBS Group Holdings Ltd and Singapore Technologies Telemedia Pte Ltd (ST Telemedia) group of companies have or are deemed to have an interest.
- (2) ST Telemedia is deemed to have an interest in 970,807,990 shares of StarHub held by Asia Mobile Holdings Pte. Ltd. (AMH), a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which is in turn a wholly-owned subsidiary of STT Communications Ltd, a wholly-owned subsidiary of ST Telemedia. AMHC holds approximately 75% of the total issued share capital of AMH.
- (3) Qtel Investment Holdings S.P.C. (QIH) and Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C.) (Ooredoo) are deemed to have an interest in 970,807,990 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.
- (4) Nippon Telegraph and Telephone Corporation (NTT) is deemed to have an interest in 171,490,520 shares of StarHub held by NTT Communications Corporation, a wholly-owned subsidiary of NTT.
- (5) The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholder	Number of shares held	% of issued share capital ⁽¹⁾
1	Asia Mobile Holdings Pte. Ltd.	970,807,990	56.35
2	NTT Communications Corporation	171,490,520	9.95
3	Citibank Nominees Singapore Pte Ltd	149,488,562	8.68
4	DBS Nominees Pte Ltd	94,234,630	5.47
5	HSBC (Singapore) Nominees Pte Ltd	59,623,771	3.46
6	DBSN Services Pte Ltd	52,493,746	3.05
7	United Overseas Bank Nominees Pte Ltd	22,577,141	1.31
8	Raffles Nominees (Pte) Ltd	19,170,670	1.11
9	Singapore Press Holdings Limited	12,911,230	0.75
10	DB Nominees (Singapore) Pte Ltd	8,189,679	0.47
11	BNP Paribas Securities Services	8,080,089	0.47
12	Yeo Kok Pin	3,544,000	0.20
13	BNP Paribas Nominees Singapore Pte Ltd	2,085,812	0.12
14	Yeo Wei Yan	1,939,000	0.11
15	OCBC Nominees Singapore Pte Ltd	1,877,441	0.11
16	Yeo Kok Seng	1,839,000	0.11
17	Hwang Nian Huei	1,658,000	0.10
18	Phillip Securities Pte Ltd	1,573,588	0.09
19	Bank of Singapore Nominees Pte Ltd	1,571,837	0.09
20	Oh Yung Hsing Andrew (Hu Rongxin Andrew)	1,501,000	0.09
Total		1,586,657,706	92.09

⁽¹⁾ The shareholding percentage is based on the number of issued shares of StarHub excluding treasury shares.

SHAREHOLDING HELD IN HANDS OF THE PUBLIC

Based on the information available to StarHub as at 24 February 2014, approximately 33.43% 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 Sixteenth Annual General Meeting

STARHUB LTD

(Incorporated in the Republic of Singapore)

Co. Reg. No.: 199802208C

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 on 14 April 2014 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1 | To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2013 and the Auditors' Report therein. | Resolution 1 |
| 2 | | |
| To re-appoint the following Directors, each of whom will retire under Section 153(6) of the Companies Act, Cap. 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company: | | |
| (a) | Mr Kua Hong Pak (Independent Chairman of Audit Committee); and | Resolution 2 |
| (b) | Mr Nihal Vijaya Devadas Kaviratne (Independent Member of Audit Committee). | Resolution 3 |
| <i>The profile of Mr Kua and Mr Kaviratne can be found in the Board of Directors section of the StarHub Ltd Annual Report 2013.</i> | | |
| 3 | | |
| To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 93 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election: | | |
| (a) | Mr Tan Guong Ching; | Resolution 4 |
| (b) | Mr Peter Seah Lim Huat; | Resolution 5 |
| (c) | Mr Steven Terrell Clontz; and | Resolution 6 |
| (d) | Dr Nasser Marafih. | Resolution 7 |
| <i>The profile of Mr Tan, Mr Seah, Mr Clontz and Dr Marafih can be found in the Board of Directors section of the StarHub Ltd Annual Report 2013.</i> | | |
| 4 | | |
| To approve the sum of S\$1,701,500 (FY2012: S\$1,696,420) as Directors' Remuneration for the financial year ended 31 December 2013 comprising: | | Resolution 8 |
| (a) | S\$1,238,300 to be paid in cash (2012: S\$1,237,684); and | |
| (b) | S\$463,200 to be paid in the form of restricted share awards (2012: S\$458,736). | |
| 5 | | |
| To declare a final dividend of five cents per ordinary share for the financial year ended 31 December 2013. | | Resolution 9 |
| 6 | | |
| To re-appoint KPMG LLP as Auditors of the Company and authorise the Directors to fix their remuneration. | | Resolution 10 |

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: **Resolution 11**
- (a)
 - (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) 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) in the capital of the Company (as calculated in accordance with subparagraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* 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) in the capital of the Company (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 (“SGX-ST”)) 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) in the capital of the Company, 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 Articles of Association 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.
- 8 That authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the StarHub Pte Ltd Share Option Plan. **Resolution 12**

Notice of Sixteenth Annual General Meeting

STARHUB LTD

(Incorporated in the Republic of Singapore)
Co. Reg. No.: 199802208C

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 2014

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy 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 48 hours before the time appointed for the Annual General Meeting.

Explanatory Notes:

Resolution 8

Resolution 8 is to approve the payment of an aggregate sum of S\$1,701,500 as Directors' remuneration for the non-executive Directors of the Company for the financial year ended 31 December 2013. If approved, each of the non-executive Directors will receive 70% of his Directors' remuneration in cash and (with the exception of Mr Kua Hong Pak and Mr Takeshi Kazami) 30% of his Directors' remuneration in the form of a restricted share award. See the section on "2. Remuneration Matters" in the Corporate Governance section of the Annual Report 2013 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 in the Company 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. Each of Mr Kua Hong Pak and Mr Takeshi Kazami has declined the restricted share award grant, and will only receive the cash component of their remuneration.

Resolution 11

Resolution 11 is to empower the Directors to issue shares in the capital of the Company 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) in the capital of the Company, 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) in the capital of the Company at the time that Resolution 11 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 11 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 12

Resolution 12 is to empower the Directors to issue shares in the capital of the Company pursuant to the exercise of options granted under the StarHub Pte Ltd Share Option Plan.

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 Sixteenth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 22 April 2014.

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 21 April 2014 ("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 in the capital of the Company 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 30 April 2014.

Proxy Form

Sixteenth Annual General Meeting

STARHUB LTD

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of StarHub Ltd, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Shareholding (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 on 14 April 2014 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 *
	Ordinary Business		
1	To receive and adopt the Reports of Directors and Auditors and Audited Accounts		
2	To re-appoint Mr Kua Hong Pak as Director		
3	To re-appoint Mr Nihal Vijaya Devadas Kaviratne as Director		
4	To re-elect Mr Tan Guong Ching as Director		
5	To re-elect Mr Peter Seah Lim Huat as Director		
6	To re-elect Mr Steven Terrell Clontz as Director		
7	To re-elect Dr Nasser Marafih as Director		
8	To approve the Directors' Remuneration		
9	To declare the Final Dividend		
10	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
11	To authorise Directors to allot and issue shares		
12	To authorise Directors to allot and issue shares pursuant to exercise of options granted under the StarHub Pte Ltd Share Option Plan		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) 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.

Dated this _____ day of _____ 2014.

Total Number of Shares Held

Signature(s) or Common Seal of members

3rd fold here & fold flap

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 (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you only have shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. 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 48 hours before the time appointed for the Annual General Meeting.
4. 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.
5. 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.
6. 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 appointing a proxy or proxies. In addition, in the case of shares 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 48 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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Corporate Information

BOARD OF DIRECTORS

TAN Guong Ching (Chairman)
TAN Tong Hai (CEO)
KUA Hong Pak
Peter SEAH Lim Huat
Nihal Vijaya Devadas KAVIRATNE CBE
Steven Terrell CLONTZ
LIM Ming Seong
TEO Ek Tor
LIU Chee Ming
Robert J. SACHS
SIO Tat Hiang
Nasser MARAFIH
Takeshi KAZAMI

AUDIT COMMITTEE

KUA Hong Pak (Chairman)
Nihal Vijaya Devadas KAVIRATNE CBE
LIM Ming Seong
TEO Ek Tor

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

Peter SEAH Lim Huat (Chairman)
LIM Ming Seong
TEO Ek Tor
SIO Tat Hiang

NOMINATING COMMITTEE

Peter SEAH Lim Huat (Chairman)
TEO Ek Tor
SIO Tat Hiang

STRATEGY COMMITTEE

Nihal Vijaya Devadas KAVIRATNE CBE
(Chairman)
TAN Guong Ching
Steven Terrell CLONTZ
LIM Ming Seong
LIU Chee Ming
Robert J. SACHS
Stephen Geoffrey MILLER

RISK COMMITTEE

TAN Guong Ching
TAN Tong Hai
SIO Tat Hiang

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

Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: ANG Fung Fung
(appointed w.e.f. 1 January 2011)

SUBSIDIARIES

StarHub Mobile Pte Ltd
StarHub Cable Vision Ltd.
StarHub Internet Pte Ltd
StarHub Online Pte Ltd
SHINE Systems Assets Pte. Ltd.
StarHub Shop Pte Ltd
StarHub, Inc.
StarHub (Hong Kong) Limited
StarHub (Mauritius) Ltd
Nucleus Connect Pte. Ltd.

INVESTOR RELATIONS

For enquiries on the Group's business performance, contact the Investor Relations team at email: ir@starhub.com

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