

StarHub To Distribute S\$444 Million Cash To Shareholders Through Another Capital Reduction Exercise

~ Cancellation of 155.3 million shares represent 8.3% of total issued share capital ~

Singapore, 7 March 2007 – StarHub today announced a proposed capital reduction exercise, which will involve a payout of approximately S\$444 million to shareholders.

Based on StarHub's total outstanding issued shares as at 5 March 2007, comprising approximately 1.853 billion shares, the proposed capital reduction will involve the cancellation of approximately 155.3 million shares or 8.3% of StarHub's total issued share capital.

The proposed capital reduction exercise will involve one StarHub share cancelled for every 12 StarHub shares held by each shareholder.

For each StarHub share cancelled, shareholders will receive S\$2.86. The per share amount is based on the average closing price of StarHub shares that were traded on the Singapore Exchange from 27 February 2007 to 5 March 2007 (both dates inclusive).

"In keeping with our capital management policy to operate within an efficient capital structure and to return surplus cash to shareholders, we proposed and completed a substantial capital reduction exercise last year. Through a continuous review of our capital structure, while considering StarHub's cash flow trends, cash operating requirements and investment needs, we have decided that a second capital reduction exercise is appropriate," said Mr Terry Clontz, President & CEO of StarHub.

With an 8.3% reduction in outstanding shares, post the capital reduction, the average Company's return on equity (ROE) will be enhanced. On a proforma basis, based on

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the audited financial statements for FY2006, this capital reduction would have increased the Company's ROE from 23.7% to 26.6% and the Net Debt to 1.8 times of the Group FY2006 EBITDA.

After the capital reduction, the Company's financial position is expected to remain strong. Cash flows generated from group operations are expected to support the stated dividend policy of not less than 14 cents per share in fiscal year 2007, adequately service the expanded debt level, and cover operating and investment needs.

The proposed capital reduction is subject to approvals by the SGX-ST, regulatory authorities and shareholders at an Extraordinary General Meeting, which will be held on 18 April 2007. Approval from the Singapore High Court is also needed for the capital reduction exercise. Subject to these approvals, StarHub expects that shareholders will be paid the cash distribution from the capital reduction by July 2007.

About StarHub

StarHub is Singapore's second largest info-communication company and the sole operator delivering a full range of information, communications and entertainment services over fixed, cable, mobile and Internet platforms. StarHub operates a 3G mobile network in addition to its GSM network and has launched i-mode mobile Internet services. StarHub also operates its own nation-wide HFC network that delivers multi-channel cable TV services (including Digital Cable and High Definition Television), voice and Internet access for both consumer and corporate markets. StarHub is listed on the SGX-ST.

Driven by a passion for listening and providing what customers want, StarHub endeavours to bring affordable and premium quality services with innovative and useful features to all its customers. StarHub raises the level of competition in Singapore, challenging others as well as itself, to constantly introduce new world-class services at competitive prices. This unwavering commitment will further strengthen Singapore's position as a leading info-communication hub in the region.

Visit StarHub at www.starhub.com for your communication needs.

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For all enquiries, please contact:

Eric LOH
Corporate Communications & Investor Relations
StarHub
Mobile: (65) 9859 0517
Office: (65) 6825 5171
Fax: (65) 6721 5015
Email: ericloh@starhub.com

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