StarHub
Excellent Hubbing Execution
STARHUB LTD ANNUAL REPORT 2007

We have been providing...

a complete and diverse range of information, communications and entertainment services since 2002. StarHub operates a full two-way 3.5G mobile network, a nation-wide HFC network that delivers multi-channel cable TV services and ultra-high speed residential broadband services, and an extensive fixed business network that provides data, voice and wholesale services.

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Excellent **Hubbing** **Reports**

1998
Incorporated as second fixed line and third mobile operator

1999
Acquired StarHub Internet (then Cyberway), an Internet Service Provider

2000
Commercial launch of fixed and mobile services

2002
Merger with SCV in July brings cable TV and residential broadband portfolio

2004
Launch of digital cable TV services in May

Publicly listed on SGX-ST in October

2005
Launch of 3G services

Upgraded residential broadband speeds to 30Mbps

First year to turn profitable

2006
Launch of Smart TV (DVR)

Became member of Conexus Mobile Alliance

Launch of 100Mbps residential broadband service

2007
Launch of HDTV

Launch of High-Speed Packet Access (HSDPA & HSUPA) mobile service

Launch of pfingo mobile service

Mobile

StarHub Mobile's innovative price plans include unique cost-saving features such as Free Incoming Local Calls, Per Second Billing, Flat Roaming Rates, All Day Flat Calling Rate, Free Airtime Rollover and Free IDD 018 Calls to 14 destinations.

Cable TV

StarHub Digital Cable carries a full suite of quality international channels of news, movies, entertainment, sports, education, and seven local free-to-air channels. Our digital platform, launched in May 2004, allows customers to enjoy interactive applications and advanced features.

Broadband

MaxOnline, StarHub's cable modem service is the first 'always on', unlimited broadband Internet access plan launched in Singapore. MaxOnline Ultimate offers the highest download speed available for local residential broadband access plan at up to 100Mbps.

Fixed Network

StarHub offers a host of services for businesses of every size. We customise our solutions to meet our customers' needs, and help them stay ahead of the competition. Our services include voice, data, Internet and wholesale.

We experience

Solid Hubbing Returns
04

Providing customers with a plethora of Hubbing packages that caters to their varying needs, increases their brand loyalty and generates greater customer satisfaction.

Innovative Hubbing Experience
06

Enriching customers' way of life with Hubbing's seamless delivery of media content across multiple platforms.

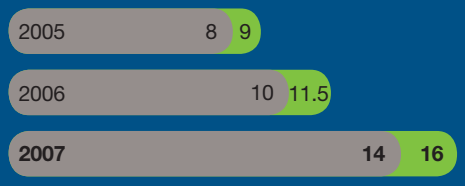
Exceed Hubbing Deliverables
08

Surpassing company expectations in average revenue spent per household from our Hubbing packages.

Key Figures Every infocommunications service provider would like to improve their operating revenue through driving up customer base and ARPU while reducing churn by improving customer loyalty. For StarHub, this has been a reality through our 'hubbing' strategy – the bundling of service offerings across our four lines of business to give greater value and convenience to customers. In 2007, the higher revenue with better managed operating expenses contributed to the increases in EBITDA and profit from operations. This helped increased our total dividend payout amount and set a new revenue milestone by crossing the $2 billion revenue mark.

16 cents

Total dividend in FY2007

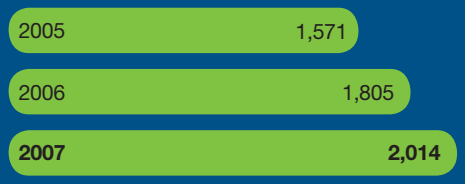


Projected and actual dividend (cents)

- Projected dividend
- Actual amount

$2b

Revenue – another milestone



Operating revenue ($m)

67%

Subscribes to at least one StarHub service

Households hubbing index '000

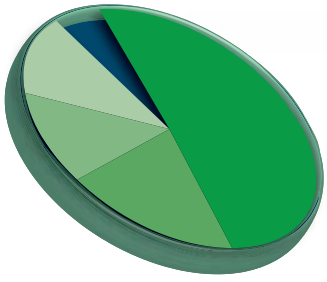
- Single
- Double
- Triple

Group at a Glance

"The Group's operating revenue for the full year increased 12% year on year (YoY) to $2 billion. All lines of business recorded increases in revenue YoY."

StarHub Today

Singapore's second largest info-communications company offering a diverse range of information, communications and entertainment services. We operate a 3.5G mobile network, a nation-wide HFC network that delivers multi-channel cable TV and ultra-high speed residential broadband services, and a fixed network that provides data, voice and wholesale services. StarHub has become one of Singapore's most innovative info-communications providers, and the pioneer in 'Hubbing'.



Operating revenue mix

- Mobile 52%
- Cable TV 17%
- Broadband 12%
- Fixed Network 14%
- Sale of Equipment 5%

Total revenue

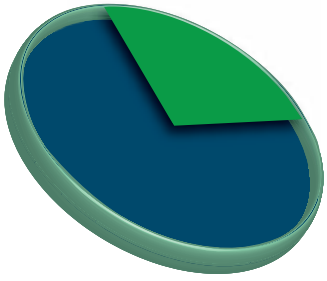
$2b

YoY revenue growth

12%

Mobile

Revenue increased 13% to hit a record $1 billion on the strength of a 14% rise in mobile customers and strong ARPU. In comparison, mobile revenue for 2006 grew 12% while customer base expanded 10%. This was also the year of the mobile Internet, with the launch of StarHub's high-speed 3.5G service and plenty of new compelling data services which saw mobile data traffic grow 23-fold.



Revenue mix

- Pre-paid 25%
- Post-paid 75%

Service revenue

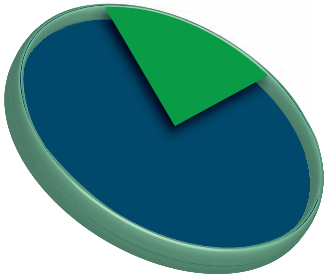
$1b

YoY revenue growth

13%

Cable TV

Revenue rose 9% to hit a high of $342 million, driven by customer expansion and ARPU increase. The rate of growth is slower compared to 2006's 19% revenue uplift and 9% increase in customer base, but this was to be expected since there were no major sporting events this year like the 2006 FIFA World Cup™.



Customer mix

- Analogue 19%
- Digital 81%

Service revenue

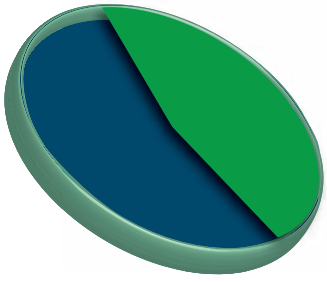
$342m

YoY revenue growth

9%

Broadband

StarHub's MaxOnline residential broadband service continued to be the fastest-growing line of business. Revenue for the DOCSIS-based cable modem business grew 12% to hit $247 million, driven by an expansion in customer base by 6% and a $1 increase in ARPU to $60.



Residential broadband share

- StarHub 45%
- Others 55%

Service revenue

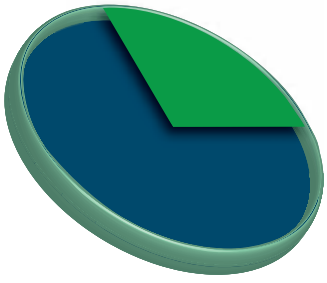
$247m

YoY revenue growth

12%

Fixed Network

Data & Internet revenue continued its ascending trend, growing by double-digit (16%) to $206 million. As expected, with the growing commoditisation of voice, Voice revenue fell. StarHub will renew our focus on Data & Internet, which enjoys substantially higher margins than voice.



Revenue mix

- Voice 26%
- Data & Internet 74%

Service revenue

$280m

YoY revenue growth

8%

Solid **Hubbing**

Year on year, we saw a modest increase of 2% in the number of households subscribing to at least one unique StarHub service to 755,000. However, the largest jump came from the triple-service homes which grew by 12% to 150,000.

Today, it is easier to find a multi-service than a single-service StarHub household with 52% of all StarHub households subscribing to at least two services. Out of the total number of households which subscribed to two or more StarHub services, 38% subscribed to three StarHub services. This helped to increase the average total revenue per household spend by 9% to $132 from four quarters ago.

Strong capital management execution

Returns

Experience

Innovative **Hubbing**

Hubbing provides breadth and depth of various services to our customers so that they can get all that they need under one roof. It also lets them access the same content across multiple platforms. For instance, Football Channel subscribers get to watch BPL matches on cable TV when they are at home, on their PC through the i.View online portal and on their mobile phone when commuting.

We also introduced HubStation – a unique cable TV set-top box cum DVR which also doubles up as a broadband modem. This means that customers can use one box for accessing multiple services – TV, broadband, voice calls and text messages.

Strong execution in innovative services

Deliverables

Exceed **Hubbing**

Having multiple services means we are able to cross and up sell services to increase the ARPU of our customers. Our hubbing packages encourage customers to subscribe to all three services to get better discounts. The packages also cheer them on to stay loyal in order to take full advantage of the Hub Club or Hubber benefits.

Over the next few years, we will be investing in upgrading our customer relationship management systems, allowing us to take hubbing to a new level, fully exploiting the opportunities to offer new services, retain more customers, and capture higher amounts of spend from existing accounts.

Strong managerial execution

Financial Highlights

KEY FINANCIAL TRENDS

In $m	2003 Restated [2]	2004 Restated [2]	2005	2006	2007
Operating revenue	1,118	1,355	1,571	1,805	**2,014**
Mobile	559	713	822	919	**1,037**
Cable TV	211	224	262	313	**342**
Broadband	92	126	177	220	**247**
Fixed Network	213	225	222	260	**280**
Service revenue	1,075	1,287	1,483	1,712	**1,906**
Profit/(Loss)					
From operations	(131)	(17)	256	361	**417**
Before tax [1]	(54)	(30)	248	353	**393**
Attributable to shareholders	(47)	(55)	221	360	**330**
EBITDA [3]	202	323	460	575	**643**
EBITDA as a % of service revenue	19%	25%	31%	34%	**34%**
Free cash flow	43	118	257	334	**483**
Per share (cents)					
Earnings/(Loss) – Basic	(2.2)	(2.6)	10.4	17.6	**18.7**
Net asset	42.6	40.5	45.7	26.3	**6.3**

CURRENT YEAR PERFORMANCE

In $m	2006	2007
Operating revenue	1,805	**2,014**
– 1st half	871	**962**
– 2nd half	934	**1,052**
Profit attributable to shareholders	360	**330**
– 1st half	137	**151**
– 2nd half	223	**180**
EBITDA [3]	575	**643**
Free cash flow	334	**483**

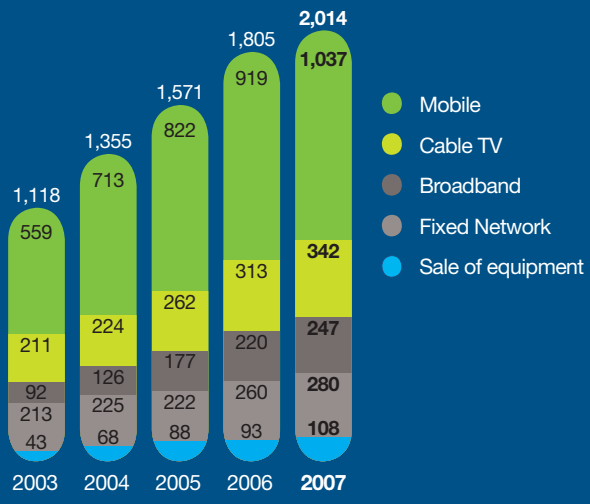
[1] Includes net other income of $1.08 billion compensation received from IDA, which was recognised over three years from April 2000.

[2] Certain figures in FY2003 – FY2004 have been restated due to adoption of FRS102 – Share-Based Payments.

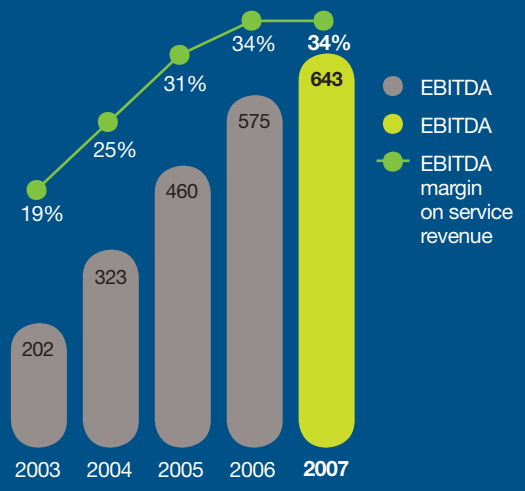
[3] EBITDA is defined as profit from operations adding back depreciation, amortisation and accretion of assets grant.

Highlights and Achievements

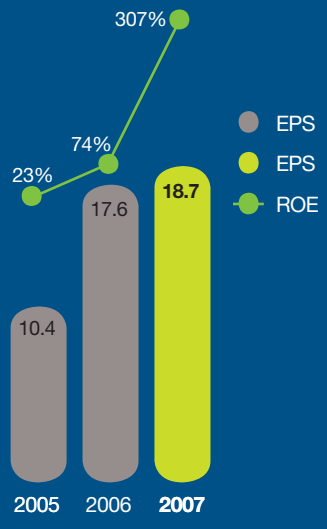
The Group's operating revenue rose to $2 billion. All lines of business recorded growth. Mobile revenue continued to register strong growth with revenue increasing 13% to $1 billion. In terms of the operating revenue mix, Mobile continues to account for the largest share at 52%. Cable TV revenue was 9% higher YoY at $342 million. Broadband revenue for the year increased12% YoY to $247 million. As a percentage of the overall operating revenue, Broadband revenue accounted for the same 12% share of the overall revenue mix as in last year. Fixed Network services revenue was 8% higher YoY at $280 million in 2007.



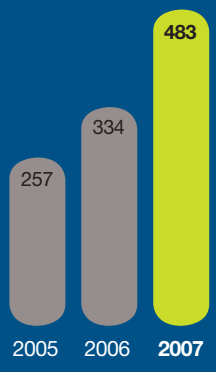
Operating revenue $m



EBITDA $m



Return on equity (ROE) and EPS (basic) cents



Free cash flow $m

Chairman's Message

"It has been five and a half years since we introduced our first hubbing campaign, which launched what we believe is one of the more successful bundling and convergence 'quadruple plays' in the industry worldwide."

Chairman, Tan Guong Ching

Resolute **Hubbing**

Profitability

$643m

EBITDA grew 12% to $643m while profit from operations grew 15%

Chairman
Tan Guong Ching

Dear Shareholders

2007 was another good year for StarHub, as we delivered a stellar performance, maintaining double-digit profitable growth in revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) for the third year running. We also continued to deliver exceptional shareholder value with an expansion of free cash flow. The higher levels of cash flow provided the means for increasing dividends. Also, as part of our capital management commitment, we executed a capital reduction exercise while improving the efficiency of our capital structure.

The performance was all that more remarkable when considering that Singapore is highly penetrated in mobile and broadband services.

Strong revenue growth all-round

Each of the four lines of business registered increases in revenue, driven by customer growth and robust Average Revenue Per User (ARPU). Overall revenue increased 12% to hit another new record of $2 billion.

Singapore's mobile market penetration ended the year at over 122%; the post-paid mobile market grew 6% while pre-paid mobile market grew 45%. StarHub was able to tap into the growth, with mobile revenue growing at 13%, even faster than the previous year. StarHub recorded $1 billion mobile revenue with a 14% rise in mobile customers.

Although there surfaced a new pay TV operator in 2007, our decade-long experience in delivering top branded content served us well as we continued to lead the pay TV market with over half a million cable TV customers. Cable TV revenue expanded 9% to $342 million, driven by a 4% growth in customer base and an ARPU increase of $3 to $51. However, competition has increased the cost of content for everyone in the market. Therefore, our content costs have risen, somewhat offset by increases in subscription prices.

Broadband revenue increased 12% to $247 million, spurred by growth in customers. ARPU remained strong due to more customers subscribing to the higher-speed plans. The competition continued to engage in aggressive price-cutting measures as we maintained our focus on delivering greater value to customers through speed upgrades and complimentary fixed-line voice services via high quality voice over IP (VoIP).

Fixed Network services continued to play an important role as an internal supplier of bandwidth and connectivity to the other lines of business. The Fixed Network business also generated good profitable revenue growth of 8% to $280 million. The main contribution came from the high margin Data & Internet services market, which grew 16% to $206 million. The very low-margin Voice revenue contracted 10% to $74 million.

Chairman's Message

"Delivering profitable growth with expanding free cash flow is the fundamental focus of management in achieving higher levels of shareholder value."

Chairman, Tan Guong Ching

Continued focus on profitable growth

The competitive landscape remained intense throughout the year, putting upward pressure on marketing and promotional expenses. Our emphasis was mostly on customer retention, particularly in retaining higher margin Mobile accounts. There were substantial increases in direct costs of services, primarily as a result of higher content costs for cable TV. Despite the highest nominal increase in content costs since we began operations 12 years ago, cost containment in other areas of operations mitigated the increases in direct costs, allowing us to hold overall operating costs to a growth rate just below revenue growth.

StarHub continued to deliver good growth in profitability which outpaced revenue growth. EBITDA grew 12% to $643 million while profit from operations grew 15% to $417 million. EBITDA margins improved 10 basis points to 33.7%. Capital expenditures decreased 14% to $213 million, which was 11% of operating revenue. Our balance sheet remains very strong, revealing a net debt/2006 EBITDA ratio of 1.4.

Hubbing continues to be the game-changer

It has been five and a half years since we introduced our first hubbing campaign, which launched what we believe is one of the more successful bundling and convergence 'quadruple plays' in the industry worldwide. Hubbing continues to be StarHub's major competitive edge. At year end, 52% of the total number of households subscribed to two or more StarHub services, out of which 38% subscribed to three StarHub services. The average total revenue per household grew 9% to $132. The really good news is that we believe there is even more we can do to improve the effectiveness of hubbing. Indeed, we will be investing in upgrading our customer relationship management systems in the next few years, allowing us to take hubbing to a new level, fully exploiting the opportunities to offer new services, retain more customers, and capture higher amounts of spend from existing accounts.

Shareholder value

Delivering profitable growth with expanding free cash flow is the fundamental focus of management in achieving higher levels of shareholder value. The Board's proactive capital management policies put surplus cash in shareholders' hands with quarterly dividends, open market share buybacks, and a capital reduction. We also elevated the efficiency of equity capital with higher, but prudent levels, of debt. This has provided the basis for maximising the value of the free cash flow.

This year, free cash flow grew 45% to $483 million, while free cash flow per share (fully diluted) was up 68% to 27.10 cents. We declared 16 cents per share in dividends this year, an increase of 39% over the previous year. With the capital reduction event in June 2007, we paid $442.3 million to shareholders to cancel one share for every 12 issued shares, at a price of $2.86 per share. We also bought 5.5 million shares in the open market at an average price of $2.94 per share.

Outlook for 2008

Singapore enjoyed GDP growth of 7.7% in 2007, as it continued to diversify its economic base and strengthen linkages with other rapidly growing economies in the region. Over the coming few years, Singapore's economic fabric will be strengthened with the launch of two large Integrated resorts and upgrades to Singapore's infrastructure. Population growth is expected to increase, bringing with it new opportunities for domestic companies like StarHub to continue growing our business.

Growth in Mobile services will be primarily led by new subscriptions for pre-paid services, while ARPU for the post-paid segment will see more rapid growth in mobile data services as more high speed data enabled handsets come to market. StarHub's 3.5G network is already fully capable of supporting access speeds of up to 14.4Mbps in 2008.

In the second quarter of 2008, true mobile number portability (MNP) will be available for the first time in Singapore. Mobile phone users will be able to switch operators while maintaining their mobile numbers. The existing 'call forwarding' system already offers some limited portability; but true MNP system will remove these limitations. While there may be little impact in 2008, we do expect MNP to have a positive impact on StarHub's ability to compete in the coming years, especially with respect to higher end business customers who are attracted to StarHub's hubbing proposition.

At the 45% household penetration rate, we believe there is still much room to grow the pay TV business in Singapore. We already have a leadership position in offering the best branded content and the widest coverage of homes in Singapore. In 2008, we will be upgrading the network platform to offer new services, such as Video on Demand, which when coupled with our branded content, will continue to offer the best value in the market.

The Government has initiated a plan to build a new next-generation ultra-high speed broadband network (NGNBN) connecting all homes and businesses throughout Singapore. It is to be completed by 2015. A Request for Proposal (RFP) was issued in December 2007 for the fibre optic infrastructure part of the NGNBN, with responses required by May 2008. Another RFP is scheduled to be issued in 2008 for the remaining part of NGNBN, providing for the 'lighting up' of fibre and offering services on a wholesale basis to retail service providers. StarHub is participating as part of a consortium that is likely to bid to be the entity to build the fibre optic network for the NGNBN. We are in support of the NGNBN as we believe it offers new opportunities for StarHub to leverage our brand and expertise into new segments of the market.

For Fixed Network services, we will continue to promote Data & Internet services to business customers. In addition, we will provide wholesale connectivity to other operators operating in Singapore.

Acknowledgements

We would like to congratulate Mr Mike Reynolds who was promoted from Head, Integrated Products & Marketing to President, StarHub on 1 January 2008. As President, Mike will report to StarHub's CEO Terry Clontz, and will be directly responsible for the execution of StarHub's operations.

We would like to take this opportunity to thank all our shareholders for your continued support and confidence in StarHub, and we look forward to meeting you at our upcoming Annual General Meeting.

Tan Guong Ching
Chairman

Board of Directors

Intuitive **Hubbing** **Team**

1. **Tan Guong Ching,** Chairman

Mr Tan Guong Ching is the non-executive Chairman of StarHub. He was appointed to the Board on 8 August 1998 and was last re-elected as a Director on 26 April 2006. He is also the Chairman of Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd, Asia Mobile Holdings Pte. Ltd., Singapore Technologies Aerospace Ltd, Temasek Life Sciences Laboratory Limited and IP Academy. 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, 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 holds a Bachelor and a Master of Engineering (Chemical) from the McMaster University, Canada.

2. **Steven Terrell Clontz,** Executive Director

Mr Steven Terrell Clontz is StarHub's CEO since January 1999. He was also appointed Executive Director to the Board on 8 December 1999 and was last re-elected on 26 April 2006. Mr Clontz is a veteran in the telecommunications industry with more than 30 years of extensive experience. He began his career in the United States of America (USA). From 1995 through 1998, he served as 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. He was President of BellSouth Asia Pacific between 1991 and 1994. Mr Clontz holds a Bachelor of Science (Physics Major) from the University of North Carolina, USA.

3. **Kua Hong Pak,** Independent Director, Chairman of Audit Committee

Mr Kua Hong Pak was appointed to the Board on 19 November 2001 and was last re-elected as a Director on 18 April 2007. He is the Managing Director and Group CEO of ComfortDelGro Corporation Limited (ComfortDelGro). Mr Kua is also the Deputy Chairman of SBS Transit Ltd (SBS Transit) and VICOM Ltd. Prior to joining ComfortDelGro, Mr Kua has served as President and CEO of Times Publishing Limited and Executive Director of SBS Transit. He holds a Bachelor of Accountancy from the former University of Singapore. Mr Kua also participated in the Advanced Management Program conducted by the Harvard Business School.

4. **Peter Seah Lim Huat,** Non-Executive Director, Chairman of Executive Resource & Compensation Committee and Nominating Committee

Mr Peter Seah Lim Huat was appointed to the Board on 22 July 2002 and was last re-elected as a Director on 26 April 2005. He is a member of the Temasek Advisory Panel. He is also the Chairman of Singapore Technologies Engineering Ltd, SembCorp Industries Limited and Singapore Computer Systems Limited. He held several senior level positions in Overseas Union Bank Limited before retiring as Vice Chairman and CEO in September 2001. Mr Seah served as President and CEO and a Director of Singapore Technologies Pte Ltd from December 2001 to December 2004. Mr Seah holds a Bachelor of Business Administration (Honours) from the former University of Singapore.

5. Nihal Vijaya Devadas Kaviratne CBE, Independent Director, Chairman of Strategy Committee

Mr Nihal Vijaya Devadas Kaviratne CBE was appointed to the Board on 16 August 2004 and was last re-elected as a Director on 26 April 2005. His career with the Unilever Group spans 40 years during which he held various senior level management positions across Asia, Europe and Latin America. He retired from Unilever on 31 March 2005. In July 2005, he joined the Board of GlaxoSmithKline in India. 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 and sustainable development in Indonesia. He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the '25 leaders at the forefront of change'. Mr Kaviratne holds a Bachelor of Arts (Honours) with a major in Economics from the Bombay University, India and attended the Advanced Management Program at the Harvard Business School.

6. Lee Theng Kiat, Non-Executive Director

Mr Lee Theng Kiat was appointed to the Board on 7 May 1998 and was last re-elected as a Director on 26 April 2006. He joined the former Singapore Technologies (ST) group of companies in 1985 and has held various senior level positions overseeing the group's legal and strategic business development. Mr Lee is currently the President and CEO of Singapore Technologies Telemedia Pte Ltd (ST Telemedia) and STT Communications Ltd. Under his leadership, ST Telemedia has evolved into a significant info-communications company with operations and investments in Asia Pacific, America and Europe. Prior to joining the ST group, Mr Lee has served in the Singapore Legal Services for more than eight years. He holds a Bachelor of Laws (Honours) from the former University of Singapore.

7. Lim Ming Seong, Non-Executive Director

Mr Lim Ming Seong was appointed to the Board on 14 December 2000 and was last re-elected as a Director on 18 April 2007. He is the Chairman of CSE Global Limited, Singapore Aerospace Manufacturing Pte Ltd and First Resources Ltd. Mr Lim was with the ST group from 1986 through 2002, where he left as Group Director. Prior to joining the ST group, Mr Lim was with the Ministry of Defence. 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 Advance Management Program conducted by INSEAD and the Harvard Business School.

Board of Directors

8. Lim Chin Beng, Independent Director

Mr Lim Chin Beng was appointed to the Board on 8 August 1998 and was last re-appointed as a Director on 18 April 2007. He is the Chairman of The Ascott Group Limited, Changi Airport International Pte Ltd, Singapore Changi Airport Enterprise Pte Ltd and CapitaLand Hope Foundation. He was appointed Managing Director and was Deputy Chairman of Singapore Airlines Limited between 1982 and 1996. Mr Lim was also Singapore's ambassador to Japan between July 1991 and November 1997. In recognition of his significant contributions to the airline and tourism industries, Mr Lim was awarded the 'Businessman of the Year Award' in 1986 and the 'Outstanding Contribution to Tourism Award' in 1990. Mr Lim holds a Bachelor of Arts (Honours) with a major in Economics from the former University of Malaya, Singapore.

9. Osamu Inoue, Non-Executive Director

Mr Osamu Inoue was appointed to the Board on 25 June 2003 and was last re-elected on 26 April 2006. He is the Executive Vice President of NTT Communications Corporation. He started his career with Nippon Telegraph and Telephone Public Corporation in 1973. He has since held senior level positions in the NTT group including that of Director, ISDN Planning & Promotion, Vice President, Overseas Business Division of the Global Business Headquarters and also Managing Director of NTT Europe Ltd. from 1999 to 2003. He holds a Master of Electronic Physical Engineering from the Tokyo Institute of Technology, Japan.

10. Teo Ek Tor, Independent Director

Mr Teo Ek Tor was appointed to the Board on 16 August 2004 and was last re-elected as a Director on 18 April 2007. He is the Managing Partner of PrimePartners Asset Management Pte Ltd which manages private-equity funds. He has vast experience in investment banking in Asia. Mr Teo 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). He 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.

11. Liu Chee Ming , Independent Director

Mr Liu Chee Ming was appointed to the Board on 16 August 2004 and was last re-elected as a Director on 18 April 2007. He is and has been the Managing Director of Platinum Holdings Company Limited since 1996. Mr Liu has over 30 years of experience within the financial services sector. He worked for various Jardine Fleming entities for over 17 years in senior level positions. Between 1988 to 1995, he served as a Member of the Executive Committee and the Head of Investment Banking for Jardine Fleming Holdings Limited. He holds a Bachelor of Business Administration from the former University of Singapore.

12. Robert J. Sachs, Independent Director

Mr Robert J. Sachs was appointed to the Board on 29 April 2005 and was last re-elected on 26 April 2006. He is a Principal of Continental Consulting Group, LLC and a Director of Global Crossing Limited and Big Band Networks, Inc. Mr Sachs has more than 28 years extensive experience in the cable television industry. He was President and CEO of the National Cable & Telecommunications Association from August 1999 until March 2005. From 1979 until 1998, he held various senior level positions in Continental Cablevision, Inc. and its successor, MediaOne, 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, USA. 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.

13. Nasser Marafih, Non-Executive Director

Dr Nasser Marafih was appointed to the Board on 9 July 2007. He is the CEO of Qatar Telecom (Qtel) Q.S.C. (Qtel), a public listed company on the Doha Securities Market. Dr Nasser began his professional career at Qtel in 1992 as an expert advisor from the University of Qatar, and was later seconded to Qtel as the Divisional Manager of Strategic Planning and Development. He was instrumental in many strategic initiatives and landmarks in Qtel's history, including the introduction of the first GSM service in the Middle East in 1994 and the Internet service in Qatar in 1996 and the privatisation of Qtel in 1998. He is a member of the Geographic Information Service, the World Trade Organisation Committees and Institute of Electrical Electronics Engineers Inc., and the President Karami Radio Society. Dr Nasser holds a Bachelor of Science in Electrical Engineering, a Master of Science and a PhD. in Communication, from the George Washington University, USA.

Senior Management's Message

"We delivered double-digit growth in both revenue and profit for the third year running. Revenue increased 12%, breaking a new barrier with revenue exceeding $2 billion."

Solid **Hubbing** **Management**

Left to right: Alex Siow, Philip Tan, Mike Reynolds, Terry Clontz, David Storrie, Kwek Buck Chye, Chan Kin Hung.

We are pleased to report another good year for StarHub. We enjoyed solid growth in all our lines of business, achieved through dedicated execution of our operating plans and strategies. We were helped by strong economic growth in Singapore, particularly in the financial and the service sectors. Population growth was also positively contributing. In 2007, Singapore's non-resident population grew by 15%, outpacing the overall 4% for the nation (http://www.singstat.gov.sg/stats/themes/people/hist/popn.html).

Growth in the mobile phone sector continues to be strong despite the high penetration level which surpassed 122% by the end of 2007. Subscriber growth has been driven primarily by pre-paid customers, in large part from the influx of foreign workers into Singapore attracted by the booming construction activity. Mobile revenues for both pre-paid and post-paid grew at a healthy pace.

According to statistics from the Infocomm Development Authority of Singapore, household broadband penetration has exceeded 77% this year inclusive of wireless broadband customers. StarHub launched the fastest mobile broadband service in August with downlink and uplink speeds unmatched by other operators in the market. The combination of higher speeds, a better selection of 3.5G and HSPA devices, and popular new applications and services increased our mobile data usage 23-fold, further enhancing StarHub's leadership in the mobile broadband race. Our MaxMobile service is capable of delivering download speeds of up to 14.4Mbps and upload speeds of 1.9Mbps. Although current devices in the market are limited to throughputs of up to 7.2Mbps only, a wider range of devices will become available in 2008 to take advantage of the higher speeds and network capabilities.

In residential broadband, we continue to offer the best value and highest connection speeds with our 100Mbps service which was launched at the end of 2006. StarHub took the opportunity to provide our customers the best of both wired and wireless broadband service with a 'perfectly matched' combination of our MaxOnline broadband and MaxMobile wireless broadband services. MaxOnline customers were offered MaxMobile at a promotional 50% discount rate to allow them to enjoy the fastest broadband service at home and away from home. It is another example of our hubbing strategy to offer more value to our customers while endearing them to the StarHub brand.

On the cable TV front, we introduced additional High Definition (HD) channels, including BPL football matches in HD. StarHub has been successful in extending and expanding our longer term relationship with the most critical content brands, particularly in the sports and entertainment sectors. We introduced 17 new channels, including Sensasi (a Malay-language channel) and The Golf Channel. Content costs have increased substantially this year; owing to the entry of a new player vying for certain content genres, like sports. Some of the increases in costs were offset with retail price increases. However, margins in cable TV were negatively impacted this year.

We also introduced HubStation, a 3-in-1 device that is a Digital Video Recorder (DVR), a cable modem for online access that also enables telephony. HubStation is StarHub's premier 'hubbing' device that offers access to information, communications and entertainment services. Cable TV penetration in Singapore stands at 45% as of the end of 2007.

Mobile revenue $m

Revenue increased 13% on the strength of a 14% rise in customers.

Cable TV revenue $m

Revenue rose 9%, driven by an increase in ARPU of $3 to $51.

Broadband revenue $m

Revenue grew 12% on the back of an expanded customer base and ARPU.

Fixed Network revenue $m

It is a revenue generator in the corporate and wholesale segments, growing 8%.

$2b

Revenue increased 12%, breaking a new barrier with revenue exceeding $2 billion

Senior Management's Message

"As we move into 2008, we will continue with the proven quadruple-play strategy by executing our hubbing initiatives in even more innovative ways to delight our customers."

Double-digit profitable growth

We delivered double-digit growth in both revenue and profit for the third year running. Revenue increased 12%, breaking a new barrier with revenue exceeding $2 billion. EBITDA also grew 12% to $643 million while profit from operations was up 15% to $417 million. Mobile continued to be the largest contributor to the revenue mix at 52% share, followed by cable TV at 17%, fixed network at 14%, and broadband at 12%.

Mobile

Despite operating in a highly penetrated market, StarHub Mobile grew even faster than in 2006. Mobile revenue increased 13%, recording $1 billion on the strength of a 14% rise in mobile customers and strong ARPU. By comparison, mobile revenues for 2006 grew 12% while the customer base expanded 10%. It is still the most profitable line of business with the highest EBITDA margin.

The expansion in subscribers was mainly due to increases in the pre-paid base. StarHub pre-paid customers surged 26% this year to 944,000. We continued to offer a competitive value proposition to customers while maintaining an effective sales distribution network. Pre-paid ARPU held firm at $26, and is highest among the three mobile operators. Consequently, pre-paid mobile revenue grew 22%. StarHub's post-paid revenue also grew strongly at 10%, driven primarily by an impressive $5 ARPU increase to $76. The post-paid customer base grew 3% in the year to 813,000 despite the high penetration rate.

As a result of substantial take-up of our new 3.5G mobile data plans, StarHub's mobile data usage for post-paid customers surged from 4,186GB in 2006 to 102,535GB this year. The total number of 3G/3.5G customers doubled from 174,000 to 391,000 this year and now accounts for 48% of the total post-paid customer base.

In the area of data services, we launched the innovative pfingo suite of services, which offer customers a mobile Internet and email service on the move, regardless of where they are in the world, or which network they are on. It also provides a VoIP service for WiFi-enabled mobile phones, which allows users to reap substantial savings when making international calls, especially if they are roaming. To date, we have 80% registered users who are from overseas and 50% of the Singapore users are non-StarHub customers.

Cable TV

Cable TV revenue rose 9% to $342 million, driven by an increase in ARPU of $3 to $51. The rate of growth is slower compared to the previous year's 19% revenue increase and 9% increase in customer base. However, this was expected when considering that in 2006, new subscriptions and revenue increases benefited from the 2006 FIFA World Cup. Our customer base surpassed the half million mark, at 504,000 by the end of 2007. Of the total, 81% of our customers are now on the digital platform. Digital customers are able to access more channels and enjoy services such as the Electronic Programming Guide and games, and generally have higher ARPU compared to customers on the analogue service.

We added more high value content. This year we added 17 new channels, bringing the total number of channels to 112, plus 40 Demand TV channels. We also successfully closed an exclusive arrangement to air 2008's most important soccer event – UEFA EURO 2008™. Singapore became the first country to commercially launch HDTV when we rolled out our service in 2007.

Broadband

MaxOnline residential broadband service continued to be the fastest-growing line of business. Revenue grew 12% to hit a new high of $247 million, driven by an expansion in customer base by 6% and $1 increase in ARPU to $60. The ARPU increase was a result of a larger mix of customers subscribing to the higher-tier plans. The year closed with 346,000 subscription-based residential broadband customers.

We delivered even more value to our customers in 2007 by increasing the broadband access speed to our MaxOnline Express customers from up to 6Mbps to 8Mbps with no increase in price. We also launched a new entry-level 1Mbps service to appeal to the occasional user. We now have the widest range of broadband plans, from as low as 1Mbps to the ultra-fast 100Mbps.

The market also saw the influence of wireless broadband providers making use of 3.5G and WiFi technologies. With 3.5G, users can either surf the Internet on their mobile devices or purchase a USB modem to connect to their PCs for high-speed ubiquitous Net access. StarHub views our wireless broadband service, MaxMobile, as a complement to our MaxOnline service allowing people to access the Internet both 'at home' and 'out of home'.

Fixed Network

Fixed Network services continue to play a key role in supporting the bandwidth and connectivity for the other three lines of business. It is also a key revenue generator in the corporate and wholesale segments, growing 8% to $280 million. While the low-margin voice part of the business has declined in revenue, our strong focus on higher-margin Data & Internet has paid off, with Data & Internet growing 16% this year.

Hubbing continues to be key strategy

Hubbing continues to be our over-arching core strategy. This year, we launched the Football Channel and BPL simulcast on three platforms (mobile, cable TV and broadband) for the first time – offering unprecedented value to our customers. Our MaxOnline customers can now get unlimited ultra-fast Net access at home as well as on the move with MaxMobile 3.5G service at a 50% discount. For our premium triple-service customers, they can get up to 30% discount off their monthly mobile phone subscriptions when they get more family members on StarHub Mobile. This year, the number of households taking two or more StarHub services reached 52% of our total household base.

As we move into 2008, we will continue with the proven quadruple–play strategy by executing our hubbing initiatives in even more innovative ways to delight our customers.

We are committed to deliver a growing stream of cash flow, building greater value for our shareholders. We will invest shareholders' funds wisely, and continue to look for opportunities to maximise returns on those investments.

Once again, we wish to thank you, our shareholders, for your continued support and look forward to an even better year ahead.

Senior Management Team

Senior Management

1. **Terry Clontz,** Chief Executive Officer (CEO)

(Terry's profile can be found on page 16 of this report.)

2. **Mike Reynolds,** President

As President of the StarHub Group, Mike is fully responsible for all operational plans and the day-to-day execution of these plans.

Prior to taking this role, he was the Head of Integrated Products and Marketing, responsible for the product planning, development and management of all of StarHub's products and services, for content relationship management and for marketing across its consumer and business market sectors. Mike joined StarHub in May 2001 as Senior Vice President of StarHub's Business Markets, where he headed Corporate Sales, Domestic Wholesale International Services, Product Management & Marketing, and International Telephony.

Prior to joining StarHub, Mike spent 24 years with BellSouth, where he held various senior level positions, including President of BellSouth China's operations. Mike holds a Master of Business Administration and a Bachelor of Business, both from the University of Georgia, USA.

3. **Kwek Buck Chye,** Chief Financial Officer (CFO)

Buck Chye joined StarHub in September 2002 as CFO of the Group. In addition to his financial portfolio, he also oversees Fraud and Risk Management, Corporate Administration, Business Performance and Purchasing & Logistics.

Prior to joining StarHub, Buck Chye was CFO of ST Telemedia. Having been with the ST group since 1992, he has served as CFO in various major operating units within the ST group, including Chartered Semiconductor Manufacturing Ltd and STATS ChipPAC Ltd. He was also COO of Vickers Ballas & Co (now known as DBS Vickers Securities (Singapore) Pte Ltd). Buck Chye holds a Bachelor of Accountancy from the former University of Singapore.

4. **David Storrie,** Head, Integrated Network Engineering

David oversees the day-to-day operations of StarHub's fixed and mobile networks, and charts the division's strategic technological directions. He also heads International Carrier Relations and Domestic Wholesale services which focus on the provision of communications infrastructure, facilities and services with other carriers and service providers.

David is a telecommunications veteran with more than 30 years of working experience in countries like Britian, France, Germany, Holland, Kuwait and USA. Prior to joining StarHub in April 2000, he has held various senior management positions within the British Telecom group. David holds a degree in Electrical Engineering from City & Guilds, London, UK.

5. **Philip Tan,** Head, Consumer Sales, Customer Experience and Technical Services

Philip heads StarHub's Consumer Sales, Customer Experience and Technical Services division. He is responsible for the strategy, planning, development and management of consumer sales channels, technical services and customer experience for the suite of services of StarHub.

Philip joined StarHub in July 2002 after the merger between StarHub and SCV. He was SCV's Executive Vice President in Operations. Philip has more than 20 years' experience in telecommunications and operations. Philip holds a Bachelor of Engineering (Electrical) from the National University of Singapore and a Diploma in Marketing from the Marketing Institute of Singapore.

6. **Chan Kin Hung,** Head, Advanced Multimedia Services

Kin Hung heads StarHub's Advanced Multimedia Services, and is responsible for creating new revenue streams, with focus in convergence opportunities, primarily for mobile and broadband services, leveraging on StarHub's capabilities. He also chairs the nine-member Conexus Mobile Alliance formed in April 2006 to enhance members' competitiveness in international roaming and corporate mobile services in their own countries/regions and across Asia-Pacific.

Prior to this new appointment, Kin Hung headed StarHub's Mobile services. He joined StarHub in January 2001. He was formerly the Managing Director of UUNET Singapore Pte Ltd. Kin Hung holds a Master of Science (Electrical Engineering) from the University of Michigan, Ann Arbor and a Master in Business Administration from the Chinese University of Hong Kong.

7. **Alex Siow,** Head, Information Services and Program Office

Alex leads the Information Services Division and Program Office. He is responsible for the strategic implementation of Information Systems such as the BSS/CRM systems, order management, and billing systems. He also oversees the day-to-day operations of the data centre, business continuity and overall information security. Alex also steers the independent Program Office which runs program management across all projects in StarHub. Prior to his present role, he was Head of StarHub's Corporate Sales Division.

Alex joined StarHub in March 2003. Before that, he had a distinguished career spanning 23 years at the Housing & Development Board, of which he spent 13 years as its Chief Information Officer. Alex holds a Bachelor of Engineering (Civil) from Stuttgart Institute of Technology, Germany and a Master of Science (Distinction), with a major in Engineering from University of Birmingham, UK.

Senior Management organisation chart

Terry Clontz
CEO

Mike Reynolds
President

David Storrie
Head, Integrated Network Engineering

Kwek Buck Chye
CFO

Philip Tan
Head, Consumer Sales, Customer Experience & Technical Services

Chan Kin Hung
Head, Advanced Multimedia Services

Alex Siow
Head, IS & Program Office

Jeannie Ong
Head, Corporate Communications & Investor Relations

Adit Harinasuta
Head, Services & Solutions

Chan Hoi San
Head, Human Resource

Goh Li Li
Head, Corporate Sales

Veronica Lai
Head, Legal & Secretariat

Tim Goodchild
Head, Regulatory & Interconnect

"StarHub is firmly focused in profitable growth and does not subscribe to aggressive price cutting to gain market share, as it will only hurt the Company's bottom line in the long run and decrease shareholder value."

SIGNIFICANT EVENTS SCORECARD

FEBRUARY
Appointed Huawei Technologies for 3G network expansion

APRIL
Launched simplified pricing for mobile roaming

MAY
Launched MultiSIM service

AUGUST
Launched fastest two-way HSPA service nationwide

Launched Mobile TV service

Hubbing:Mobile

SEPTEMBER

Launched pfingo, an innovative new mobile Internet service suite

Launched Shozu photo-sharing service

OCTOBER

StarHub and EZ-Link launched Near-Field Communications phone trial

Launched OneSIM service

NOVEMBER

Conexus Mobile Alliance announced Asia's first pay-per-day data roaming flat-rate service

Launched MusicAnywhere service

Buoyed by the robust Singapore economy which grew 7.7% for the year, StarHub Mobile delivered a strong performance in 2007. Despite operating in a highly saturated market with 122.5% mobile phone penetration at the end of the year and facing extremely aggressive competition, StarHub once again delivered steady double-digit growth in both mobile revenue and customer base. In fact, it grew even faster than the year before.

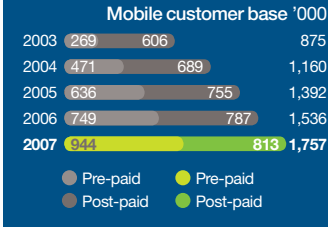
This year, mobile revenue increased 13% to hit a record $1 billion on the strength of a 14% rise in mobile customers and strong ARPU. In comparison, mobile revenue for 2006 grew 12% while customer base expanded 10%. This was also the year of the mobile Internet, with the launch of StarHub's high-speed 3.5G or HSPA services which saw mobile data traffic grow 23-fold.

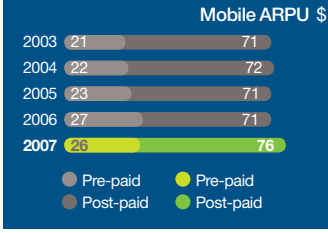
Mobile continued to be the largest source of StarHub's revenue, accounting for 52% of its total revenue mix. It is also still the most profitable line of business, contributing the highest EBITDA margin at 39.7%; even if this is slightly lower than 2006's margin of 42.9% as a result of higher customer acquisition costs this year.

StarHub continues to be firmly focused in profitable growth and does not subscribe to aggressive price cutting to gain market share.

13%

Mobile revenue increased 13% to hit $1 billion





Operations Review

Revenue growth fuelled by increase in pre-paid customers

The expansion in revenue was primarily due to the growth of pre-paid customers, which leapt 26% this year to 944,000 customers at the back of strong branding, compelling value to customers and an extensive sales distribution network. Pre-paid ARPU held firm at $26, and is still the leader among all three mobile operators at over 45% higher than the competition.

As a result of customer expansion, pre-paid revenue for 2007 grew 22% to $261 million and now accounts for a record 25% of total mobile revenue. For the first time ever, the number of StarHub pre-paid customers surpassed their post-paid counterparts. At the end of 2007, 54% of all StarHub mobile customers were using pre-paid.

Post-paid ARPU increment also boosted revenue

With market saturation, the slower customer growth in the post-paid market was not a surprise. The post-paid business added 3% more customers in 2007 to 813,000. Despite the low single-digit customer growth, StarHub still registered 10% growth in post-paid revenue, driven primarily by an impressive $5 ARPU increase to $76. The ARPU increase was contributed by various factors, including uplifts in roaming and IDD traffic plus a larger mix of higher-end customers who spend more on voice and data. StarHub's new 3.5G MaxMobile data service played a key role in driving up data usage among post-paid customers.

ARPU increase was contributed by various factors, including uplifts in roaming and IDD traffic plus a larger mix of higher-end customers who spend more on voice and data.

Renewed focus on profitable growth

StarHub continues to be firmly focused in profitable growth and does not subscribe to aggressive price cutting to gain market share, as it will only hurt the Company's bottom line in the long run and decrease shareholder value. Our policy continues to be offering good value to our customers like free incoming local calls, per second billing, free IDD 018 calls to 14 destinations and free mobile Internet browsing on our Gee! portal.

The launch of 3.5G

With the launch of StarHub's 3.5G service using HSPA technology, the speed of mobile Internet has surged almost 20-fold, from 384Kbps for 3G to the current 7.2Mbps for 3.5G. StarHub's 3.5G service is currently the fastest in the market, and the only one to provide high speed mobile services in both downlink and uplink. StarHub is also the first to introduce truly unlimited data usage plans, thus providing full peace of mind to customers as they surf the Internet while on the move.

With speeds comparable to fixed line broadband, mobile users can now gain a closer experience to surfing from home. To drive adoption, MaxMobile customers can either choose to pay-as-they-use or pay a flat monthly fee for unlimited data access.

Mobile data traffic grows 23-fold with 3.5G and compelling content

With the high-speed infrastructure in place, StarHub has been ramping up mobile data content this year to attract more MaxMobile sign-ups and offer better value to existing MaxMobile customers. For instance, football fans can watch the BPL matches 'live' on their mobile phones.

With the high-speed infrastructure in place, StarHub has been ramping up mobile data content this year to attract more MaxMobile sign-ups and offer better value to existing customers.

In 2008, users will be able to benefit from a flat-rate per-day data package when roaming with any of the nine Conexus members.

New services exclusive to StarHub mobile customers were also offered. They included Coufon where customers can download discount coupons onto their mobile phone; Music Anywhere which lets users access the same MP3 files from their home PC on their mobile phone; and Shozu, where users can upload their photos and videos on their phone to their blogs and YouTube over the air. On top of that, the carrier-neutral pfingo mobile Internet service which offers push-mail, instant messaging and WiFi VoIP calls to customers around the world was commercially launched.

International roaming gets easier and more affordable

StarHub Mobile customers can now roam with ease of mind with the new flat-rate mobile roaming rates for voice and data usage at 220 destinations around the world. In addition, StarHub Mobile customers get 50% off SMS and data access charges while roaming with nine mobile operators who are StarHub's partners in the Conexus Mobile Alliance.

In 2008, users will also be able to benefit from a flat-rate per-day data package when roaming with any of the nine Conexus members. Travellers to Indonesia will also enjoy the convenience of the Indosat OneSIM service where StarHub Mobile customers can use their same SIM card to access their StarHub number and an Indonesian mobile number.

Mobile Number Portability

IDA will be launching true MNP in the middle of 2008 which lets mobile users switch operators while keeping their original phone numbers. The current system also ports numbers when users switch operators, but calls are forwarded to a new line instead of being truly ported. Despite the advantages of true MNP, it is not expected to have a significant effect on customer churn because the vast majority of post-paid mobile customers are contractually bound to their chosen provider.

"With increased competition, it is crucial, now more than ever, to focus on offering the best content to customers. This year, StarHub added 17 new channels, bringing the total to 112 plus 40 Demand TV channels."

SIGNIFICANT EVENTS SCORECARD

JANUARY

Launched Southeast Asia's first commercial HDTV service

JULY

Launched HubStation; an integrated device that enables consumers to watch, surf and talk, all at the same time

Revised subscription fees for Basic Groups and Value Packs in line with increasing content costs

AUGUST

Launched Football Channel; dedicated to BPL programming

Launched Sensasi – Singapore's first and only dedicated Malay entertainment channel

Hubbing: Cable TV

SEPTEMBER

Offered 24-month free subscription of two channels – Discovery Channel and Bloomberg Television to all public schools in Singapore

OCTOBER

Launched HubStation FlexiWatch; a pre-paid cable TV service that allows non-cable TV customers to subscribe and pay only for the duration for which they wish to enjoy the channels

Revised subscription fee for Sports Group in line with increasing content costs

NOVEMBER

Offered BPL in HD splendour

StarHub's Cable TV business registered another year of steady growth. Revenue rose 9% to hit $342 million, driven by customer expansion and ARPU increase. The rate of growth is slower compared to 2006's 19% revenue uplift and 9% increase in customer base, but this was to be expected since there were no major sporting events this year like the 2006 FIFA World Cup.

As at the end of the year, the customer base grew 4% to reach 504,000, out of which 408,000 are now digital tier customers. Digital tier customers are able to access more channels and generally have higher ARPU compared to their analogue counterparts. They now account for 81% of all cable TV customers.

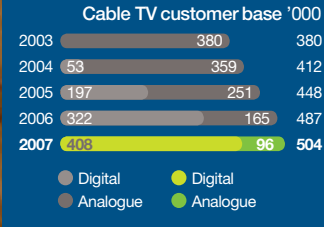
Increase in ARPU

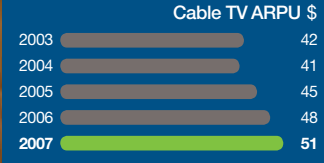
Cable TV ARPU increased by $3 to $51 this year. The rise in ARPU was contributed by a higher mix of digital tier customers as well as the increase in the subscription charges of several packages. The Basic Group and Value Pack subscriptions fees were increased by $4, while the Sports Group was increased by $10 per month. This was the first time that StarHub increased our Basic Group subscription fee since 1995.

At the end of the year, the customer base grew 4% to reach 504,000, out of which 408,000 are now digital tier customers.

81%

Digital tier customers form 81% of base





Rising cost of popular content

The increase in subscription charges was inevitable as a result of the rising cost of sales, particularly with the increased costs in securing key content. This was significantly contributed by the entry of our main competitor into the pay TV business in the middle of 2007 when it commercially launched its IPTV service. As a result of new competition bidding for the same content, the cost of content, particularly the Barclays Premier League (BPL), escalated.

The good news from increased competition is that there is now greater awareness from consumers on the availability of new services like HD and video-on-demand. Competition also encourages service providers to come up with more innovative services.

Delivering compelling content and value to spur growth

With increased competition, StarHub recognises that it is crucial, now more than ever, to focus on offering the best content to our customers. We continue to be highly focused in adding compelling content and value to grow both customer base and ARPU. This year, we flexed our content dominance by adding 17 new channels, bringing the total number of channels to 112 plus 40 Demand TV channels.

We continue to be highly focused in adding compelling content and value to grow both customer base and ARPU.

Although the price of the sports package was increased by $10, sports fans now have even more to choose from. We doubled the number of channels in our Sports Group from four to eight. We secured the exclusive rights to the BPL for three seasons starting from August 2007 across all three platforms – mobile, cable TV and broadband. We have also secured the exclusive rights to the next biggest soccer event – UEFA EURO 2008.

Besides soccer, sports fans can now catch American football as well, as StarHub acquired the rights to screen the National Football League games. For golf fans, we launched a 24-hour Golf Channel and for cricket fans, a 24-hour channel called Neo Sports was launched to complement the existing Cricket Channel.

The launch of HDTV

StarHub commercially launched our HDTV service this year, and set yet another new record by being the first operator in Southeast Asia to do so. There are currently three channels available for HD Plus customers – Discovery HD, NATIONAL GEOGRAPHIC CHANNEL HD and HD SHOWCASE (which offers two 'live' BPL matches per match-week and up to 92 matches for the 2007/2008 season).

Hubbing and HubStation

Hubbing continues to be a key differentiating factor for StarHub with our strong stable of offerings across our mobile, cable TV and broadband platforms. With the new HubStation, customers can now experience hubbing at a new level, as the integrated device enables consumers to watch, surf and talk, all at the same time! With HubStation, consumers

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There are currently three channels available for HD Plus customers – Discovery HD, NATIONAL GEOGRAPHIC CHANNEL HD and HD SHOWCASE (which offers BPL matches).

can enjoy the capabilities of a DVR with full Smart TV recording features for StarHub Digital Cable and free-to-air (FTA) channels, free 1Mbps broadband Internet service (until end 2008), and access to StarHub's Digital Voice Travel/FlexiTalk service.

HubStation customers do not have to subscribe to any cable TV channels. With HubStation, they are able to access FTA channels as well as four free international cable TV channels – Australia Network, Deutsche Welle, KBS World and TVRI. If they wish to enjoy more cable TV channels, they have the option to either take a monthly subscription package or purchase a la carte from the new HubStation FlexiWatch service. With HubStation FlexiWatch, customers can choose from any of the seven FlexiWatch channels which include popular Chinese movie and drama channels. Viewers are only charged on a per-day basis, with a minimum block of three days. In addition, viewers will also be able to enjoy up to six Basic Groups of channels at no additional cost.

Adding more niche content and value to our customers

To continue to reach out to more customers, we continued to bolster our niche channels offerings. This year, we launched Sensasi, Singapore's first and only dedicated Malay entertainment channel. We also added the Star Gold channel which offers Bollywood blockbusters. Chinese drama lovers can now watch their favourite old TV serials from leading Hong Kong broadcaster TVB on two new channels – TVB Xing He Channel and TVB Classic Channel.

We also continued to give our customers more channels for the same subscription rate. Customers on the digital tier can now watch The History Channel, offered in the Education Basic Group, as well as Crime & Investigation Network, offered in the Family Plus package. Chinese Plus II customers also received several new channels at no extra cost including CHANNEL [V] MAINLAND CHINA, CHANNEL [V] TAIWAN and TTV World.

"StarHub customers now have a greater choice of pre-paid and post-paid broadband access services. They can choose from our two pre-paid FlexiSurf services as well as our post-paid 1Mbps, 8Mbps, 12Mbps and the ultra-fast 100Mbps services."

SIGNIFICANT EVENTS SCORECARD

JANUARY

StarHub customers enjoy free wireless broadband access at all StarHub hotspots. They also get free access to Wireless@SG services through a MoU with QMax Communications

FEBRUARY

Launched MaxOnline FlexiSurf, By Hour – flexible broadband usage at affordable hourly rates

Launched Digital Voice FlexiTalk – VoIP service that allows business travellers or people who reside overseas to enjoy cost-effective calls to Singapore

Hubbing:Broadband

JUNE

Partnered Limelight Networks for the access of rich media content hosted over their Content Delivery Network. As Limelight is in our Velocity programme, MaxOnline customers access the content at ultra-high broadband speeds

JULY

Launched HubStation – integrated device that enables customers to enjoy the capabilities of a DVR, free broadband Internet, and access to Digital Voice Travel/FlexiTalk service

NOVEMBER

MaxOnline Express customers get a higher download speed for free

DECEMBER

Launched MaxOnline SurfLife – complementary 1Mbps post-paid plan to the existing FlexiSurf plans

StarHub's MaxOnline residential broadband service continued to be the fastest-growing line of business. Revenue for the DOCSIS-based cable modem business grew 12% to hit a high of $247 million, driven by an expansion in customer base at 6% and a $1 increase in ARPU to $60. The ARPU increase was a result of a larger mix of customers subscribing to the higher tier plans. The year closed with 346,000 subscription-based residential broadband customers.

StarHub extended our technology leadership in residential broadband this year and our 100Mbps cable modem service access speed is now ten times higher than our closest rival's phone-line based broadband service which runs on ADSL technology. According to the IDA's residential broadband guide, our 100Mbps service offers the best value at the lowest price per 100Kbps of $0.12 (http://www.ida.gov.sg/Publications/20061213184450.aspx).

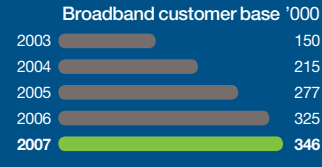
Strong performance despite aggressive competition

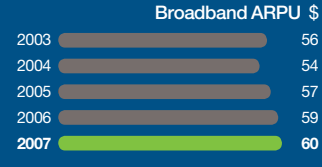
Similar to 2006, our main competitor continued to launch aggressive price-cutting campaigns to capture market share. StarHub does not subscribe to such a policy which hurts profitability in the long run and prefers to offer more value to our customers through free speed upgrades, free Digital Voice (VoIP) service and other benefits. This year, we bumped up the access speeds of our MaxOnline Express customers from up to 6Mbps to 8Mbps.

StarHub does not subscribe to a policy that hurts profitability and prefers to offer more value to customers through free speed upgrades and other benefits.

346,000

Customers now have a wider choice





The market also saw greater competition from wireless broadband providers making use of new technologies like HSPA (3.5G). With 3.5G, users can either surf the Internet on their mobile phones or purchase a USB modem to connect to their PCs for high-speed ubiquitous Net access.

StarHub performed well despite the stiffer competition from wired and wireless broadband providers, growing revenue in double-digits, increasing ARPU and maintaining profitability. EBITDA margins for the cable platform, which includes both cable TV and broadband increased from 22.4% in 2006 to 25.2% this year. Broadband accounts for 12% of the total revenue mix.

Offering more choice to our customers

StarHub customers now have a greater choice of pre-paid and post-paid broadband access services. This year, we launched our new unlimited 1Mbps broadband service as well as our integrated HubStation device – a Swiss Army knife for the digital living room. It is essentially our Smart TV set-top box with hard-disk recording capabilities and has a voice-enabled cable modem built-in. This means users can add a Digital Voice line for VoIP calls. More importantly, StarHub is offering a free unlimited 1Mbps broadband line to all HubStation customers until the end of 2008.

With these two new additions, our customers now have a wide array of broadband access packages. Those who want a pure unlimited broadband line can choose from 1Mbps, 8Mbps, 12Mbps and the ultra-fast 100Mbps services. In addition, our two pre-paid FlexiSurf services let users get online by paying for what they use, either in 3-hour or 3-day blocks.

We also launched our 3.5G MaxMobile mobile broadband service this year using HSPA which offers anytime anywhere access at up to 7.2 Mbps. Our network is already architected up to 14.4Mbps, so we expect more devices to become available in 2008 to take advantage of the higher speeds. All MaxOnline post-paid customers are entitled to a 50% discount in monthly subscriptions for the MaxMobile Unlimited plan until end 2008.

Maintaining pole position in access speed and technology

StarHub's 100Mbps broadband service continues to be the fastest residential broadband service in Singapore. We were already the fastest in 2005 when we offered up to 30Mbps and in 2006, we were the first in the world to roll out a nationwide broadband service at up to 100Mbps when we upgraded our network to the cutting-edge DOCSIS 3.0® standard. With DOCSIS 3.0, more channels can be bonded in the future to achieve even higher speeds of up to 1Gbps and beyond.

Velocity hits a new high with local hosting of game servers and rich media content

Launched in 2006, our Velocity program offers a comprehensive Internet hosting service for content and application service providers. Through Velocity, StarHub provides a one-stop service offering Tier-1 Internet Exchange connectivity and is IDC-neutral, enabling our customers the flexibility to decide where to host their services.

Locally hosted content can lead to faster downloads and better user experiences for StarHub customers. That is because the data packets now need to travel much shorter distances compared to overseas sites.

StarHub performed well despite the stiffer competition from wired and wireless broadband providers, growing revenue in double-digits, increasing ARPU and maintaining profitability.

StarHub's 100Mbps broadband service continues to be the fastest residential broadband service in Singapore. We were already the fastest in 2005 when we offered 30Mbps.

In January 2008, StarHub was awarded a new five-year contract by CAAS to expand and operate the wireless broadband networks in all terminals at Singapore Changi Airport.

In addition, StarHub allocates higher access speeds of up to 100Mbps for all our broadband customers accessing these Velocity content. Local game servers are especially important for online games because the players need low latency which is directly affected by the physical distance from the user's PC to the game server.

This year, regional online multi-player game provider Infocomm Asia Holdings joined the Velocity program and hosted two of their highly-rated games on the network. Another online game provider, AsiaSoft, added more games to complement their existing titles.

Limelight Networks also joined the Velocity programme this year. Other customers on Velocity include Yahoo! Singapore and Microsoft MSN.

Staying connected at Singapore Changi Airport

In January 2008, StarHub was awarded a new five-year contract by Civil Aviation Authority of Singapore (CAAS) to expand and operate the wireless broadband networks at Changi Airport. We have increased our WiFi deployment from Terminals 1 and 2, into Terminal 3 and the Budget Terminal. Currently, we are the only operator providing the service there.

The Next-Generation National Broadband Network

The Singapore government announced in February 2006 that it would develop a new national broadband network which offers ultra-high speed access, capable of 1Gbps and beyond. As one of the consortia bidding to build the NGNBN, we will be submitting a proposal in 2008. StarHub is confident that we have the experience and resources to continue delivering high-speed broadband services to customers in Singapore and welcome the opportunity to help grow the local broadband market. The winning bid is expected to be announced in the third quarter of 2008.

"The network was upgraded to the new generation Ethernet-based connection to help the mobile and fixed businesses function competitively and improve operating efficiencies."

SIGNIFICANT EVENTS SCORECARD

MARCH

IDD promotion – targeted at the Indian and Bangladeshi pre-paid mobile customers

APRIL

Joined 17-member consortium to establish AAG – the first submarine cable system linking Southeast Asia directly to the USA

Hubbing: Fixed Network

Launched Call2Meet service – carrier-neutral instant group call and budget-roaming service for business customers

JULY

Digital Voice Home offer – bundled voice services to enhance customer loyalty for MaxOnline and HubStation users

Fixed Network plays a crucial role in supporting the other three lines of business by shouldering the connectivity and providing the bandwidth to them. The network was upgraded to the new generation Ethernet-based connection to help the mobile and fixed businesses function competitively and improve operating efficiencies. Fixed Network also provides Digital Voice services to MaxOnline and HubStation customers.

Fixed Network is an important revenue generator in its own right through the sale of corporate data and Internet solutions, as well as StarHub's online content-collaboration Velocity programme. In 2007, Fixed Network accounted for 14% of StarHub's total revenue mix and the overall revenue increased 8% to $280 million.

Asia-America Gateway (AAG)

StarHub is part of the consortium building the AAG, the first high-bandwidth 20,000-km long optical fibre submarine cable system which links Southeast Asia to the USA. We will manage and operate our first cable landing station in Singapore when it becomes operational in the later part of 2008.

With this, StarHub will have increased connectivity and alternative links to reach other parts of Southeast Asia and the USA. This expands the opportunities for us to provide corporate data services and wholesale bandwidth as well as offer route diversity to minimise connectivity disruptions.

Fixed Network is an important revenue generator in its own right through the sale of corporate data and Internet solutions, as well as StabHub's online content-collaboration Velocity programme.

74%

Data & Internet is the major revenue contributor

Data & Internet revenue $m

2003	119
2004	131
2005	146
2006	177
2007	**206**

Voice revenue $m

2003	93
2004	94
2005	76
2006	83
2007	**74**

"The StarHub Sparks Fund provides experiential benefits for the less fortunate, to widen their vision and opportunities in life. Since the fund's inception in 2000, we have contributed over $3 million to help some 70 organisations."

Corporate philanthropy

StarHubber feeding a child from SCAS at the Christmas party.

Extending a helping hand to the less privileged

StarHub kept our chariots of charity fire running this year as we continued to channel 1% of all revenues from our IDD 008 and 018 services to the StarHub Sparks Fund to help the less privileged. Since the inception of the Fund in 2000, we have contributed over $3 million to help some 70 voluntary welfare organisations in Singapore.

This year, our corporate citizenry efforts were aimed at underserved children, contributing over $300,000 to help them.

Since 2006, our Corporate Volunteerism Programme gives every employee two days of paid leave yearly for corporate volunteerism work.

Charity Carnival for disadvantaged children and youths

StarHub organised a charity carnival for 150 children and donated $150,000 from the Fund to Gracehaven, a home for troubled kids and youths, which is part of The Salvation Army. Our donation would help Gracehaven set up a kitchen for the children and youths to bake cookies for sale, so that Gracehaven could raise more funds and at the same time, promote social enterprise for an inclusive society.

As part of the StarHub Corporate Volunteerism Programme, 100 employees and their families volunteered at the carnival as game marshals, snack sellers and face painters, and brought joy and laughter to the Gracehaven children.

New Centre at Tampines for Physically Disabled

StarHub donated $500,000 to the Society for the Physically Disabled (SPD), to set up a new centre at Tampines, to serve more people with developmental disabilities for pediatric therapy services. Employees also participated in the SPD's charity walk and folded cranes at the 'live' SPD Charity Show, to help to raise more funds for the new centre.

Colonel David Bringans, Territorial Commander for Singapore, Malaysia and Myanmar, The Salvation Army, receiving the cheque from Philip Tan, Head, Consumer Sales, Customer Experience and Technical Services, StarHub.

StarHubbers with SPD clients at the charity walk.

Children from Gracehaven having fun at the carnival.

Celebrating Mid-Autumn with intellectually challenged students

Employees celebrated the Mid-Autumn Festival at the Chinese Garden with 50 Metta School students. The students were treated to delicious mooncakes and toured the fairyland of the special lanterns at the Chinese Garden.

In addition, StarHub also donated $150,000 from the Fund to refurbish and replace the obsolete computers and printers at the School's 30 classrooms and two computer laboratories.

The Metta School was established in 2001, to provide special education to students, between the ages of six to 18 years, with mild intellectual disability and autism.

Christmas party for spastic children

Employees and family members took time off to celebrate Christmas with 25 children from The Spastic Children's Association of Singapore (SCAS). The SCAS children were treated to a sumptuous Christmas lunch with lots of turkey, log cakes, cookies and sparkling juices. They were also entertained by Santa Claus, an elf and a reindeer in a lively and humorous musical as they sang and swayed to lively songs.

StarHub also donated three treadmills to help the less fortunate youths who suffer from cerebral palsy. These machines would help to loosen their limbs during exercise classes.

Free educational TV programmes for schools

To contribute to the education of youths in Singapore, we offered a free 24-month subscription of Discovery Channel and Bloomberg Television to all public schools in Singapore. This is our way of helping to take education beyond textbooks.

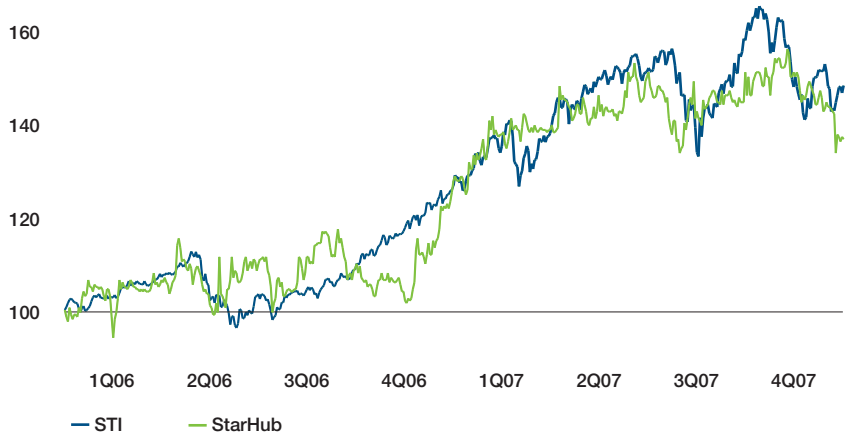
Investor Relations

"StarHub is committed to fostering productive and long term relationships with investors and shareholders through frequent and open communication sessions. We are accessible throughout the year to shareholders who wish to give feedback or raise queries."

Relevant & timely disclosure

StarHub aims to return cash to shareholders as soon as practical via quarterly dividends and capital management exercises.

StarHub share performance against STI 2006-2007 %



StarHub walked away with two awards at the Singapore Corporate Awards 2008.

Bedrock foundation in Investor Relations (IR) continues

StarHub remains steadfast in our belief to have frequent and open communications sessions with the analysts, fund managers and media. We had already embraced the strong spirit of corporate governance and corporate transparency prior to our listing on the Main Board of SGX-ST in October 2004.

The Company firmly believes that there must be continuity after each meeting with the analysts and fund managers, which is why we have invested in a web-based database system that ensures all members of the IR team (which includes Senior Management) are kept up to date on the topics covered,

IR CALENDAR OF EVENTS

Date	Activities
1Q2007	• FY2006 results announcement • Cazenove Non-Deal Roadshows (NDR) – Singapore • Macquarie ASEAN Corporate Day – USA • Nomura NDR – Tokyo • Credit Suisse Asian Investment Conference – Hong Kong • Merrill Lynch Asian Telecoms Tour – Hong Kong
2Q2007	• 1Q2007 results announcement • Merrill Lynch Pan Asia Conference – Singapore • DBS Vickers Asia Corporate Conference – New York • Goldman Sachs Technology Conference – Hong Kong • UBS ASEAN Telecom Conference – Singapore • Citigroup ASEAN Corporate Day – Europe & USA
3Q2007	• 2Q2007 results announcement • JP Morgan NDR – Singapore • CIMB NDR – Kuala Lumpur • CLSA Annual Investors' Forum – Hong Kong
4Q2007	• 3Q2007 results announcement • Macquarie APAC Telecom Conference – Melbourne • Goldman Sachs NDR – Singapore • Morgan Stanley Asia Pacific Summit – Singapore • BNP Group Investors' Luncheon – Singapore

FINANCIAL CALENDAR FOR 2008/2009*

Date	Activities
13 February	• Webcast of FY2007 results for the analysts and media
18 April	• 10th Annual General Meeting
May	• 1Q2008 results announcement
August	• 1H2008 results announcement
November	• 3Q2008 results announcement
February 2009	• FY2008 results announcement

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

questions and answers that transpired during the meetings and follow-up actions needed. StarHub continued to organise quarterly meetings and briefing meetings, which included conference call-ins and webcasts. The IR team also provided updates on the Company's developments and addressed concerns via one-on-one session with the fund managers and their clients or at larger-scale analysts briefing sessions.

We remained an active participant in the regional equity conferences organised by top brokerage firms and participated in a number of international roadshows/conferences in Asia, Europe and the USA. These meetings allowed us to interact with existing institutional shareholders as well as potential ones. The initiatives also permitted us to gain insights into shareholders' views and sentiments, which we use when formulating capital management policies and shareholder resolutions.

Besides that, the IR team continued to gather feedback via a third-party research firm who conducts qualitative interviews with key analysts and fund managers. The process gives us a more truthful and definitive way to improve our IR efforts.

Timely Disclosure

Information is shared in a timely, fair and equitable manner with all individuals and groups. Material information is immediately uploaded onto SGXnet (www.sgx.com) as well as StarHub's IR website (www.starhub.com/ir). The materials are also broadcasted by electronic mail to all who have registered for receipt of such information.

Achievements & Accolades

In 2007, StarHub was recognised for the following awards:

- Institutional Investor International – StarHub: Most shareholder-friendly company in the telecom sector in Asia (Winner)
- Institutional Investor International – Terry Clontz: Best CEO for telecommunication in Asia (Third)
- Asiamoney Corporate Governance Poll 2007 – Jeannie Ong: Best IRO in Singapore (Winner)
- 21st Annual Singapore 1000 & SME 500 Awards 2008 – Singapore 1000: Return on Equity Excellence Award (Winner)
- Singapore Corporate Awards 2008 – CFO of the Year award (for companies with $500m or more in market capitalisation) (Winner)
- Singapore Corporate Awards 2008 – Best IR award (for companies with $500m or more in market capitalisation) (Silver)

StarHub is committed to fostering productive and long term relationships with investors and shareholders through frequent and open communication sessions. The IR team is accessible throughout the year to shareholders who wish to give feedback or raise queries. Contact details of the IR team can be found on our IR website. The Company will continue to adopt a policy of disclosing relevant information in a timely manner and ensure that there is transparency in our disclosures.

"Higher revenue with better managed operating expenses drove EBITDA and profit before tax higher by 12% to $643 million and $394 million respectively."

Continued strong growth

1.1 Operating revenue

	Year ended 31 December				
Operating revenue	**2007 $m**	**2007 %**	**2006 $m**	**2006 %**	**Change %**
Mobile revenue	**1,037.2**	**51.5**	919.1	50.9	**12.8**
Cable TV revenue	**341.8**	**17.0**	313.2	17.4	**9.1**
Broadband revenue	**246.9**	**12.3**	219.9	12.2	**12.3**
Fixed Network services revenue	**279.9**	**13.9**	259.5	14.4	**7.9**
Total service revenue	**1,905.8**	**94.6**	1,711.7	94.8	**11.3**
Sale of equipment	**107.9**	**5.4**	93.1	5.2	**15.9**
Total	**2,013.7**	**100.0**	1,804.8	100.0	**11.6**

Compared to last year, Group operating revenue for the full year increased 12% YoY to $2,013.7 million. All lines of business recorded increases in revenue YoY.

Mobile revenue continued to register strong growth with revenue increases of 13% to $1,037.2 million for the full year. Both the Post-paid and Pre-paid segments contributed to the revenue growth. In terms of the operating revenue mix, Mobile continues to account for the largest share at 52% for the full year.

For the full year, Cable TV revenue was 9% higher YoY at $341.8 million. This was due to the impact of the increase in Basic subscription price in July 2007, as well as the Sports channel monthly subscription price increase from $15 to $25 that took effect in October 2007.

Broadband revenue for the year increased 12% YoY to $246.9 million. The higher revenue was attributable to the larger customer base and marginally higher ARPU. As a percentage of the overall operating revenue, Broadband revenue accounted for the same 12% share of the overall revenue mix as in last year.

Against last year, Fixed Network services revenue was 8% higher YoY at $279.9 million in 2007. This was driven mainly by growth in Data & Internet services. Voice services are primarily IDD services, which are used to drive usage in the Mobile line of business. As a percentage of the overall operating revenue, Fixed Network services accounted for around 14% of the operating revenue mix.

Revenue from sale of equipment for the year, increased 16% YoY to $107.9 million as a result of a higher quantity of equipment sold, although at lower average unit pricing when compared to the previous year.

1.2 Operating expenses

	Year ended 31 December				
Operating expenses	**2007 $m**	**2007 %**	**2006 $m**	**2006 %**	**Change %**
Cost of equipment sold	**223.4**	**14.0**	184.5	12.8	**(21.1)**
Cost of services	**233.6**	**14.6**	165.6	11.5	**(41.1)**
Traffic expenses	**238.9**	**15.0**	203.5	14.1	**(17.4)**
Total cost of sales	**695.9**	**43.6**	553.6	38.4	**(25.7)**
Other operating expenses	**901.1**	**56.4**	889.8	61.6	**(1.3)**
Total	**1,597.0**	**100.0**	1,443.4	100.0	**(10.6)**

For the full year, total operating expenses increased $153.6 million or 11% YoY to $1,597.0 million, mainly due to the cost of sales component which increased $142.3 million for the year.

As a percentage of operating revenue, total operating expenses was lower at 79.3% in 2007 compared to 80.0% last year.

Total cost of sales for the year was 26% higher YoY at $695.9 million.

Cost of equipment sold

For the full year, cost of equipment sold increased by 21% YoY to $223.4 million. The increase in costs was mainly attributed to the higher quantity of equipment sold and at higher average unit costs.

Cost of services

Content and programming costs drove cost of services higher this year. The higher amortised cost of the new season of the Barclay Premier League and other sports contents contributed to the higher cost of services in 2007. Against last year, cost of services increased 41% YoY to $233.6 million for the full year.

Traffic expenses

Traffic expenses for the year amounted to $238.9 million, 17% higher YoY. The increase in traffic expenses was due to the higher traffic volume, mostly for the Mobile Pre-paid market.

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Other operating expenses	Year ended 31 December 2007 $m	2007 %	2006 $m	2006 %	Change %
Staff costs	**228.2**	**25.3**	221.0	24.8	**(3.3)**
Operating lease	**113.0**	**12.5**	130.7	14.7	**13.5**
Marketing and promotion	**187.4**	**20.8**	188.1	21.1	**0.4**
Allowance for doubtful receivables	**12.7**	**1.4**	8.2	0.9	**(54.4)**
Repair and maintenance	**66.8**	**7.4**	65.3	7.3	**(2.2)**
Other expenses	**66.9**	**7.4**	65.4	7.4	**(2.3)**
Sub total	**674.9**	**74.9**	678.7	76.3	**0.6**
Depreciation and amortisation	**226.1**	**25.1**	211.0	23.7	**(7.1)**
Total	**901.1**	**100.0**	889.8	100.0	**(1.3)**

Other operating expenses for the year were only 1% higher YoY at $901.1 million. As a percentage of operating revenue, the total other operating expenses trended lower at 44.7% for the full year compared to 49.3% in 2006.

Staff costs

For the full year, staff costs were contained to only a 3% increase YoY to $228.2 million. This was achieved from reduced temporary staffing, lower commission payments and overtime costs. As a ratio of operating revenue, staff costs trended lower at 11.3% for the full year as compared to 12.2% for 2006 full year.

Operating lease

For the year ended 31 December 2007, operating lease expense was lower at $113.0 million. Some of the reductions in lease costs were due to reversals of over-accruals in costs made in previous periods. As a ratio of operating revenue, operating lease expense for the year trended lower at 5.6% compared to 7.2% in 2006.

Marketing and promotion

For 2007, the full year marketing and promotion expenses totaled $187.4 million, which was at about the same level as last year. As a percentage of operating revenue, marketing and promotion expenses trended lower at 9.3% for the full year as against 10.4% last year.

Allowance for doubtful receivables

Against last year, allowance for doubtful receivables increased by 54% YoY to $12.7 million for the full year. Expressed as a percentage of service revenue, the current year's provisioning for doubtful debts at 0.7% of service revenue was comparatively higher than the 0.5% rate in 2006. The doubtful receivables provisioning in 2006 was unusually low due to amounts for provisions in prior periods that were reversed, as the provisions were no longer required.

Repair and maintenance

Repair and maintenance expenses this year were 2% higher at $66.8 million when compared to $65.3 million in 2006. Repair and maintenance, as a ratio of operating revenue, continued to trend lower at 3.3% for the full year when compared to 3.6% last year.

Other expenses

For the full year, other expenses amounted to $66.9 million, 2% or $1.5 million higher than last year. As a percentage of operating revenue, other expenses trended lower at 3.3% in 2007 as against 3.6% last year.

Depreciation and amortisation

Driven by the 5% YoY expansion in gross fixed assets, depreciation and amortisation was $15.1 million or 7% higher YoY at $226.1 million in 2007.

1.3 Profitability

	Year ended 31 December		
Profitability	**2007 $m**	**2006 $m**	**Change %**
Operating revenue	**2,013.7**	1,804.8	**11.6**
Operating expenses	**(1,597.0)**	(1,443.4)	**(10.6)**
Profit from operations	**416.7**	361.4	**15.3**
Net interest expense	**(23.2)**	(8.8)	**(164.5)**
Profit before taxation	**393.5**	352.6	**11.6**
Taxation	**(63.1)**	7.6	**nm**
Net profit after taxation	**330.3**	360.2	**(8.3)**
EBITDA	**642.8**	575.3	**11.7**
EBITDA as a % of service revenue	**33.7%**	33.6%	**0.1% pts**

nm – Not meaningful

Higher revenue with better managed operating expenses for the year contributed to the increases in EBITDA and profit from operations. For the full year, profits from operations were 15% higher at $416.7 million.

Against last year, the Group's EBITDA for the year was 12% higher YoY at $642.8 million. 2007 EBITDA margin averaged 33.7% of service revenue, which is at around the same level as in 2006. This was despite the significantly higher programming costs in the Cable TV business and higher customer acquisition and retention costs in the Mobile and Broadband businesses.

The higher level of borrowings resulted in a 165% increase in the Group's net interest expense at $23.2 million for the year.

"2007 Free cash flow increased 45% to $483 million due to higher cash flows generated from better profitability."

Consequently, Profit after interest and before taxation for the full year was 12% higher YoY at $393.5 million.

The Group's tax expense in 2007 was a charge of $63.1 million. This was after inclusion of a total net credit adjustment of $20.0 million for the recognition of deferred tax assets upon finalisation of the business commencement date by IRAS, adjustments for group tax relief provisions and a one-off debit adjustment to the Group's opening deferred tax position in 1st quarter of 2007 for the revision in corporate tax rate from 20% to 18% currently. The 2006 tax credit of $7.6 million was after the inclusion of the $77.2 million tax credit adjustments which arose after a subsidiary accounted for the remaining balance of its deferred tax assets and adjustments made to the deferred tax position for the Group upon the application of group tax relief provisions.

Consequently, the Group's profit after taxation was comparatively lower at $330.3 million for the full year.

1.4 Liquidity and Resources

	Year ended 31 December		
Liquidity and Resources	**2007 $m**	**2006 $m**	**Change %**
Profit before tax	**393.5**	352.6	**11.6**
Non-cash items & net interest expense adjustments	**270.9**	238.8	**13.5**
Net change in working capital	**31.5**	(9.8)	**nm**
Net cash provided by operating activities	**695.9**	581.5	**19.7**
Net cash used in investing activities	**(207.8)**	(232.6)	**10.7**
Net cash used in financing activities	**(400.4)**	(473.2)	**15.4**
Net change in cash and cash equivalents	**87.8**	(124.3)	**nm**
Cash and cash equivalents at beginning of the year	**50.2**	174.5	**(71.2)**
Cash and cash equivalents at end of the year	**138.0**	50.2	**174.9**
Free Cash Flow [1]	**483.0**	333.9	**44.7**

[1] Free Cash Flow refers to net cash flow from operating activities less purchase of fixed assets in the cashflow statement

nm – Not meaningful

With higher EBITDA performance YoY, the Group's net operating cash flow before working capital expanded 12% to $664.4 million for the year. After accounting for a positive change in working capital, the net operating cash flow generated in 2007 amounted to $695.9 million.

For the full year period, the positive working capital changes of $31.5 million was primarily attributable to lower prepayments, higher trade payables and accruals, and increased trade payables due to related parties.

Net cash outflow for investing activities at $207.8 million in 2007 was $24.8 million or 11% lower than last year. This lower net cash outflow was due to changes in the scheduled completion of some fixed assets projects which deferred the payment schedules to 2008. As a ratio of operating revenue, cash capital expenditure for the full year trended lower to 10.6% compared to 13.7% last year.

As at 31 December 2007, the Group's outstanding capital expenditure commitments was higher at $144.5 million compared to $71.3 million a year ago. The outstanding capital expenditure commitments relate mainly to commitments for management information systems projects and network infrastructure projects which were deferred into 2008.

Apart from the lower capital expenditure for the year, free cash flow in 2007 increased by 45% to $483.0 million as a result of the increased cash flows generated from the better profitability this year.

For the full year, the net cash used for financing was a outflow of $400.4 million, primarily due to dividends paid of $265.9 million (2006: $216.5 million), treasury shares purchased of $16.2 million (2006: Nil), payments for share capital reduction of $442.3 million (2006: $655.7 million) and interest expense payments of $22.1 million (2006: $10.8 million), offset by proceeds received from issue of new shares under Employee share option plans of $10.8 million (2006: $18.8 million), new loans drawn down to fund operations of $335.0 million (2006: $390.0 million) and other receipts of $0.4 million (2006: $0.9 million).

As at 31 December 2007, the Group's bank balance stood at $138.0 million, higher than the $50.2 million in 2006.

1.5 Gearing

Compared to 2006, the Group's gross debt balance increased by $335.0 million or 53% to $968.0 million as at 31 December 2007. Net debt balance stood at $830.0 million, up by 42% from 2006 net debt balance of $582.8 million. As at 31 December 2007, net debt as a percentage of 2006 EBITDA was higher at 1.44 times compared to 1.01 times last year.

Corporate Governance

"Good corporate governance ensures corporate transparency, accountability and fairness to shareholders. We also believe that professionalism and integrity are critical in building a company that our shareholders, employees, business partners and other stakeholders can be proud of."

Integrity and fairness

Corporate Governance Statement

StarHub firmly believes that good corporate governance is the cornerstone of a well-managed and respected organisation. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to achieve sustained value creation for shareholders, safeguard stakeholders' interests and justify investor confidence. Good corporate governance ensures corporate transparency, accountability and fairness to shareholders. We also believe that professionalism and integrity are critical in building a company that our shareholders, employees, business partners and other stakeholders can be proud of. On this basis, we have founded our corporate governance framework on timely disclosures, transparency, accountability, trust, a Board of Directors with appropriate balance of skills, experience and independence, a responsible Management team with integrity and professionalism, and a comprehensive risk management and compliance culture.

Corporate Governance Report 2007

This Report sets out the Company's corporate governance framework with specific reference to the principles of the Code of Corporate Governance (Code) issued by the Ministry of Finance on 14 July 2005. The Company has substantially complied with the Code.

1. Board Matters

Principle 1: The Board's Conduct of its Affairs

The Board is responsible for charting the Group's overall corporate strategy and direction and for providing guidance and leadership to the Group. Key roles of the Board include:

– overseeing the management of the Company's business and affairs;

– monitoring and reviewing financial and operating performance of the Group;

– approving key operational initiatives, major funding and investment proposals;

– formulating major corporate policies and corporate governance practices;

– ensuring the Group's compliance with all laws and regulations relevant to the business; and

– putting in place effective human resources and management leadership of the highest quality and integrity. Every Director is required to act in good faith and in the best interest of the Company and all shareholders.

The Board is supported in its tasks by four Board committees which are delegated specific responsibilities, as described under 'Principle 2: Board Composition and Balance' and 'Principle 4: Board Membership' in this Report.

The Board has adopted a set of internal controls, which sets out the authority and approval limits for capital and operating expenditure, investments and divestments, bank facilities and cheque signatories arrangements at Board level. Authority and approval sub-limits are also provided at various Management levels to optimise operational efficiency.

The Board meets regularly, with at least five scheduled Board meetings within each financial year. The Board reviews key operational activities and business strategies of the Group, annual budget, performance of the Group's business and approves the release of the quarterly and full year results. Additional meetings are conducted as deemed appropriate by the Board. The Company's Articles of Association provide for meetings to be held via tele-conference and video conference.

A total of five Board meetings were held in the financial year ended 31 December 2007, one of which was a special meeting to specifically review the 2008 budget and business strategies of the Group. A matrix of the Board members' participation and attendance at the aforesaid Board meetings and in the various Board committees is shown in Table 1 (page 52).

All newly-appointed Directors are given briefings by Management on the business activities, performance and strategic directions of the Group. This gives the Directors a better understanding of the Group's business and allows them to settle into their new roles smoothly. The new Directors are also provided with an information manual containing, amongst other relevant information, a memorandum on their statutory duties and other responsibilities as Directors, and the Company's insider trading policy. The Board is updated regularly on key legal, regulatory and accounting changes, which have an important bearing on the obligations of the Group and/or Directors. Apart from internal updates, the Board members are also informed of and encouraged to attend any relevant seminars or training courses available during the year, particularly those conducted by the Singapore Institute of Directors and the SGX-ST.

Corporate Governance

TABLE 1

Name of Director	Board [1] Meeting Attendance (in %)	Audit Committee [2] Meeting Attendance (in %)	Executive Resource and Compensation Committee [3] Meeting Attendance (in %)	Nominating Committee [4] Meeting Attendance (in %)	Strategy Committee [5] Meeting Attendance (in %)
Tan Guong Ching	100				100
Steven Terrell Clontz	100				100
Kua Hong Pak	100	100			
Peter Seah Lim Huat [6]	100		100	100	
Nihal Vijaya Devadas Kaviratne CBE	100	100			100
Lee Theng Kiat	100		60	100	
Lim Ming Seong [7]	100	100	100		100
Lim Chin Beng [8]	100		75		
Osamu Inoue [6]	100				
Teo Ek Tor [9]	100	100			
Liu Chee Ming	100				100
Robert J. Sachs	80				80
Nasser Marafih [10]	67				

(1) The Board held five meetings during the financial year ended 31 December 2007.
(2) The AC held four meetings during the financial year ended 31 December 2007.
(3) The ERCC held five meetings during the financial year ended 31 December 2007.
(4) The NC held two meetings during the financial year ended 31 December 2007.
(5) The SC held five meetings during the financial year ended 31 December 2007.
(6) Includes meetings attended by Alternate Director on Director's behalf.
(7) Mr Lim Ming Seong ceased to be a member of the NC on 4 May 2007.
(8) Mr Lim Chin Beng was appointed as a member of the ERCC on 4 May 2007.
(9) Mr Teo Ek Tor was appointed as a member of the NC on 4 May 2007. Mr Teo's attendance was exempted at the NC meeting held on 2 October 2007.
(10) Dr Nasser Marafih was appointed as a non-executive Director on 9 July 2007.

Principle 2: Board Composition and Balance

The Board of Directors comprises 13 Directors, 12 of whom are non-executive Directors and independent of Management. The executive Director is Mr Steven Terrell Clontz, who is the CEO.

There is a strong independent element in the Board. Six Directors are considered non-executive independent Directors within the meaning of the Code. They are Mr Kua Hong Pak, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Lim Chin Beng, Mr Teo Ek Tor, Mr Liu Chee Ming and Mr Robert J. Sachs. This composition exceeds the Code's requirement of at least one third of the Board of Directors to comprise independent directors.

The size and composition of the Board are reviewed from time to time by the Nominating Committee (NC), with a view to ensuring that the Board is of an appropriate size that is conducive to effective decision-making, has an appropriate balance of independent Directors, and comprises Directors with the right skills and expertise to meet the industry and business needs of the Company.

The Board comprises business leaders with broad and diverse experience (both domestically and internationally) and professionals with financial, banking, accounting, regulatory, industry, legal and management expertise. Each Director brings to the Board valuable insights and objective perspectives that enable balanced and well-considered decisions to be made, and a robust exchange of ideas and views to help shape strategic directions.

This, together with a clear separation of roles between the Chairman and the CEO, provide a healthy professional relationship between the Board and Management, with clarity of roles and robust oversight.

The profiles of each Director are found in the write-up on Board of Directors in the Annual Report.

Principle 3: Chairman and Chief Executive Officer

There is clear separation of roles and responsibilities between the Chairman, Mr Tan Guong Ching, and the CEO, Mr Steven Terrell Clontz. This enables the Company to maintain an effective balance of power, authority and responsibility within the Company, and to ensure accountability and Board independence.

The Chairman leads the Board. He facilitates active and comprehensive Board discussions on matters brought to the Board, including strategic issues and business planning processes, and oversees the translation of the Board's decisions into executive action. The Chairman approves the agendas for the Board meetings, in consultation with the CEO. With the assistance of the Company Secretary, he ensures there is quality and timeliness of information flow between the Board and Management. He also ensures effective communications with shareholders and promotes high standards of corporate transparency.

The CEO is charged with full executive responsibility for the day-to-day running of the Group's businesses, making operational decisions for the Group and implementing the Group's business directions, strategies and policies.

Corporate Governance

Principle 4: Board Membership

Board renewal is an ongoing process, to ensure good governance, and maintain relevance to the changing needs of the Company and business. The NC is responsible for reviewing the composition of the Board regularly and identifying and selecting suitable candidates for the Board.

The NC reviews and assesses the nominations for the appointment, re-appointment or re-election of Directors before making recommendations to the Board on the same. The NC's recommendations are based on a review of the range of experience, skills, expertise and attributes of the candidates, the composition and independence element of the Board, and the evolving needs of the Company and its business. The NC also considers if there is any issue on conflicts of interest and assesses whether the candidates are able to devote sufficient time and attention to their directorship roles in the Company. As a telecommunications and broadcasting company, all new appointments of Directors are subject to the approval of the Company's regulators, the Info-communications Development Authority of Singapore and the Media Development Authority of Singapore.

At each Annual General Meeting (AGM), one-third of the Directors (who have been longest in office since their appointment or re-election, and including the CEO who is an executive Director) are required to retire from office, by rotation (one-third rotation rule). A retiring Director is eligible for re-election by shareholders at the AGM. Accordingly, no Director can stay in office beyond three years without being subject to re-election by shareholders. Any Director who is more than 70 years of age will be subject to re-appointment by shareholders at the AGM pursuant to the Companies Act, Cap. 50. Any newly appointed Director is required to submit himself for retirement and re-election at the AGM immediately following his appointment, after which he is subject to the one-third rotation rule.

The Board is supported by key Board committees to provide independent oversight of Management. These Board committees are the Audit Committee (AC), the Executive Resource and Compensation Committee (ERCC), the NC and the Strategy Committee (SC). They are mainly made up of independent and/or non-executive Directors. Each Board Committee makes decisions on matters within its terms of reference and applicable limits of authority. The NC continues to hold the view that as and when the need arises, the Board may form additional Board committees to look into specific areas of oversight. This will also ensure that there is equitable distribution of responsibilities among Board members to optimise the effectiveness of the Board.

The ERCC comprises Mr Peter Seah Lim Huat as Chairman, Mr Lee Theng Kiat, Mr Lim Ming Seong and Mr Lim Chin Beng. The NC comprises Mr Peter Seah Lim Huat as Chairman, Mr Lee Theng Kiat and Mr Teo Ek Tor. All members of the ERCC and NC (including the Chairman) are non-executive Directors independent of Management. While the Chairman of the ERCC and NC may not be regarded as independent within the context of "independence" as provided in the Guidance Notes of the Code, he is a non-executive Director independent of Management with a clear separation of role from Management in deliberations of the ERCC and NC. This enables him to exercise independent judgment with a view to the best interests of the Company.

The SC has eight members, comprising (a) five non-executive Directors, three of whom are independent: Mr Nihal Vijaya Devadas Kaviratne CBE (SC Chairman and independent Director), Mr Tan Guong Ching, Mr Lim Ming Seong, Mr Liu Chee Ming and Mr Robert J. Sachs; (b) an executive Director, Mr Steven Terrell Clontz; and (c) two co-opted members: Mr Stephen Miller and Mr Yong Lum Sung.

The main responsibilities of the SC are:

– to support and advise Management and the Board in the formulation and review of the Group's strategies for achieving growth in shareholder value;

– to consider opportunities and identify risks in the relevant areas of the business, operations and industry that may present a significant intermediate or long term opportunity or risk; and

– to provide constructive challenges and add elements of objectivity and independence in the strategy formulation and review process.

Principle 5: Board Performance

The Company believes that Board performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that Directors appointed to the Board possess the background, experience, industry knowledge and skills critical to the Company's business so as to enable the Board to make sound and well-considered decisions.

Formal reviews of the Board's performance are undertaken on an annual basis by the NC, with a view to enhancing the overall effectiveness of the Board.

One of the factors which the NC considers when assessing the Board's performance is its ability to lend support to Management especially in times of crisis and to steer the Group in the right direction. Other factors which the NC considers include the Board's performance in relation to its principal functions, participation and attendance at Board and Board committee meetings, the level and quality of contribution by each Board member, communication with Management and the Board members' standard of conduct and compliance. The Board should ensure compliance with applicable laws and its members should act in good faith, with due diligence and care in the best interests of the Company and all shareholders.

Throughout the year, the Board has maintained open lines of communication directly with Senior Management on matters within their purview, over and above their attendance at convened meetings. Non-executive Directors have constructively challenged and assisted in developing proposals on strategy and reviewed the Management's performance in meeting set goals and objectives. The Board has also provided valuable inputs and raised insightful issues at Board and Board committee meetings.

Principle 6: Access to Information

Prior to each Board or Board committee meeting and as and when the need arises, Management provides timely, pertinent and complete information to the Board and the relevant Board committees relating to matters to be brought before them for decision. The Board also receives regular monthly reports providing updates on key performance indicators and financial analysis on the performance of the Group, and regular analysts' reports on the Company and other telecommunications companies. This enables the Board and the Board committees to make informed and sound decisions and keep abreast of key challenges and opportunities as well as developments for the Group.

The Board has independent and unrestricted access to Senior Management at all times. Frequent dialogue and interaction take place between Senior Management and the Board members, as encouraged by the CEO.

The Board also has separate and independent access to the Company Secretary who attends all Board meetings. The Company Secretary is responsible for advising the Board, to ensure that the Board procedures are followed, and that the applicable requirements of the Company's Memorandum and Articles of Association, Companies Act and the SGX-ST Listing Manual are complied with. The Company Secretary also ensures that there is good information flow within and between the Board, the Board committees and the Senior Management.

The Board exercises its discretion to seek independent professional advice, where necessary and at the Company's cost, to ensure that full information and advice are available before important decisions are made.

2. Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Company recognises the importance of having committed and talented human resources to manage and grow the Company's businesses in order to remain competitive. The Company therefore places immense focus on motivating its employees through engagement, recognition and proper alignment of reward to performance. The Company's framework of remuneration for the Board and key executives is inextricably linked to (a) the performance of the Company, the Group and the individuals, and (b) the development of key executives to ensure that there is a continual development of talent and renewal of strong and sound leadership for the continued success of the Company and our business.

The ERCC oversees the remuneration policies for Directors, key executives and the leadership development of the Group. From time to time, the Company co-opts an outside member into the ERCC to provide a global perspective of talent management and remuneration practices.

The key responsibilities of the ERCC include:

– establishing, reviewing and approving competitive compensation policies for the CEO, key executives and Directors with focus on long-term sustainability of business and long-term shareholders' return;

– reviewing and approving share incentives including conditional performance share and restricted stock awards under the Company's approved share plans;

– conducting, on an annual basis, a succession planning review of the CEO, all his direct reports, and key officers such as the President and the CFO. Potential internal and external candidates for succession are reviewed for different time horizons of immediate, medium and long term needs;

– approving key appointments and reviewing succession plans for key positions; and

– overseeing the development of management and reviewing succession plans for key positions in the Group.

The ERCC meets among its members without the presence of Management at least twice a year. During 2007, the ERCC held five meetings. In addition, they participated in three dialogue sessions with identified high potential employees of the Company.

The ERCC takes into consideration industry practices and norms in compensation in its deliberation. The CEO is not present at any ERCC discussions relating to his own compensation, terms and conditions of service, and the review of his performance. However, he is in attendance when the ERCC discusses the compensation and incentive policies of key staff such as share awards, framework for bonus, salary and other incentive schemes.

All decisions at any ERCC meeting will be decided by a majority of votes of the ERCC members who are present and voting. The decision of the ERCC shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration. The ERCC has access to expert professional advice from appropriate external advisors.

The CEO, as the executive Director, is remunerated as a member of the Senior Management, and does not receive Director's fees for his Board directorship with the Company. His compensation consists of a base salary, allowances, performance-related bonuses/payments, benefits-in-kind and share awards.

Non-executive Directors' remuneration consists of Directors' fees based on the approved Directors' Fee policy and share awards. The Directors' Fee policy is based on a scale of fees divided into basic retainer fees as Director, attendance fees and additional fees for serving on Board committees. Directors' fees for non-executive Directors are subject to the shareholders' approval at each AGM.

The details of the annual remuneration of the non-executive Directors of the Company are set out in Table 2 (page 58) for the financial year ended 31 December 2007 (excluding Directors' share awards granted during the year, details of which are set out in the Directors' Report).

Corporate Governance

TABLE 2

	2007	2006
Number of Non-Executive Directors in Remuneration Bands		
$500,000 and above	–	–
$250,000 to $499,999	–	–
Below $250,000	12	11
Total	12	11

Name of Director	Position Held	Directors' Fees
Tan Guong Ching	Board Chairman SC Member	$112,000
Kua Hong Pak	Director AC Chairman	$85,000
Peter Seah Lim Huat	Director ERCC & NC Chairman	$91,000
Nihal Vijaya Devadas Kaviratne CBE	Director SC Chairman AC Member	$91,000
Lee Theng Kiat [1]	Director ERCC & NC Member	$79,000
Lim Ming Seong [2]	Director AC, ERCC & SC Member	$101,044
Lim Chin Beng [3]	Director ERCC Member	$62,956
Osamu Inoue [1]	Director	$54,000
Teo Ek Tor [4]	Director AC & NC Member	$80,956
Liu Chee Ming	Director SC Member	$67,000
Robert J. Sachs	Director SC Member	$82,000
Nasser Marafih [5]	Director	$44,110

(1) Fees are payable to Director's employer company.
(2) Mr Lim Ming Seong ceased to be a member of the NC on 4 May 2007.
(3) Mr Lim Chin Beng was appointed as a member of the ERCC on 4 May 2007.
(4) Mr Teo Ek Tor was appointed as a member of the NC on 4 May 2007.
(5) Dr Nasser Marafih was appointed as a non-executive Director on 9 July 2007.

During the year, none of the employees was an immediate family member of a Director or the CEO whose remuneration exceeded $150,000 a year.

The aggregate annual compensation paid and accruing in bands of $250,000 (including any benefits-in-kind) for the financial year ended on 31 December 2007 of the CEO and executive Director, and each of the top six key senior executives (who are also not Directors of the Company) for the services rendered by them in all capacities to the Company and the Group, is set out in Table 3.

The Company adopts the StarHub Performance Share Plan and the StarHub Restricted Stock Plan (Share Plans) as long-term incentive plans to motivate senior executives and Directors to strive for superior performance and sustained long-term growth and profitability for the Group. Under the aforesaid share plans, share awards granted correlate with corporate performance, and the interests of senior executives and Directors are aligned with the interests of shareholders.

Details of the Share Plans are described in the Directors' Report.

TABLE 3

	Fixed [1] (%)	Variable [2] (%)	Benefits-in-kind [3] (%)	Remuneration bands [4] (%)	Share Awards granted in 2007 under StarHub Performance Share Plan [6]	Share Awards granted in 2007 under StarHub Restricted Stock Plan [7]
CEO and Executive Director						
Steven Terrell Clontz [5]	32	48	20	D	Refer to details in Directors' Report	Refer to details in Directors' Report
Senior Executives						
Michael Eugene Reynolds	44	25	31	C	Up to 144,000 shares	Up to 79,500 shares
Kwek Buck Chye	60	34	6	A	Up to 144,000 shares	Up to 79,500 shares
David William Storrie	49	34	17	B	Up to 144,000 shares	Up to 79,500 shares
Philip Tan Swee Lim	63	32	5	A	Up to 144,000 shares	Up to 79,500 shares
Chan Kin Hung	69	26	5	A	Up to 80,000 shares	Up to 43,500 shares
Alex Siow Yuen Khong	65	30	5	A	Up to 80,000 shares	Up to 43,500 shares

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for the year ended 31 December 2007.

(2) Variable refers to incentives paid and accrued for the year pursuant to the Company's performance bonus scheme and Economic Value Added (EVA) scheme for the year ended 31 December 2007. The Company's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to all the Company's employees. Under this scheme, each of the Company's employees is given clear objectives on his personal scorecard, which are aligned to the Company'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 will be 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 will be 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 the Company's EVA performance in subsequent years.

(3) Benefits-in-kind are stated on the basis of direct costs to the Company, 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 $450,001 and $700,000 p.a.
"B" refers to remuneration between $700,001 and $950,000 p.a.
"C" refers to remuneration between $950,001 and $1,200,000 p.a.
"D" refers to remuneration between $3,000,001 and $3,250,000 p.a.

(5) For Mr Clontz's employment with the Company as the CEO, he receives compensation (including any benefits-in-kind and any deferred compensation accrued for the financial year) from the Company for services rendered in all capacities to the Company and its related corporations.

(6) A share award was granted under the StarHub Performance Share Plan on 21 March 2007. The share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The fair value of the share award based on a Monte-Carlo simulation on 21 March 2007 was $2.483. The share award is conditional upon the participant achieving prescribed performance targets over the performance period from 1 January 2007 to 31 December 2009. The performance targets benchmark (a) the performance of the Company's Total Shareholders' Return (TSR) measured against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period, and (b) the Wealth Added which measures investment performance in terms of the Company's TSR against shareholders' expected returns using cost of equity. The actual number of shares delivered will depend on the level of attainment of the performance targets.

(7) A share award was granted under the StarHub Restricted Stock Plan on 18 April 2007. The share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The fair value of the share award based on a Monte-Carlo simulation on 18 April 2007 was $2.289. The share award is conditional upon the participant achieving prescribed performance targets over the performance period from 1 January 2007 to 31 December 2008. 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.

3. Accountability and Audit

Principle 10: Accountability

The Board has overall accountability to shareholders for the Group's performance and ensuring that the Group is well managed and guided by its strategic objectives. The Company continues to report the Group's operating performance and financial results on a quarterly basis via SGXNET in an effort to provide shareholders with a balanced and accurate assessment of the Group's performance, financial position and prospects. An accompanying negative assurance statement is also issued by the Board in the Group's interim financial results announcement to confirm that nothing has come to their attention that may render the results to be false or misleading. The Company believes that prompt and full compliance of statutory reporting requirements is a way to maintain shareholder confidence and trust in our capability and integrity.

Management provides the Board members with monthly business and financial reports which compare actual performance with budget, and highlight the Company's performance, position and prospects. Other business reports are also provided on a timely and regular basis, to give up-to-date information and facilitate effective decision-making.

The Company has adopted a more stringent policy than required under the SGX-ST Listing Manual with respect to dealings in the securities of the Company by all Directors and employees of the Group. The Group's policy prohibits the Company, all Directors and employees of the Group from dealing in the securities of the Company one month before the respective announcements of the Group's quarterly and full year results. Restrictions are lifted immediately after the announcement of the respective results. An email notification is circulated to Directors, Management and all employees of the Group before the commencement of each trading blackout period. The Company, all Directors and employees of the Group are also required to observe the insider trading laws at all times.

The Company has also adopted a policy not to make any purchase or acquisition of shares pursuant to its Share Purchase Mandate where a price sensitive development has occurred or has been the subject of a decision, until the price sensitive information has been publicly announced. The Board and Management believe that the Company has not only complied with the SGX-ST Listing Manual but with industry best practices.

Principle 11: Audit Committee

The AC comprises Mr Kua Hong Pak (Chairman), Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Lim Ming Seong and Mr Teo Ek Tor. All members of the AC are non-executive Directors, the majority of whom, including the Chairman, are independent Directors. The AC members have invaluable accounting and financial management expertise. The AC assists the Board in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting matters and reporting practices of the Group.

The AC's key roles as defined in its Terms of Reference include:

– the review of the annual audit plan, findings and Management's responses to the findings;

– the review of internal audit function and process and adequacy of internal controls;

– the review of Interested Person Transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate that is renewable annually;

– the review and approval of quarterly and full year financial statements, and the appointment and re-appointment of auditors, before recommending to the Board for approval;

– the review of the nature, extent and cost of non-audit services provided by the external auditors during the year to assess the external auditors' independence; and

– the commission and review of findings of internal investigations into matters where there is suspected fraud, irregularity, failure of internal controls or violation of any law likely to have a material impact on the Group's operating results.

The AC also has explicit authority to investigate any matter within its Terms of Reference with full access to and co-operation of Management. The AC has full discretion to invite any Director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The AC held four meetings during the year.

The AC met with the external and internal auditors, without the presence of Management, at least once during the year to discuss matters it believes should be raised privately.

Having reviewed the nature and extent of non-audit services provided by external auditors for the year, the AC is satisfied that the provision of non-audit services by the external auditors did not impair their independence as external auditors. The AC has recommended to the Board that KPMG be nominated for re-appointment as external auditors of the Company and our subsidiaries at the next AGM.

In line with the Company's commitment to a high standard of internal controls and its zero tolerance approach to fraud, the Group has put in place a whistle-blowing policy and procedures, providing employees with well-defined and accessible channels within the Group, including a direct channel to the AC, for reporting suspected fraud, corruption, possible impropriety in financial reporting, unethical conduct, dishonest practices or other similar matters. The policy aims to encourage employees to raise such matters promptly and in good faith, with the confidence that they will be treated fairly and without fear of retaliation. With such a policy in place, the Company is able to take swift action against any fraudulent conduct and minimise any financial losses arising from such conduct. The policy and procedures are available on the Company's intranet that is accessible by all employees.

Principle 12: Internal Controls

Principle 13: Internal Audit

The AC provides an oversight role to ensure the effectiveness and adequacy of the Group's internal control policies and system for achieving the Company's goals and objectives. The AC conducts a joint review with the external auditors, at least once a year, on the external auditors' evaluation of the Group's material internal controls and their recommendations for addressing any material non-compliance and internal control weaknesses. The AC also monitors Management's responses to external auditors' findings and the follow-up actions taken, with the assistance of the internal auditors, to correct any noted deficiencies. The key internal controls covered under such a review include:

- identification of risks and implementation of risk management policies and measures;
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- documentation of key processes and procedures;
- ensuring the integrity, confidentiality and availability of critical information;
- maintenance of proper accounting records;
- ensuring the effectiveness and efficiency of operations;
- safeguarding of assets; and
- ensuring compliance with applicable laws and regulations.

The Company has also put in place policies on proper employee behaviour and conduct which include the observance of confidentiality obligations on information relating to the Company and customers, and the safeguarding of system integrity.

The internal audit function of the Group is carried out by Ethos Advisory Pte. Ltd., an external internal audit service provider (internal auditors). The internal auditors are guided by the Standard for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors report primarily to the AC Chairman, and administratively to the CEO and CFO of the Company.

The internal auditors develop their annual internal audit plan in consultation with, but independent of Management, and submit the plan to the AC for review and approval at the beginning of each financial year.

Quarterly internal audit summary reports are also prepared and submitted to the AC to update on the status of audits carried out and any major audit findings and corrective actions taken by Management. The AC meets with the internal auditors at least once a year without the presence of Management to ensure independence of these functions.

Based on the work performed by the internal auditors during the financial year and the review undertaken by external auditors, it is the opinion of the Board, through the AC, that the system of internal controls maintained within the Group is adequate in meeting the needs of the Group in our current business environment. The system of internal controls provide reasonable but not absolute assurance against material financial misstatements or loss, for the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial and critical information, the compliance with applicable legislation, regulations and best practices, as well as the identification and containment of financial, operational and compliance risks. The AC is also satisfied that material internal control weaknesses were identified on a timely basis and processes were put in place to facilitate prompt follow-up actions to minimise unnecessary lapses and business risks.

4. Communication with Shareholders

Principle 14: Regular, Effective and Fair Communication with Shareholders

The Company's Investor Relations team, together with the CEO and other members of the Senior Management, play a key role in planning, managing and carrying out regular and effective communication with shareholders and the investing public to ensure that they are kept abreast of the Group's major corporate developments and financial performance. Analyst and media briefings are conducted throughout the year. Senior Management together with the Company's Investor Relations team also meet with institutional investors on a regular basis, through periodic international road shows and participation in conferences organised by major brokerage firms.

All the Group's media releases, financial results, presentation materials used at briefings, archived webcasts and conference calls, annual reports, SGXNET announcements and other corporate information, are accessible on the Company's regularly updated website at **www.starhub.com/ir**. Investors may sign up for e-mail alert service, which keeps them up-to-date with all the latest announcements from the Company.

The Company's Investor Relations team is accessible throughout the year to shareholders who wish to give feedback or raise queries on the Group in general. Contact details of the Company's Investor Relations team can be found on the corporate website. The Company's Investor Relations team also keeps Senior Management regularly updated on shareholder views and sentiments, which allows Senior Management to consider such feedback from the shareholders when formulating capital management policies and shareholder resolutions.

To ensure there is fair and non-selective disclosure of information to investors, the Company issues announcements on any new material or price sensitive information (such as the quarterly and year-end financial results) through SGXNET first, before conducting any media or analyst conferences.

Corporate Governance

Principle 15: Greater Shareholder Participation

The Company views the AGM and other general meetings as a good opportunity for investors to meet the Board and Senior Management. All registered shareholders are invited to attend and participate actively in such shareholder meetings. Shareholders present are given the opportunity to seek clarification or question the Board on the Group's businesses, performance and direction as well as on issues relating to proposed resolutions tabled at the general meeting. Shareholders can vote in person or by appointing one or two proxies to attend and vote on their behalf at such general meetings. The Company's Articles of Association do not allow shareholders to vote in absentia.

The respective Chairmen of the AC, ERCC, NC and SC and the Senior Management team, together with the Board, are present at general meetings to address any queries regarding resolutions to be passed or the Group in general. External auditors are also present at these meetings to assist the Board in addressing shareholders' queries.

The Company's resolutions at general meetings are presented in separate resolutions in respect of each substantially separate issue at general meetings. Voting on each resolution is carried out systematically with proper recording of the votes cast and the resolutions passed.

Interested Person Transactions and Material Contracts

(pursuant to SGX-ST Listing Manual Rule 907 and Rule 1207(8))

	Aggregate value of all transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) 1 January 2007 to 31 December 2007 $m
Transactions for the Sales of Goods & Services	
CapitaLand Limited and its associates	0.1
Chartered Semiconductor Manufacturing Ltd & its associates	0.1
Pacific Internet Limited & its associates	0.7
PT Indosat Tbk & its associates	2.1
Singapore Telecommunications Limited & its associates	38.7
Temasek Holdings (Private) Limited & its associates	0.8
	42.6
Transactions for the Purchase of Goods & Services	
CapitaLand Limited and its associates	0.6
Neptune Orient Lines Limited & its associates	0.1
PT Indosat Tbk & its associates	16.0
Singapore Computer Systems Limited & its associates	26.9
Singapore Power Limited & its associates	25.7
Singapore Technologies Engineering Ltd & its associates	6.9
Singapore Telecommunications Limited & its associates	90.6
SNP Corporation Limited & its associates	5.2
STT Communications Ltd & its associates	1.2
TeleChoice International Ltd & its associates	182.4
Temasek Holdings (Private) Limited & its associates	4.3
	359.7

There were no 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) entered into by StarHub Ltd and its subsidiaries for the period 1 January 2007 to 31 December 2007.

During the financial year ended 31 December 2007, there were no material contracts 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.

Directors' Particulars

Director	Age	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/ Chairmanships & Appointments (as at 31 December 2007)	**Present Principal Directorships/ Chairmanships & Appointments (from 1 January 2005 to 30 December 2007)**
Tan Guong Ching	62	Singapore Technologies Telemedia Pte Ltd Singapore Technologies Aerospace Limited STT Communications Ltd Asia Mobile Holding Company Pte. Ltd. Asia Mobile Holdings Pte. Ltd. Singapore Pools (Private) Limited Allco (Singapore) Limited Temasek Life Sciences Laboratory Limited IP Academy Inter-Roller Engineering Limited Allco SIF Ltd	PowerGrid Limited Singapore Technologies Engineering Ltd Techpower Communications Pte Ltd SRCC Pte Ltd Singapore Power Limited SP PowerGrid Limited
Steven Terrell Clontz	58	Global Crossing Limited (as Executive Committee Member) InterDigital Communications Corporation Equinix, Inc. LiveCargo Inc.	Southeast Asia Crossing Pte Ltd
Kua Hong Pak	64	ComfortDelGro Corporation Limited PSA Corporation Limited PSA International Pte Ltd SBS Transit Ltd Temasek Holdings (Private) Limited VICOM Ltd ComfortDelGro Cabcharge Pty Ltd CabCharge Australia Limited CityFleet (UK) Pte Ltd Metroline plc (UK)	Overseas Union Enterprise Limited
Peter Seah Lim Huat	62	CapitaLand Limited Chartered Semiconductor Manufacturing Ltd Global Crossing Limited Government of Singapore Investment Corporation Private Limited PT Indosat Tbk SembCorp Industries Limited STATS ChipPAC Ltd Singapore Technologies Engineering Ltd Singapore Technologies Telemedia Pte Ltd The Siam Commercial Bank Public Company Limited, Singapore Branch Singapore Computer Systems Limited Alliance Bank Malaysia Berhad Bank of China Limited	Board of Commissioners of Currency, Singapore Singapore Technologies Semiconductors Pte Ltd PSA International Pte Ltd PT Bank Internasional Indonesia Tbk The National Kidney Foundation EDB Investments Pte Ltd
Nihal Vijaya Devadas Kaviratne CBE	64	GlaxoSmithKline Pharmaceuticals Limited TVS Motor Company (Europe) BV PT TVS Motor Company Agro Tech Foods Limited St. Jude India ChildCare Centres First India Credit Corporation Limited Titan Industries Ltd	

Director	Age	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/ Chairmanships & Appointments (as at 31 December 2007)	**Present Principal Directorships/ Chairmanships & Appointments (from 1 January 2005 to 30 December 2007)**
Lee Theng Kiat	55	Global Crossing Limited i-STT Investments Pte. Ltd. Indonesia Communications Limited PT Indosat Tbk ST Telecommunications (Beijing) Co., Ltd Singapore Technologies Telemedia Pte Ltd ST Teleport Pte Ltd STT Communications Ltd STT Crossing Ltd TeleChoice International Limited Asia Mobile Holdings Pte. Ltd. Asia Mobile Holding Company Pte. Ltd. Shenington Investments Pte Ltd	Elipva Ltd Equinix Singapore Pte. Ltd. SpiceCorp Limited Teletech Park Pte Ltd Equinix, Inc.
Lim Ming Seong	61	Accuron Technologies Limited CSE Global Limited Genovate Solutions Pte Ltd Singapore Technologies Kinetics Pte Ltd Singapore Technologies Telemedia Pte Ltd Tuas Power Ltd United BMEC Pte Ltd WhiteRock Healthcare Pte Ltd Singapore Aerospace Manufacturing Pte Ltd WhiteRock Partners Ltd Amplus Communications Pte Ltd First Resources Ltd	AMR Technologies Inc. Comstream Holdings Inc. Double Helix Pte Ltd Radyne Comstream Inc. Singapore Technologies Electronics Holdings Pte Ltd Singapore Millennium Foundation Limited Singapore Technologies Capital Services Pte Ltd Singapore Technologies Semiconductors Pte Ltd Chartered Semiconductor Manufacturing Ltd CSE Infotech Ltd Transtel Engineering Pte Ltd LHI Technology Ltd Healthstats International Pte Ltd WhiteRock Management Ltd WhiteRock Investments III Ltd STATS ChipPAC Ltd
Lim Chin Beng	76	CapitaLand Limited Pontiac Hotel Pte Ltd Pontiac Land Pte Ltd RCMS Hotels Ltd RCMS Properties Pte Ltd The Ascott Group Limited Changi International Airshow & Events Pte Ltd CapitaLand Hope Foundation West Paces Hotel Group Asia Pte Ltd Changi Airport International Pte Ltd Singapore Changi Airport Enterprise Pte Ltd	Singapore Technologies Aerospace Ltd Value Management Pte Ltd SPH Foundation Ltd SPH MediaWorks Ltd (in liquidation) Singapore Press Holdings Limited Singapore Technologies Engineering Ltd Asian Aerospace Pte Ltd Valuair Limited
Osamu Inoue	59	NTT Communications Corporation NTT Com China Company Ltd. NTT Europe Ltd. NTT Singapore Pte. Ltd. NTT America, Inc. NTT Worldwide Telecommunications Corporation Verio, Inc.	

Directors' Particulars

Director	Age	Principal Directorships/Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Present Principal Directorships/ Chairmanships & Appointments (as at 31 December 2007)	**Present Principal Directorships/ Chairmanships & Appointments (from 1 January 2005 to 30 December 2007)**
Teo Ek Tor	55	Nylex (Malaysia) Bhd United Pacific Industries Limited ServTouch Holdings Pte Ltd PFA Corporate Holdings Sdn Bhd Tamco Corporate Holdings Berhad WhiteRock Healthcare Pte Ltd PrimePartners Asset Management Pte Ltd PrimePartners Corporate Finance Pte Ltd PrimePartners Group Pte Ltd Transmission & Distribution Holdings Limited PrimePartners Asia Merchant Capital Holdings Limited PPG International Limited PPG Capital Sdn Bhd	PrimePartners Asset Management (HK) Limited WhiteRock Partners Pte Ltd GT Prime Partners Limited GT Prime Partners Co Ltd ECS Holdings Limited
Liu Chee Ming	57	Access Investment Management (H.K.) Limited Brianne Investments Limited Kader Holdings Company Limited Keltyhill Incorporated Odlins Holdings Limited Platinum Broking Company Limited Platinum Holdings Company Limited Platinum Securities Company Limited Platinum Securities Company Limited (Singapore) Rainbow City Limited Yantai Raffles Shipyard Limited Robinson & Co. Ltd The Singapore International School Foundation Ltd	DOT Media Holdings (HK) Limited Platinum Broking (Beijing) Limited Platinum Broking (Shenzhen) Limited Platinum Property Management Limited Platinum Securities (Beijing) Limited Platinum Securities (Shenzhen) Limited Platinum Securities (Tianjin) Limited (Dissolved) Tiye Limited China Yuchai International Ltd. CAV-Thakral Home Entertainment Ltd. DOT Holdings Limited Media Asia Entertainment Group Ltd L.K. Technology Holdings Ltd
Robert J. Sachs	60	Continental Consulting Group, LLC. (as Principal) Global Crossing Limited Dana-Farber Cancer Institute, Inc. National Coalition for Cancer Survivorship (as Chairman of Board of Trustees) Big Band Networks, Inc. UpdatedLogic, Inc., WGBH Educational Foundation Citi Performing Arts Center	National Cable and Telecommunications Association CableLabs, Inc. The Advertising Council
Nasser Marafih	47	Al Thuraya Satellite Company Asia Mobile Holdings Pte. Ltd. National Mobile Telecommunications Company K.S.C. Omani Qatari Telecommunications Company S.A.O.C. (Nawras Telecom) Orascom Telecom Tunisie (Tunisiana) Qtel Investment Holdings B.S.C. TDC-Qtel MENA Investcom BSC Wataniya International FZ–LLC Wataniya Telecom Algerie S.p.A. Qtel International Investments LLC Wataniya Palestine Mobile Telecommunications Co. Asiacell Communications LLC Shenington Investments Pte Ltd	

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Directors' Report

Year ended 31 December 2007

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 2007.

Directors

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

Tan Guong Ching	Chairman
Steven Terrell Clontz	CEO
Kua Hong Pak	
Peter Seah Lim Huat	
Nihal Vijaya Devadas Kaviratne CBE	
Lee Theng Kiat	
Lim Ming Seong	
Lim Chin Beng	
Osamu Inoue	
Teo Ek Tor	
Liu Chee Ming	
Robert J. Sachs	
Nasser Marafih	Appointed on 9 July 2007
Sio Tat Hiang	Alternate to Peter Seah Lim Huat
Stephen Geoffrey Miller	Alternate to Lee Theng Kiat
Tadashi Imachi	Alternate to Osamu Inoue

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 2007	31 December 2007
The Company		
Ordinary shares		
Steven Terrell Clontz	6,401,450 [+]	5,868,010 [+]
Peter Seah Lim Huat	133,720	147,560
Nihal Vijaya Devadas Kaviratne CBE	64,080	72,270
Lee Theng Kiat	125,150	114,730
Lim Ming Seong	108,000	99,000
Lim Chin Beng	125,150 [+]	139,720 [+]
Liu Chee Ming	51,430 [+]	74,200 [+]

[+] Held (partly or wholly) by a nominee.

Shares in the Company and in related corporations (continued)

	1 January 2007	31 December 2007
Related Corporations		
Chartered Semiconductor Manufacturing Ltd		
Ordinary shares		
Tan Guong Ching	15,000	15,000
Global Crossing Limited		
Common stock of US$0.01 each		
Steven Terrell Clontz	1,250	6,685
Peter Seah Lim Huat	1,785	7,771
Lee Theng Kiat	1,250	6,251
Robert J. Sachs	1,250	6,685
i-STT Investments Pte Ltd		
Ordinary shares (held in trust for STT Communications Ltd)		
Lee Theng Kiat	1	1
PT Indosat Tbk		
Series B common shares of Rp 100 each		
Lee Theng Kiat	135,000	135,000
Singapore Airlines Limited		
Ordinary shares		
Tan Guong Ching	2,000	2,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Peter Seah Lim Huat	–	307,500
Lim Ming Seong	–	15,000
Lim Chin Beng	35,000 [+]	62,000 [+]
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	3,040
Lee Theng Kiat	1,610	1,610
Lim Chin Beng	1,360	1,360
Teo Ek Tor	2,240	–
Sio Tat Hiang	1,490	1,490
SMRT Corporation Ltd		
Ordinary shares		
Tan Guong Ching	11,000	11,000

[+] Held by a nominee.

Shares in the Company and in related corporations (continued)

	1 January 2007	31 December 2007
Related Corporations (continued)		
SP Australia Networks (Transmission) Ltd ("SPANTL")		
SP Australia Networks (Distribution) Ltd ("SPANDL")		
SP Australia Networks (Finance) Trust ("SPANFT")		
Stapled securities comprising 100,000 shares in each of SPANTL and SPANDL respectively and 100,000 units in SPANFT		
Tan Guong Ching	100,000	100,000
STATS ChipPAC Ltd		
Ordinary shares		
Steven Terrell Clontz	800	800
TeleChoice International Limited		
Ordinary shares		
Steven Terrell Clontz	120,000	120,000
Peter Seah Lim Huat	50,000	50,000
Lim Ming Seong	60,000	60,000
Sio Tat Hiang	150,000	150,000
Vertex Technology Fund (II) Ltd		
Ordinary shares		
Lee Theng Kiat	100 +	100 +
Lim Ming Seong	50 +	50 +
Redeemable preference shares		
Lee Theng Kiat	97 +	96.99 +
Lim Ming Seong	47.01 +	46 +
Vertex Technology Fund Ltd		
Ordinary shares		
Lim Ming Seong	300 +	300 +

+ Held by a nominee.

Options and other interests in the Company and in related corporations

	1 January 2007	31 December 2007	Exercise Price $	Exercise Period
The Company				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	6,250	–	0.88	29.11.2004 to 28.11.2008
	6,250	–	0.96	03.04.2005 to 02.04.2009
	12,500	6,250	0.985	27.11.2005 to 26.11.2009
	17,000	8,500	1.52	31.05.2006 to 30.05.2010
Nihal Vijaya Devadas Kaviratne CBE	12,500	6,250	0.985	27.11.2005 to 26.11.2009
	17,000	8,500	1.52	31.05.2006 to 30.05.2010
Lee Theng Kiat	6,250	6,250	0.88	29.11.2004 to 28.11.2008
	6,250	6,250	0.96	03.04.2005 to 02.04.2009
	12,500	12,500	0.985	27.11.2005 to 26.11.2009
	17,000	17,000	1.52	31.05.2006 to 30.05.2010
Lim Ming Seong	15,250	15,250	0.88	31.05.2004 to 30.05.2008
	18,750	18,750	0.88	29.11.2004 to 28.11.2008
	18,750	18,750	0.96	03.04.2005 to 02.04.2009
	18,750	18,750	0.985	27.11.2005 to 26.11.2009
	25,500	25,500	1.52	31.05.2006 to 30.05.2010
Lim Chin Beng	6,250	–	0.88	29.11.2004 to 28.11.2008
	6,250	–	0.96	03.04.2005 to 02.04.2009
	12,500	6,250	0.985	27.11.2005 to 26.11.2009
	17,000	8,500	1.52	31.05.2006 to 30.05.2010
Teo Ek Tor	18,750	18,750	0.985	27.11.2005 to 26.11.2009
	25,500	25,500	1.52	31.05.2006 to 30.05.2010
Liu Chee Ming	18,750	6,250	0.985	27.11.2005 to 26.11.2009
	25,500	8,500	1.52	31.05.2006 to 30.05.2010
Robert J. Sachs	25,500	25,500	1.52	31.05.2006 to 30.05.2010

Options and other interests in the Company and in related corporations (continued)

	1 January 2007	31 December 2007
The Company (continued)		
Conditional awards of shares		
Shares to be delivered after 2007		
Steven Terrell Clontz	875,000 (1)	875,000 (1)
	180,000 (2)	180,000 (2)
Shares to be delivered after 2008		
Tan Guong Ching	–	21,200 (3)
Steven Terrell Clontz	300,000 (4)	300,000 (4)
	–	160,000 (5)
Peter Seah Lim Huat	–	17,200 (3)
Nihal Vijaya Devadas Kaviratne CBE	–	17,200 (3)
Lee Theng Kiat	–	14,400 (3)
Lim Ming Seong	–	18,700 (3)
Lim Chin Beng	–	11,500 (3)
Teo Ek Tor	–	15,100 (3)
Liu Chee Ming	–	12,200 (3)
Robert J. Sachs	–	12,200 (3)
Shares to be delivered after 2009		
Steven Terrell Clontz	–	240,000 (6)

(1) A conditional award under the StarHub Performance Share Plan was granted in November 2005. The performance period is from 2005 to 2007. 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.

(2) A conditional award under the StarHub Restricted Stock Plan was granted in July 2006. The performance period is from 2006 to 2007. No shares will be delivered if the threshold performance targets are not achieved while up to 1.3 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

(3) A conditional award under the StarHub Restricted Stock Plan was granted in May 2007. The performance period is from 2007 to 2008. 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.

(4) A conditional award under the StarHub Performance Share Plan was granted in March 2006. The performance period is from 2006 to 2008. 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.

(5) A conditional award under the StarHub Restricted Stock Plan was granted in April 2007. The performance period is from 2007 to 2008. 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.

(6) A conditional award under the StarHub Performance Share Plan was granted in March 2007. The performance period is from 2007 to 2009. 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 2007	31 December 2007	Exercise Price $	Exercise Period
Related Corporations				
Chartered Semiconductor Manufacturing Ltd				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	23,443	–	3.46	22.02.2003 to 22.02.2007
	46,887	–	1.86	30.08.2003 to 30.08.2007
	40,000	40,000	0.72	28.02.2004 to 28.02.2008
	45,000	45,000	1.10	29.08.2004 to 29.08.2008
	85,000	85,000	1.70	27.02.2005 to 27.02.2009
	85,000	85,000	1.16	26.08.2006 to 26.08.2010
	95,000	95,000	1.21	25.08.2007 to 25.08.2011
	–	47,500	1.07	31.08.2008 to 31.08.2012
Lim Ming Seong	58,609	–	3.46	22.02.2003 to 22.02.2007
	58,609	–	1.86	30.08.2003 to 30.08.2007
	45,000	45,000	0.72	28.02.2004 to 28.02.2008
	45,000	45,000	1.10	29.08.2004 to 29.08.2008
	90,000	90,000	1.70	27.02.2005 to 27.02.2009

	1 January 2007	31 December 2007	Vesting Period
Chartered Semiconductor Manufacturing Ltd			
Restricted share units			
Peter Seah Lim Huat	–	20,190	31.08.2008 to 31.08.2010

	1 January 2007	31 December 2007	Exercise Price $	Exercise Period
Global Crossing Limited				
Options to subscribe for common stock of US$0.01 each				
Steven Terrell Clontz	12,000	12,000	US$10.16	12.01.2005 to 12.01.2014
Peter Seah Lim Huat	40,000	40,000	US$10.16	12.01.2005 to 12.01.2014
Lee Theng Kiat	222,000	222,000	US$10.16	12.01.2005 to 12.01.2014
Lim Ming Seong	11,000	11,000	US$10.16	12.01.2005 to 12.01.2014
Sio Tat Hiang	80,000	80,000	US$10.16	12.01.2005 to 12.01.2014

Options and other interests in the Company and in related corporations (continued)

	1 January 2007	31 December 2007	Vesting Period/Date
Related Corporations (continued)			
Global Crossing Limited			
Restricted stock units			
Steven Terrell Clontz	3,750	2,750	08.03.2005 to 08.03.2009
	3,294	–	On 15.08.2007
	–	2,420	On 12.06.2008
Peter Seah Lim Huat	5,625	4,125	08.03.2005 to 08.03.2009
	3,294	–	On 15.08.2007
	–	2,420	On 12.06.2008
Lee Theng Kiat	3,750	2,750	08.03.2005 to 08.03.2009
	3,294	–	On 15.08.2007
	–	2,420	On 12.06.2008
Robert J. Sachs	3,750	2,750	08.03.2005 to 08.03.2009
	3,294	–	On 15.08.2007
	–	2,420	On 12.06.2008

	1 January 2007	31 December 2007	Exercise Price $	Exercise Period
Singapore Technologies Engineering Ltd				
Options to subscribe for ordinary shares				
Tan Guong Ching	10,750	10,750	2.57	11.08.2006 to 10.08.2010
	13,500	13,500	3.01	10.02.2007 to 09.02.2011
	13,500	13,500	2.84	11.08.2007 to 10.08.2011
	–	13,500	3.23	16.03.2008 to 15.03.2012
	–	13,500	3.61	11.08.2008 to 10.08.2012
Peter Seah Lim Huat	89,000	–	1.92	13.08.2003 to 12.08.2007
	44,500	–	1.79	07.02.2004 to 06.02.2008
	40,500	–	1.86	12.08.2004 to 11.08.2008
	44,500	11,125	2.09	10.02.2005 to 09.02.2009
	44,500	11,125	2.12	11.08.2005 to 10.08.2009
	44,500	22,250	2.37	08.02.2006 to 07.02.2010
	44,500	22,250	2.57	11.08.2006 to 10.08.2010
	44,500	33,375	3.01	10.02.2007 to 09.02.2011
	44,500	33,375	2.84	11.08.2007 to 10.08.2011
	–	44,500	3.23	16.03.2008 to 15.03.2012
	–	44,500	3.61	11.08.2008 to 10.08.2012

Options and other interests in the Company and in related corporations (continued)

	1 January 2007	31 December 2007	Exercise Price $	Exercise Period
Related Corporations (continued)				
Lim Ming Seong	15,000	–	2.29	08.02.2003 to 07.02.2007
	7,500	7,500	1.79	07.02.2004 to 06.02.2008
	7,500	7,500	1.86	12.08.2004 to 11.08.2008
	7,500	7,500	2.09	10.02.2005 to 09.02.2009
	7,500	7,500	2.12	11.08.2005 to 10.08.2009
	7,500	7,500	2.37	08.02.2006 to 07.02.2010
	7,500	7,500	2.57	11.08.2006 to 10.08.2010
	7,500	7,500	3.01	10.02.2007 to 09.02.2011
	7,500	7,500	2.84	11.08.2007 to 10.08.2011
	–	7,500	3.23	16.03.2008 to 15.03.2012
	–	7,500	3.61	11.08.2008 to 10.08.2012
Lim Chin Beng	27,000	–	2.29	08.02.2003 to 07.02.2007
	13,500	13,500	1.79	07.02.2004 to 06.02.2008
	13,500	13,500	1.86	12.08.2004 to 11.08.2008
	13,500	13,500	2.09	10.02.2005 to 09.02.2009
	13,500	13,500	2.12	11.08.2005 to 10.08.2009
	7,166	7,166	2.57	11.08.2006 to 10.08.2010
STATS ChipPAC Ltd				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	70,000	70,000	1.99	06.08.2004 to 05.08.2013
	35,000	35,000	1.91	17.02.2005 to 16.02.2014
	35,000	–	1.06	11.08.2005 to 10.08.2014
	40,000	–	1.01	03.05.2006 to 02.05.2010
	40,000	–	0.925	31.10.2006 to 30.10.2010
	45,000	–	1.08	29.05.2007 to 28.05.2011
Lim Ming Seong	200,000	–	1.592	24.04.2002 to 23.04.2011
	70,000	–	2.885	29.04.2003 to 28.04.2007
	70,000	–	1.99	06.08.2004 to 05.08.2008
	35,000	–	1.91	17.02.2005 to 16.02.2009
	35,000	–	1.06	11.08.2005 to 10.08.2009
	42,500	–	1.01	03.05.2006 to 02.05.2010
	42,500	–	0.925	31.10.2006 to 30.10.2010
	45,000	–	1.08	29.05.2007 to 28.05.2011

	1 January 2007	31 December 2007	Vesting Period
STATS ChipPAC Ltd			
Restricted share units			
Peter Seah Lim Huat	–	20,700	16.02.2008 to 16.02.2010
Lim Ming Seong	–	20,700	16.02.2008 to 16.02.2010

Options and other interests in the Company and in related corporations (continued)

	1 January 2007	31 December 2007	Exercise Price $	Exercise Period
Related Corporations (continued)				
STT Communications Ltd				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	9,750	–	0.57	30.07.2004 to 29.07.2013
	65,000	–	1.08	29.07.2005 to 28.07.2014
Lee Theng Kiat	1,200,000	–	1.42	19.09.2001 to 18.09.2010
	375,000	–	0.50	29.06.2003 to 28.06.2012
	1,000,000	–	0.57	30.07.2004 to 29.07.2013
	3,000,000	–	1.08	29.07.2005 to 28.07.2014
Lim Ming Seong	25,000	–	0.92	28.04.2002 to 27.04.2011
	50,000	–	0.50	24.11.2002 to 23.11.2011
	100,000	–	0.50	29.06.2003 to 28.06.2007
	150,000	–	0.57	30.07.2004 to 29.07.2008
	200,000	–	1.08	29.07.2005 to 28.07.2009
Sio Tat Hiang	600,000	–	1.42	19.09.2001 to 18.09.2010
	75,000	–	0.50	24.11.2002 to 23.11.2011
	150,000	–	0.50	29.06.2003 to 28.06.2012
	350,000	–	0.57	30.07.2004 to 29.07.2013
	975,000	–	1.08	29.07.2005 to 28.07.2014

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 2008.

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 note 20.2.2 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.

Equity Compensation Benefits

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), Lee Theng Kiat, Lim Ming Seong and Lim Chin Beng.

Equity Compensation Benefits (continued)

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

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

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

Name of director	Options granted during the financial year	Aggregate options granted and accepted since commencement of the StarHub Share Option Plans to 31 December 2007	Aggregate options exercised since commencement of the StarHub Share Option Plans to 31 December 2007	Aggregate options outstanding as at 31 December 2007
StarHub Share Option Plan 2000				
Steven Terrell Clontz	–	6,875,010	6,875,010	–
Peter Seah Lim Huat	–	93,750	93,750	–
Lee Theng Kiat	–	143,750	131,250	12,500
Lim Ming Seong	–	118,750	66,000	52,750
Lim Chin Beng	–	143,750	143,750	–
StarHub Share Option Plan 2004				
Peter Seah Lim Huat	–	44,250	29,500	14,750
Nihal Vijaya Devadas Kaviratne CBE	–	44,250	29,500	14,750
Lee Theng Kiat	–	44,250	14,750	29,500
Lim Ming Seong	–	44,250	–	44,250
Lim Chin Beng	–	44,250	29,500	14,750
Teo Ek Tor	–	44,250	–	44,250
Liu Chee Ming	–	44,250	29,500	14,750
Robert J. Sachs	–	25,500	–	25,500

(iii) 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 Group.

(iv) No options had been offered at a discount during the financial year.

(v) 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.

(vi) During the financial year, a total of 9,682,350 ordinary shares fully paid in the Company were issued pursuant to the exercise of options under the StarHub Share Option Plans at exercise prices of between $0.48 and $1.52 per share.

Equity Compensation Benefits (continued)

(vii) As at the end of the financial year, unissued shares of the Company under the StarHub Share Option Plans are as follows:

Number of optionholders	Exercise period	Number of unissued shares	Exercise price per share
3	17.06.2001 to 16.06.2010	13,500	0.480
1	03.10.2001 to 02.10.2010	3,000	0.480
7	28.04.2002 to 27.04.2011	7,625	0.880
22	27.10.2002 to 26.10.2011	283,750	0.880
31	27.04.2003 to 26.04.2012	139,130	0.880
36	29.11.2002 to 29.11.2012	254,745	0.680
144	30.11.2003 to 29.11.2012	651,885	0.880
261	31.05.2004 to 30.05.2013	638,627	0.880
1	31.05.2004 to 30.05.2008	15,250	0.880
421	29.11.2004 to 28.11.2013	1,082,148	0.880
2	29.11.2004 to 28.11.2008	25,000	0.880
752	03.04.2005 to 02.04.2014	1,575,043	0.960
2	03.04.2005 to 02.04.2009	25,000	0.960
1,256	27.11.2005 to 26.11.2014	2,957,738	0.985
7	27.11.2005 to 26.11.2009	75,000	0.985
1,587	31.05.2006 to 30.05.2015	7,086,414	1.520
8	31.05.2006 to 30.05.2010	127,500	1.520
Total		14,961,355	

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.

(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.

Equity Compensation Benefits (continued)

Since the commencement of the StarHub Performance Share Plan to the financial year ended 31 December 2007, conditional awards aggregating 4,123,000 shares have been granted under the aforesaid plan, representing the number of shares to be delivered if the performance targets are achieved at "on-target" level. 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 2007	Share awards vested during the financial year	Share awards forfeited during the financial year	Aggregate share awards outstanding as at 31 December 2007
Executive director:					
Steven Terrell Clontz	240,000	1,415,000	–	–	1,415,000
Key executives	448,000	2,708,000	–	40,000	2,668,000

(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 targets completion date (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 target completion date. The total number of shares to be released depends on the level of attainment of the performance targets.

Since the commencement of the StarHub Restricted Stock Plan to the financial year ended 31 December 2007, conditional awards aggregating 3,543,100 have been granted under the aforesaid Plan, representing the number of shares to be delivered if the performance targets are achieved at "on-target" level. 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.

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 commencement of the RSP to 31 December 2007	Share awards vested during the financial year	Share awards forfeited during the financial year	Aggregate share awards outstanding as at 31 December 2007
Non-executive directors:					
Tan Guong Ching	21,200	21,200	–	–	21,200
Peter Seah Lim Huat	17,200	17,200	–	–	17,200
Nihal Vijaya Devadas Kaviratne CBE	17,200	17,200	–	–	17,200
Lee Theng Kiat	14,400	14,400	–	–	14,400
Lim Ming Seong	18,700	18,700	–	–	18,700
Lim Chin Beng	11,500	11,500	–	–	11,500
Teo Ek Tor	15,100	15,100	–	–	15,100
Liu Chee Ming	12,200	12,200	–	–	12,200
Robert J. Sachs	12,200	12,200	–	–	12,200
Executive director:					
Steven Terrell Clontz	160,000	340,000	–	–	340,000
Key employees	1,286,400	3,063,400	–	179,600	2,868,800

Directors' Report

Year ended 31 December 2007

Equity Compensation Benefits (continued)

As at 31 December 2007, 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.

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 be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

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

On behalf of the Board of Directors

Tan Guong Ching

Director

Steven Terrell Clontz

Director

Singapore

13 February 2008

Statement by Directors

As at 31 December 2007

In our opinion:

(a) the financial statements set out on pages 85 to 123 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 2007 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

Steven Terrell Clontz

Director

Singapore

13 February 2008

Independent Auditors' Report

Members of the Company

StarHub Ltd

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2007, the profit and loss statements and statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 85 to 123.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 judgment, 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 and fair presentation of the financial statements 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 the directors, 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:

(a) the consolidated financial statements of the Group and the balance sheet, profit and loss statement 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 2007 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

(b) 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

Certified Public Accountants

Singapore

13 February 2008

Balance Sheets

As at 31 December 2007

	Notes	GROUP 2007 $'000	GROUP 2006 $'000	COMPANY 2007 $'000	COMPANY 2006 $'000
Non-current assets					
Property, plant and equipment	3	**893,970**	919,503	**308,469**	273,696
Intangible assets	4	**351,908**	339,737	**56,837**	36,278
Investments in subsidiaries	5	**–**	–	**1,161,968**	1,161,968
Deferred tax assets	6	**91,982**	165,414	**57,147**	99,315
		1,337,860	1,424,654	**1,584,421**	1,571,257
Current assets					
Inventories	7	**19,848**	12,980	**9,564**	3,800
Trade receivables	8	**113,510**	111,489	**78,025**	78,119
Other receivables, deposits and prepayments	9	**94,971**	108,346	**30,607**	42,080
Balances with related parties	10	**15,326**	18,908	**782,509**	984,916
Cash and bank balances	11	**137,975**	50,186	**115,024**	39,777
		381,630	301,909	**1,015,729**	1,148,692
Less:					
Current liabilities					
Trade payables and accruals		**351,525**	334,891	**222,489**	184,484
Other payables	12	**171,408**	146,429	**57,269**	45,978
Balances with related parties	10	**64,944**	53,358	**98,476**	276,048
Bank loans	13	**124,320**	–	**124,320**	–
Provisions	14	**7,227**	8,613	**2,005**	2,193
		719,424	543,291	**504,559**	508,703
Net current (liabilities)/assets		**(337,794)**	(241,382)	**511,170**	639,989
Non-current liabilities					
Bank loans	13	**(843,680)**	(633,000)	**(843,680)**	(633,000)
Deferred income	15	**(14,783)**	(18,551)	**–**	–
Deferred tax liabilities	6	**(33,946)**	(44,236)	**–**	–
		(892,409)	(695,787)	**(843,680)**	(633,000)
Net assets		**107,657**	487,485	**1,251,911**	1,578,246
Shareholders' equity					
Share capital	16	**247,207**	236,403	**247,207**	236,403
Reserves	18	**(139,550)**	251,082	**1,004,704**	1,341,843
Total equity		**107,657**	487,485	**1,251,911**	1,578,246

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

Profit and Loss Statements

Year ended 31 December 2007

	Notes	GROUP 2007 $'000	GROUP 2006 $'000	COMPANY 2007 $'000	COMPANY 2006 $'000
Operating revenue	19	**2,013,688**	1,804,769	**765,561**	631,224
Operating expenses	20	**(1,596,986)**	(1,443,389)	**(755,940)**	(664,435)
Other income	21	**–**	–	**417,642**	468,547
		416,702	361,380	**427,263**	435,336
Finance income	22	**3,026**	5,667	**24,380**	18,487
Finance expense	22	**(26,248)**	(14,447)	**(27,121)**	(9,303)
Net finance costs		**(23,222)**	(8,780)	**(2,741)**	9,184
Profit before taxation		**393,480**	352,600	**424,522**	444,520
Taxation – (charge)/credit	23	**(63,141)**	7,572	**(42,168)**	(20,400)
Profit for the year		**330,339**	360,172	**382,354**	424,120
Attributable to:					
Equity holders of the company		**330,339**	360,172	**382,354**	424,120
Profit for the year		**330,339**	360,172	**382,354**	424,120
Earnings per share					
Basic (cents)	24	**18.72**	17.60		
Diluted (cents)	24	**18.54**	17.42		
EBITDA	25	**642,822**	575,299		

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

Statements of Changes in Equity

Year ended 31 December 2007

	Note	GROUP 2007 $'000	GROUP 2006 $'000	COMPANY 2007 $'000	COMPANY 2006 $'000
Share Capital					
At beginning of year		**236,403**	854,779	**236,403**	854,779
Issue of shares under StarHub Share Option Plans		**10,804**	18,191	**10,804**	18,191
Transfer from share premium account upon implementation of the Companies (Amendment) Act 2005		**–**	19,111	**–**	19,111
Transfer from merger/capital reserve		**442,296**	–	**442,296**	–
Cancellation of shares pursuant to capital reduction		**(442,296)**	(655,678)	**(442,296)**	(655,678)
At end of year		**247,207**	236,403	**247,207**	236,403
Reserves					
Share Premium					
At beginning of year		**–**	18,482	**–**	18,482
Issue of shares under StarHub Share Option Plans		**–**	629	**–**	629
Transfer to share capital account upon implementation of the Companies (Amendment) Act 2005		**–**	(19,111)	**–**	(19,111)
At end of year		**–**	–	**–**	–
Treasury Shares					
At beginning of year		**–**	–	**–**	–
Purchase of treasury shares		**(16,223)**	–	**(16,223)**	–
At end of year		**(16,223)**	–	**(16,223)**	–
Goodwill Written Off					
At beginning and end of year		**(276,290)**	(276,290)	**–**	–
Merger/Capital Reserve					
At beginning of year		**405,434**	405,434	**718,822**	718,822
Transfer to share capital		**(442,296)**	–	**(442,296)**	–
Transfer from retained earnings		**36,862**	–	**–**	–
At end of year		**–**	405,434	**276,526**	718,822
Balance carried forward		**(292,513)**	129,144	**260,303**	718,822

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

Statements of Changes in Equity

Year ended 31 December 2007

	Note	GROUP 2007 $'000	GROUP 2006 $'000	COMPANY 2007 $'000	COMPANY 2006 $'000
Balance brought forward		**(292,513)**	129,144	**260,303**	718,822
Share-Based Payment Reserve					
At beginning of year		**13,973**	8,537	**13,973**	8,537
Share-based expenses		**5,910**	5,436	**5,910**	5,436
At end of year		**19,883**	13,973	**19,883**	13,973
Hedging Reserve					
At beginning of year		**158**	1,855	**–**	–
Effective portion of changes in fair value of cash flow hedge, representing total recognised equity		**(2,420)**	(1,697)	**(942)**	–
At end of year		**(2,262)**	158	**(942)**	–
Retained Profits /(Accumulated Losses)					
At beginning of year		**107,807**	(35,892)	**609,048**	401,401
Net profit for the year		**330,339**	360,172	**382,354**	424,120
Final dividend paid	17	**(64,902)**	(53,563)	**(64,902)**	(53,563)
Interim dividends paid	17	**(201,040)**	(162,910)	**(201,040)**	(162,910)
Transfer to capital reserve		**(36,862)**	–	**–**	–
At end of year		**135,342**	107,807	**725,460**	609,048
Total Reserves		**(139,550)**	251,082	**1,004,704**	1,341,843
Total Attributable to Equity Shareholders of the company		**107,657**	487,485	**1,251,911**	1,578,246
Total recognised income and expense (including those recognised directly in equity) for the year		**327,919**	358,475	**381,412**	424,120

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

Consolidated Cash Flow Statement

Year ended 31 December 2007

	2007 $'000	2006 $'000
Operating activities		
Profit before taxation	**393,480**	352,600
Adjustments for:		
Provision for charity fund	**1,019**	979
Provision for loyalty programme	**12,766**	10,640
Depreciation and amortisation (net of asset grants)	**226,120**	211,043
Loss/(gain) on disposal of property, plant and equipment and intangible assets	**491**	(2,724)
Impairment loss on/write-down of property, plant and equipment and intangible asset	**–**	4,602
Share-based expenses	**5,910**	5,436
Change in fair value of financial instruments	**1,409**	–
Interest expense	**26,248**	14,447
Interest income	**(3,026)**	(5,667)
Operating cash flow before working capital changes	**664,417**	591,356
Changes in working capital:		
Inventories	**(6,868)**	137
Trade receivables	**(2,021)**	(12,158)
Other receivables, deposits and prepayments	**13,242**	(4,042)
Trade payables, accruals and other payables	**11,982**	17,997
Related corporations balances (trade)	**15,169**	(11,773)
Net cash inflow from operating activities	**695,921**	581,517
Investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	**2,121**	9,142
Purchase of property, plant and equipment and intangible assets	**(212,886)**	(247,595)
Interest received	**3,001**	5,847
Net cash outflow from investing activities	**(207,764)**	(232,606)
Financing activities		
Proceeds from issue of shares	**10,804**	18,820
Payment for cancellation of shares pursuant to the capital reduction	**(442,296)**	(655,678)
Grants received	**382**	914
Interest paid	**(22,093)**	(10,785)
Proceeds from loans	**335,000**	633,000
Repayment of loans	**–**	(243,000)
Dividends paid	**(265,942)**	(216,473)
Purchase of treasury shares	**(16,223)**	–
Net cash outflow from financing activities	**(400,368)**	(473,202)
Net increase/(decrease) in cash and cash equivalents	**87,789**	(124,291)
Cash and cash equivalents at beginning of year	**50,186**	174,477
Cash and cash equivalents at end of year (note 11)	**137,975**	50,186

Significant non-cash transactions

During the financial year ended 31 December 2007, the Group entered into capacity swap transactions of $3.2 million (2006: $8.0 million) with other operators.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 13 February 2008.

1 Domicile and Activities

StarHub Ltd ("StarHub" or the "Company") is incorporated in the Republic of Singapore and has its registered office at 51 Cuppage Road, #07-00 StarHub Centre, Singapore 229469.

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).

The financial statements have been prepared on the 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 thousand, unless otherwise stated.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

FRSs yet to be adopted

Certain new accounting standards and interpretations have been issued which are mandatory for accounting periods beginning on or after 1 January 2008. The Group has assessed those standards and interpretations issued as of balance sheet date. The initial application of these standards and interpretations 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 the balance sheet date.

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.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Acquisitions of subsidiaries from related corporations controlled by the ultimate holding company, Temasek Holdings (Private) Limited ("Temasek"), are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts. The consolidated financial statements include 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 exceeds the par value of the shares held by the related corporations, the difference is recognised as a merger reserve in the Group's financial statements.

Where a subsidiary is acquired from a related corporation in a share swap and relief from the share premium requirements of the Singapore Companies Act, Chapter 50 is applied, the excess of the fair value of the Company's shares issued over their par value for the portion acquired from an unrelated party is recognised as a capital reserve by the Group and the Company.

2 Summary of Significant Accounting Policies (continued)

2.2 Consolidation (continued)

All other acquisitions with unrelated parties are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year and accounted for under the purchase method are included from the effective date of acquisition or up to the effective date of disposal.

Goodwill and fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition of foreign subsidiaries on or after 1 January 2005 are treated as assets and liabilities of the foreign subsidiary and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Income, expenses and cash flows are translated at average rates prevailing during the period. Translation differences are recorded as a separate component of shareholders' equity. When a foreign subsidiary is disposed of, the cumulative amount in equity is transferred to the profit and loss statement as an adjustment to the profit or loss arising on disposal.

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 profit and loss statement.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The costs of self-constructed assets include direct labour and an appropriate proportion of overheads.

The cost of an asset includes the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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 profit and loss statement on the date of retirement or disposal.

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

Leasehold building	– 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 which has not been put to use.

2 Summary of Significant Accounting Policies (continued)

2.4 Intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less impairment losses. Goodwill is tested for impairment on an annual basis as described in note 2.5. Negative goodwill arising on acquisition is recognised directly in profit and loss statement.

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was written off against reserves and has not been retrospectively capitalised and amortised.

Goodwill that has previously been taken to reserves is not taken to the profit and loss 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 profit and loss statement when the business is disposed of.

Telecommunications licences

Telecommunications licences costs incurred to operate and provide telecommunications services are amortised over the period of the licence, being 10 to 20 years, using the straight-line method, commencing from the effective date of the licence.

Computer software

Computer software comprises computer software purchased from third parties, and also the cost of internally developed software. Computer software is stated at cost less accumulated amortisation and impairment losses. These costs are amortised over their estimated useful lives, being 2 to 5 years, using the straight-line method.

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 expensed when incurred.

Computer software integral to a related item of hardware equipment is accounted for as property, plant and equipment.

2.5 Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet 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 exceeds its recoverable amount. Impairment losses are recognised in the profit and loss statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually or when indicators of impairment are identified.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 profit and loss statement.

2 Summary of Significant Accounting Policies (continued)

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

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.9 Trade and other payables

Trade and other payables (including balances with related parties) are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.10 Bank loans

Bank loans are recognised at fair value less attributable transaction costs. Subsequent to initial recognition, bank loans are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss statement over the period of the bank loans on an effective interest basis.

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 balance sheet 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 profit and loss statement on a straight line basis over the vesting period. At each balance sheet 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 profit and loss statement, with a corresponding adjustment to equity.

Employee leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for the annual leave as a result of services rendered by the employees up to balance sheet date.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the profit and loss statement when incurred.

2 Summary of Significant Accounting Policies (continued)

2.12 Provisions

A provision is 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.

A provision for charity fund is recognised in relation to the Group's commitment to donate a portion of the Group's revenue to charity organisations when the underlying revenue is earned.

A provision for loyalty programme is recognised when the services qualifying for rewards points granted to customers have been rendered.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options 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 profit and loss statement.

2.14 Revenue recognition

Revenue comprises fees earned from telecommunications services, broadband access, cable television and 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 profit and loss 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 balance sheet as unearned revenue.
- Revenue from sale of pre-paid and phone cards for which services have not been rendered is deferred and presented in the balance sheet as unearned revenue. Upon the expiry of pre-paid and phone cards, any unutilised value of the cards is taken to the profit and loss 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.

2.15 Finance costs

Interest expense and similar charges are expensed in the profit and loss 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.

2.16 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the profit and loss 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 profit and loss statement over the periods necessary to match the related cost which they are intended to compensate.

2 Summary of Significant Accounting Policies (continued)

2.17 Marketing and promotions

Advertising costs are expensed when incurred. The direct costs of acquiring customers, including commission and promotion expenses, are recognised in the profit and loss statement when incurred.

2.18 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in the profit and loss statement as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss statement in the accounting period in which they are incurred.

2.19 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

2.20 Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the profit and loss statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities in a transaction other than a business combination that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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 are recorded during the financial year in which they are declared payable. Final dividends are recorded during 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 rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. 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.

Translation differences are included in the profit and loss statement.

2 Summary of Significant Accounting Policies (continued)

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. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss 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 balance sheet 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 balance sheet 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 equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the profit and loss statement in the same period or periods during which the asset acquired or liability assumed affects the profit and loss statement (i.e. when interest income or expense is recognised). For other cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss statement in the same period or periods during which the hedged forecast transaction affects the profit and loss statement. The ineffective part of any gain or loss is recognised immediately in the profit and loss 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 equity 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 equity is recognised immediately in the profit and loss 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 profit and loss statement.

2 Summary of Significant Accounting Policies (continued)

2.25 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products and services which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business segments. The Group operates primarily in Singapore. The business segments are based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses, interest income and interest expenses and related assets and liabilities.

Segment capital expenditure comprises additions to property, plant and equipment and intangible assets.

The Group comprises the following business segments:

- Telecommunications services: Provision of telecommunications services, international call services, retail sales, sales of customer premise equipment and other telecommunication related services.
- Cable TV and broadband services: Provision of subscription television and broadband access services.
- Others: Provision of internet and interactive multi-media services and other miscellaneous services.

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 estimate is 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 of estimation uncertainty at balance sheet 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 recoverable amounts of property, plant and equipment
- Note 4 – measurement of recoverable amounts relating to goodwill impairment
- Note 14 – measurement of provisions
- Note 20.2.2 – measurement of share-based payments
- Note 28 – valuation of financial instruments

3 Property, Plant and Equipment

GROUP	Leasehold building $'000	Leasehold improve-ments $'000	Freehold property $'000	Network equipment $'000	Office equipment, computers and furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost								
At 1.1.2006	–	44,846	1,657	2,169,410	117,058	7,641	81,845	2,422,457
Additions	–	915	–	47,910	3,051	493	119,136	171,505
Transfers	–	795	–	121,648	18,034	(14)	(140,463)	–
Disposals	–	(326)	–	(20,174)	(6,176)	(1,436)	(345)	(28,457)
Write-offs	–	(1,620)	–	(12,580)	(481)	(163)	(166)	(15,010)
At 31.12.2006	–	44,610	1,657	2,306,214	131,486	6,521	60,007	2,550,495
At 1.1.2007	**–**	**44,610**	**1,657**	**2,306,214**	**131,486**	**6,521**	**60,007**	**2,550,495**
Additions	**–**	**1,392**	**–**	**32,560**	**2,346**	**–**	**151,852**	**188,150**
Transfers	**5,722**	**427**	**–**	**120,227**	**6,171**	**–**	**(132,547)**	**–**
Disposals	**–**	**–**	**–**	**(56,497)**	**(3,784)**	**(57)**	**–**	**(60,338)**
Write-offs	**–**	**(2,045)**	**–**	**(4,516)**	**(5,430)**	**–**	**(273)**	**(12,264)**
At 31.12.2007	**5,722**	**44,384**	**1,657**	**2,397,988**	**130,789**	**6,464**	**79,039**	**2,666,043**
Accumulated depreciation and impairment losses								
At 1.1.2006	–	40,295	–	1,331,664	78,819	6,943	7,293	1,465,014
Charge for the year	–	2,592	–	182,730	15,705	323	–	201,350
Impairment losses	–	–	–	1,726	–	–	–	1,726
Transfers	–	–	–	(54)	68	(14)	–	–
Disposals	–	(320)	–	(15,683)	(5,735)	(1,436)	–	(23,174)
Write-offs	–	(1,592)	–	(11,694)	(475)	(163)	–	(13,924)
At 31.12.2006	–	40,975	–	1,488,689	88,382	5,653	7,293	1,630,992
At 1.1.2007	**–**	**40,975**	**–**	**1,488,689**	**88,382**	**5,653**	**7,293**	**1,630,992**
Charge for the year	**32**	**1,712**	**–**	**194,118**	**14,924**	**276**	**–**	**211,062**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**–**	**(55,031)**	**(3,537)**	**(56)**	**–**	**(58,624)**
Write-offs	**–**	**(1,544)**	**–**	**(4,399)**	**(5,414)**	**–**	**–**	**(11,357)**
At 31.12.2007	**32**	**41,143**	**–**	**1,623,377**	**94,355**	**5,873**	**7,293**	**1,772,073**
Carrying amount								
At 1.1.2006	–	4,551	1,657	837,746	38,239	698	74,552	957,443
At 31.12.2006	–	3,635	1,657	817,525	43,104	868	52,714	919,503
At 1.1.2007	**–**	**3,635**	**1,657**	**817,525**	**43,104**	**868**	**52,714**	**919,503**
At 31.12.2007	**5,690**	**3,241**	**1,657**	**774,611**	**36,434**	**591**	**71,746**	**893,970**

	2007 $'000	2006 $'000
Amounts capitalised in construction in progress during the year:		
– Staff costs	**3,731**	3,698
– Operating lease expense	**33**	35

3 Property, Plant and Equipment (continued)

COMPANY	Leasehold building $'000	Leasehold improve-ments $'000	Network equipment $'000	Office equipment, computers and furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost							
At 1.1.2006	–	29,675	688,977	90,879	3,218	34,407	847,156
Additions	–	771	363	2,120	29	63,974	67,257
Transfers	–	793	49,103	17,411	–	(67,307)	–
Disposals	–	(322)	(12,565)	(16,604)	(412)	(1,521)	(31,424)
Write-offs	–	(492)	–	(22)	–	–	(514)
At 31.12.2006	–	30,425	725,878	93,784	2,835	29,553	882,475
At 1.1.2007	**–**	**30,425**	**725,878**	**93,784**	**2,835**	**29,553**	**882,475**
Additions	**–**	**1,165**	**356**	**1,771**	**–**	**93,578**	**96,870**
Transfers	**5,722**	**427**	**57,307**	**5,957**	**–**	**(69,413)**	**–**
Disposals	**–**	**–**	**(195)**	**(4,124)**	**–**	**–**	**(4,319)**
Write-offs	**–**	**(1,100)**	**(1,194)**	**(1,635)**	**–**	**–**	**(3,929)**
At 31.12.2007	**5,722**	**30,917**	**782,152**	**95,753**	**2,835**	**53,718**	**971,097**
Accumulated depreciation and impairment losses							
At 1.1.2006	–	25,558	473,663	58,697	3,100	7,292	568,310
Charge for the year	–	2,376	46,937	11,681	81	–	61,075
Impairment losses	–	–	1,726	–	–	–	1,726
Disposals	–	(315)	(9,943)	(11,175)	(412)	–	(21,845)
Write-offs	–	(465)	–	(22)	–	–	(487)
At 31.12.2006	–	27,154	512,383	59,181	2,769	7,292	608,779
At 1.1.2007	**–**	**27,154**	**512,383**	**59,181**	**2,769**	**7,292**	**608,779**
Charge for the year	**32**	**1,511**	**48,444**	**11,072**	**27**	**–**	**61,086**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**(160)**	**(3,661)**	**–**	**–**	**(3,821)**
Write-offs	**–**	**(601)**	**(1,187)**	**(1,628)**	**–**	**–**	**(3,416)**
At 31.12.2007	**32**	**28,064**	**559,480**	**64,964**	**2,796**	**7,292**	**662,628**
Carrying amount							
At 1.1.2006	–	4,117	215,314	32,182	118	27,115	278,846
At 31.12.2006	–	3,271	213,495	34,603	66	22,261	273,696
At 1.1.2007	**–**	**3,271**	**213,495**	**34,603**	**66**	**22,261**	**273,696**
At 31.12.2007	**5,690**	**2,853**	**222,672**	**30,789**	**39**	**46,426**	**308,469**

4 Intangible Assets

GROUP	Telecom-munications licences $'000	Software $'000	Software in development $'000	Goodwill $'000	Total $'000
Cost					
At 1.1.2006	98,119	178,557	6,711	223,168	506,555
Additions	–	3,973	24,818	–	28,791
Transfers	–	27,190	(27,190)	–	–
Adjustment	–	–	–	(2,876)	(2,876)
Write-offs	–	(310)	(24)	–	(334)
At 31.12.2006	98,119	209,410	4,315	220,292	532,136
At 1.1.2007	**98,119**	**209,410**	**4,315**	**220,292**	**532,136**
Additions	**–**	**3,178**	**28,125**	**–**	**31,303**
Transfers	**–**	**7,286**	**(7,286)**	**–**	**–**
Write-offs	**–**	**(486)**	**–**	**–**	**(486)**
At 31.12.2007	**98,119**	**219,388**	**25,154**	**220,292**	**562,953**
Accumulated amortisation					
At 1.1.2006	21,975	156,984	–	–	178,959
Charge for the year	4,801	8,923	–	–	13,724
Write-offs	–	(284)	–	–	(284)
At 31.12.2006	26,776	165,623	–	–	192,399
At 1.1.2007	**26,776**	**165,623**	**–**	**–**	**192,399**
Charge for the year	**4,800**	**14,332**	**–**	**–**	**19,132**
Write-offs	**–**	**(486)**	**–**	**–**	**(486)**
At 31.12.2007	**31,576**	**179,469**	**–**	**–**	**211,045**
Carrying amount					
At 1.1.2006	76,144	21,573	6,711	223,168	327,596
At 31.12.2006	71,343	43,787	4,315	220,292	339,737
At 1.1.2007	**71,343**	**43,787**	**4,315**	**220,292**	**339,737**
At 31.12.2007	**66,543**	**39,919**	**25,154**	**220,292**	**351,908**

In the previous financial year, the adjustment to goodwill of $2.9 million resulted from the recognition of the deferred tax benefit of a subsidiary that did not meet the criteria for separate recognition at the date of its acquisition by the Group. The reduction in the carrying amount of the goodwill is recognised as an expense in the profit and loss statement.

Impairment tests for cash-generating units containing goodwill

The Group's fixed, mobile, cable and broadband networks are integrated operationally. Accordingly, the Group as a whole is a cash-generating unit ("CGU") for the purposes of impairment tests for goodwill.

The recoverable amount of the Group's CGU is determined based on fair value less costs to sell. The fair value is determined by the market price of the Company's shares which is quoted on the Singapore Exchange Securities Trading Limited.

4 Intangible Assets (continued)

No impairment loss was required for the carrying amount of goodwill assessed as at 31 December 2007 and 31 December 2006 as the recoverable value was in excess of the carrying value.

COMPANY	Telecom-munications licences $'000	Software $'000	Software in development $'000	Total $'000
Cost				
At 1.1.2006	1,032	141,954	6,296	149,282
Additions	–	1,955	24,957	26,912
Transfers	–	27,190	(27,190)	–
Disposals	–	(1,079)	–	(1,079)
Write-offs	–	–	(23)	(23)
At 31.12.2006	1,032	170,020	4,040	175,092
At 1.1.2007	**1,032**	**170,020**	**4,040**	**175,092**
Additions	**–**	**1,495**	**27,585**	**29,080**
Transfers	**–**	**7,286**	**(7,286)**	**–**
Write-offs	**–**	**(2)**	**–**	**(2)**
At 31.12.2007	**1,032**	**178,799**	**24,339**	**204,170**
Accumulated amortisation				
At 1.1.2006	52	135,699	–	135,751
Charge for the year	102	3,595	–	3,697
Disposals	–	(634)	–	(634)
Write-offs	–	–	–	–
At 31.12.2006	154	138,660	–	138,814
At 1.1.2007	**154**	**138,660**	**–**	**138,814**
Charge for the year	**104**	**8,417**	**–**	**8,521**
Write-offs	**–**	**(2)**	**–**	**(2)**
At 31.12.2007	**258**	**147,075**	**–**	**147,333**
Carrying amount				
At 1.1.2006	980	6,255	6,296	13,531
At 31.12.2006	878	31,360	4,040	36,278
At 1.1.2007	**878**	**31,360**	**4,040**	**36,278**
At 31.12.2007	**774**	**31,724**	**24,339**	**56,837**

	Group and Company	
	2007 $'000	2006 $'000
Amounts capitalised in software development during the year:		
– Staff costs	**3,811**	5,589

5 Investments in Subsidiaries

COMPANY	2007 $'000	2006 $'000
Investments in subsidiaries, at cost	**1,169,000**	1,169,000
Discount implicit in the interest-free loan to a subsidiary	**21,885**	21,885
	1,190,885	1,190,885
Allowance for impairment losses	**(28,917)**	(28,917)
	1,161,968	1,161,968

In the previous year, an amount of $99,999,998 due from a subsidiary was capitalised into 99,999,998 ordinary shares of $1 each in the subsidiary's share capital, and these ordinary shares were issued and allocated to the Company.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group 2007 %	2006 %
StarHub Cable Vision Ltd.[1] ("SCV")	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
StarHub Shop Pte Ltd[2]	Dormant	Singapore	**100**	100
StarHub, Inc.[2]	Dormant	United States	**100**	100
StarHub (Hong Kong) Limited[2]	Dormant	Hong Kong	**100**	100
StarHub Mauritius Ltd[3]	Dormant	Mauritius	**100**	–

(1) Audited by KPMG Singapore

(2) Not required to be audited by laws of the country of incorporation

(3) Audited by KPMG Mauritius, a member firm of KPMG International

6 Deferred Taxes

Recognised deferred tax assets/(liabilities) are attributable to the following:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deferred tax assets				
Property, plant and equipment and intangible assets	**80,191**	147,956	**54,463**	98,037
Receivables	**376**	666	**370**	660
Inventories	**200**	489	**200**	489
Provisions	**3,314**	1,585	**2,114**	129
Tax losses carried forward	**7,901**	14,718	**–**	–
Total	**91,982**	165,414	**57,147**	99,315
Deferred tax liabilities				
Property, plant and equipment	**(34,268)**	(44,409)	**–**	–
Inventories	**102**	119	**–**	–
Provisions	**220**	54	**–**	–
Total	**(33,946)**	(44,236)	**–**	–

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

The utilisation of all deferred tax assets, recognised and unrecognised, is subject to the requirements of sections 23 and 37 of the Income Tax Act.

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Tax losses	**70,012**	220,505	**–**	141,580
Deferred tax assets	**12,602**	44,101	**–**	28,316

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 near future. The Group reassesses the recovery of these potential deferred tax assets annually.

7 Inventories

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Inventories, at lower of cost or net realisable value	**19,848**	12,980	**9,564**	3,800
Allowance (written back)/made during the year	**(3,240)**	(1,243)	**(1,336)**	606

8 Trade Receivables

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade receivables	**144,625**	142,826	**106,413**	106,264
Allowance for doubtful receivables	**(31,115)**	(31,337)	**(28,388)**	(28,145)
	113,510	111,489	**78,025**	78,119

The trade receivables of the Company include amounts billed under a combined billing arrangement to customers for services provided by subsidiaries.

The Group's primary exposure to credit risk arises through its trade receivables, which include corporate and retail customers. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group and the Company has a large number of customers.

The age analysis of trade receivables past due but not impaired at the reporting date is as follows:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Past due 0 – 30 days	**47,606**	43,266	**30,499**	31,121
Past due 31 – 60 days	**8,608**	12,692	**5,420**	9,630
Above 60 days	**2,208**	4,759	**2,349**	3,382
	58,422	60,717	**38,268**	44,133

The change in allowance for doubtful receivables in respect of trade receivables during the year is as follows:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
At beginning of year	**31,337**	40,335	**28,145**	32,985
Allowance for doubtful receivables recognised	**12,675**	8,207	**2,853**	(1,797)
Allowance utilised	**(12,897)**	(17,205)	**(2,610)**	(3,043)
At end of year	**31,115**	31,337	**28,388**	28,145

9 Other Receivables, Deposits and Prepayments

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Accrued revenue	**54,476**	48,832	**18,099**	19,128
Deposits	**4,582**	4,434	**2,606**	2,736
Prepayments	**35,239**	54,390	**9,902**	20,216
Other receivables	**674**	533	**–**	–
Derivatives financial instruments	**–**	157	**–**	–
	94,971	108,346	**30,607**	42,080

10 Balances with Related Parties

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Loans to subsidiaries	**–**	–	**674,000**	616,000
Amounts due from subsidiaries (non-trade)	**–**	–	**–**	351,013
Amounts due from (trade):				
– Ultimate holding company	**141**	77	**140**	76
– Subsidiaries	**–**	–	**93,888**	–
– Related corporations	**15,185**	18,831	**14,481**	17,827
	15,326	18,908	**782,509**	984,916
Amounts due to subsidiaries (non-trade)	**–**	–	**–**	2,852
Amounts due to (trade):				
– Subsidiaries	**–**	–	**34,424**	221,397
– Related corporations	**64,944**	53,358	**64,052**	51,799
	64,944	53,358	**98,476**	276,048

The loans to the subsidiaries are unsecured and bore interest ranging from 3.03% to 3.33% (2006: 3.92% to 4.01%) per annum.

Asia Mobile Holdings Pte. Ltd. is the immediate holding company of the Company. Asia Mobile Holdings Pte. Ltd. is a subsidiary of Asia Mobile Holding Company Pte. Ltd., which in turn is a wholly-owned subsidiary of STT Communications Ltd. The ultimate holding company of the Company is Temasek Holdings (Private) Limited. These companies are incorporated in the Republic of Singapore.

11 Cash and Cash Equivalents

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Fixed deposits	**99,068**	31,304	**87,068**	26,804
Cash at bank and in hand	**38,907**	18,882	**27,956**	12,973
	137,975	50,186	**115,024**	39,777

12 Other Payables

		GROUP		COMPANY	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current portion of deferred income	15	**4,074**	3,998	**–**	–
Property, plant and equipment vendors		**39,977**	33,420	**30,883**	26,410
Unearned revenue		**113,769**	97,400	**20,696**	16,251
Deposits from customers		**9,866**	11,422	**3,288**	3,266
Derivatives financial instruments		**3,722**	189	**2,402**	51
		171,408	146,429	**57,269**	45,978

At 31 December 2007, the Group and the Company have outstanding forward exchange contracts of approximately $49.5 million (2006: $44.3 million) and $49.5 million (2006: $21.6 million) respectively.

13 Bank Loans (unsecured)

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Floating rate loans				
Current	**124,320**	–	**124,320**	–
Non-current	**843,680**	633,000	**843,680**	633,000
Total	**968,000**	633,000	**968,000**	633,000
Repayable:				
– Within 1 year	**124,320**	–	**124,320**	–
– After 1 year but within 5 years	**843,680**	633,000	**843,680**	633,000
	968,000	633,000	**968,000**	633,000

These floating rate loans bore interest at rates ranging from 2.97% to 3.33% (2006: 3.92% to 4.01%) per annum, reprice every 6 months and are repayable in instalments by 2012.

14 Provisions

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Charity Fund				
At beginning of year	**627**	965	**627**	965
Provision made	**1,019**	979	**1,020**	979
Provision utilised	**(883)**	(1,317)	**(883)**	(1,317)
At end of year	**763**	627	**764**	627
Loyalty Programme				
At beginning of year	**7,986**	8,846	**1,566**	2,402
Provision made	**12,766**	10,640	**70**	63
Provision recharged to subsidiary	**–**	–	**6,925**	4,970
Provision utilised	**(14,288)**	(11,500)	**(7,320)**	(5,869)
At end of year	**6,464**	7,986	**1,241**	1,566
Total	**7,227**	8,613	**2,005**	2,193

The provision for charity fund relates to the Group's commitment to donate a portion of its revenue to charity organisations when the underlying revenue is earned.

The provision for the loyalty programmes relates to reward points granted to customers and is recognised when the services qualifying for rewards points granted to customers have been rendered.

15 Deferred Income

	Note	GROUP 2007 $'000	GROUP 2006 $'000	COMPANY 2007 $'000	COMPANY 2006 $'000
Deferred grants					
At beginning of year		**22,549**	25,666	**–**	–
Amount received		**382**	914	**–**	–
Amount accreted to the profit and loss statement		**(4,074)**	(4,031)	**–**	–
At end of year		**18,857**	22,549	**–**	–
Deferred grants to be accreted:					
Current	12	**4,074**	3,998	**–**	–
Non-current					
– After 1 year but within 5 years		**13,239**	15,990	**–**	–
– After 5 years		**1,544**	2,561	**–**	–
		14,783	18,551	**–**	–
Total		**18,857**	22,549	**–**	–

The deferred grants are asset-related government grants received and are recognised over the estimated useful lives of the related assets.

16 Share Capital

	2007		2006	
COMPANY	No. of shares '000	$'000	No. of shares '000	$'000
Fully paid ordinary shares, with no par value:				
At beginning of year	**1,850,260**	**236,403**	2,136,948	854,779
Transfer from share premium (Companies (Amendment) Act 2005)	**–**	**–**	–	19,111
Issue of ordinary shares for cash pursuant to the exercise of options under the				
– StarHub Share Option Plan 2000	**2,984**	**2,604**	14,887	10,976
– StarHub Share Option Plan 2004	**6,698**	**8,200**	6,255	7,215
Transfer from merger/capital reserve	**–**	**442,296**	–	–
Cancellation of shares pursuant to capital reduction	**(154,649)**	**(442,296)**	(307,830)	(655,678)
At end of year	**1,705,293**	**247,207**	1,850,260	236,403

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.

On 29 June 2007, the Company cancelled 154,648,993 ordinary shares at $2.86 per share (2006: 307,830,218 ordinary shares cancelled at $2.13 per share) pursuant to a capital reduction exercise and a cash distribution of $442.3 million (2006: $655.7 million) was made to the shareholders of the Company.

16 Share Capital (continued)

As at 31 December 2007, included in the total number of ordinary shares was 5,517,000 shares purchased by the Company by way of market acquisition at an average price of $2.94 per share. The shares, held as treasury shares, were included as a deduction from equity (note 18).

Capital management

The Group regularly reviews the adequacy of its balance sheet structure and use of capital, with the objective of achieving long-term capital efficiency, optimum shareholders' total returns and proper strategic positioning. The Group also monitors the level of dividends to ordinary shareholders.

17 Dividends

	COMPANY	
	2007 $'000	2006 $'000
Final dividend of $0.035 (2006: $0.025) per share (1-tier tax exempt) paid in respect of the previous year	**64,902**	53,563
Interim dividends of $0.115 (2006: $0.080) per share (1-tier tax exempt) paid in respect of the year	**201,040**	162,910
	265,942	216,473

In the current financial year, a final ordinary dividend of $0.035 per share, totalling $64.9 million was paid in respect of the financial year ended 31 December 2006.

18 Reserves

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Treasury shares	**(16,223)**	–	**(16,223)**	–
Merger/Capital reserves	**–**	405,434	**276,526**	718,822
Goodwill written off	**(276,290)**	(276,290)	**–**	–
Share-based payment reserve	**19,883**	13,973	**19,883**	13,973
Hedging reserve	**(2,262)**	158	**(942)**	–
Retained profits	**135,342**	107,807	**725,460**	609,048
	(139,550)	251,082	**1,004,704**	1,341,843

Treasury shares comprise the cost of the Company's shares held by the Group.

The merger/capital reserves comprise reserves 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 payment 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.

19 Operating Revenue

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Mobile revenue	**1,037,150**	919,074	**–**	–
Cable television revenue	**341,759**	313,212	**–**	–
Cable broadband revenue	**246,932**	219,903	**–**	–
Fixed network services revenue	**279,933**	259,480	**521,334**	425,917
Sale of equipment	**107,914**	93,100	**244,227**	205,307
	2,013,688	1,804,769	**765,561**	631,224

20 Operating Expenses

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost of equipment sold	**223,434**	184,506	**214,217**	179,332
Cost of services	**233,631**	165,577	**24,067**	21,471
Traffic expenses	**238,869**	203,539	**112,251**	95,779
Depreciation and amortisation (net of asset grants)	**226,120**	211,043	**69,607**	64,772
Marketing and promotion	**187,350**	188,056	**11,188**	11,854
Staff costs	**228,210**	220,996	**177,209**	170,487
Allowance for doubtful receivables made/(written back)	**12,675**	8,207	**2,853**	(1,797)
Repairs and maintenance	**66,775**	65,333	**36,144**	33,697
Operating leases	**112,990**	130,699	**63,738**	56,904
Other expenses	**66,932**	65,433	**44,666**	31,936
	1,596,986	1,443,389	**755,940**	664,435

20.1 Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Depreciation of property, plant and equipment	**211,062**	201,350	**61,086**	61,075
Accretion of asset grants to the profit and loss statement	**(4,074)**	(4,031)	**–**	–
	206,988	197,319	**61,086**	61,075
Amortisation of intangible assets	**19,132**	13,724	**8,521**	3,697
Total	**226,120**	211,043	**69,607**	64,772

20.2 Staff cost

The following are included in staff costs:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Defined contribution plans	**20,298**	17,394	**14,944**	12,522
Share-based compensation	**5,910**	5,436	**5,910**	5,436

20 Operating Expenses (continued)

20.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Short-term employee benefits	**8,884**	9,139	**8,884**	9,139
Equity compensation benefits	**3,185**	2,291	**3,185**	2,291
	12,069	11,430	**12,069**	11,430

Included in the above is the total compensation to directors of the Company which amounted to $5.2 million (2006: $4.8 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 20.2.2. The short term benefits include the Company balanced score card incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of 688,000 shares (2006: 880,000 shares) under the StarHub Performance Share Plan and conditional awards of 627,700 shares (2006: 591,000 shares) under the StarHub Restricted Stock Plan were granted to the key management personnel of the Company during the year. The share options that were granted in prior years and the conditional awards of shares that were granted in 2007 and 2006 were on the same terms and conditions as those offered to other employees of the Company.

At the balance sheet date, 1,982,000 (2006: 2,572,234) of those share options, 4,083,000 (2006: 3,435,000) of those conditional awards of shares under the StarHub Performance Share Plan and 1,189,700 (2006: 591,000) of those conditional awards of shares under the StarHub Restricted Stock Plan are outstanding.

20.2.2 Equity Compensation Benefits

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 Plans and the StarHub Share Option Plan 2000 are administered by the Company's ERCC.

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

The StarHub Pte Ltd Share Option Plan 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 will continue to vest according to the terms of the StarHub Share Option Plan 2000, or as applicable, the StarHub Share Option Plan 2004 and the respective grants.

Other 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 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.

20 Operating Expenses (continued)

20.2.2 Equity Compensation Benefits (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) 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.

(iii) 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).

(iv) During the financial year ended 31 December 2007, the conditional awards of 688,000 (2006: 880,000) shares under the StarHub Performance Share Plan and the conditional awards of 1,586,100 (2006: 1,957,000) shares under the StarHub Restricted Stock Plan were made to the directors of the Company and key employees of the Group. These represent the number of shares to be delivered when performance targets at "on-target" level are achieved.

StarHub Share Option Plan

Share options outstanding under the StarHub Share Option Plans are as follows:

	Number of share options		Weighted average exercise price per share	
COMPANY	**2007 '000**	**2006 '000**	**2007 $**	**2006 $**
Outstanding at beginning of year	**25,760**	49,349	**1.18**	1.06
Exercised	**(9,683)**	(21,142)	**1.12**	0.89
Forfeited	**(1,116)**	(2,447)	**1.29**	1.19
Outstanding at end of year	**14,961**	25,760	**1.21**	1.18
Exercisable at end of year	**11,032**	12,246	**1.11**	1.02

Options were exercised throughout the year. The weighted average share price during the year was $2.92 per share (2006: $2.21 per share).

The outstanding share options have the following exercise prices:

COMPANY	**2007 '000**	**2006 '000**
Exercise price range		
$1.50 to $1.99	**7,214**	10,964
$0.40 to $0.99	**7,747**	14,796
	14,961	25,760
Weighted average remaining contractual life	**6.65 years**	7.60 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 of 0 to 3 years.

20 Operating Expenses (continued)

20.2.2 Equity Compensation Benefits (continued)

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. The expected life used in the model has been adjusted, based on management's best estimate, for details of non-transferability, exercise restrictions and behavioural considerations.

Date of grant of options	29 Nov 2002	30 May 2003	28 Nov 2003	02 Apr 2004	26 Nov 2004	30 May 2005
Fair value at measurement date	$0.22	$0.22	$0.24	$0.25	$0.31	$0.33
Share price	$0.88	$0.88	$0.88	$0.96	$1.06	$1.58
Exercise price	$0.88	$0.88	$0.88	$0.96	$0.985	$1.52
Expected volatility	29.00%	29.00%	29.00%	29.00%	29.00%	31.93%
Expected option life	4 years	4 years	4 years	4 years	4 years	4 years
Expected dividends	–	–	–	–	–	5%
Risk-free interest rate	1.65%	1.11%	2.48%	1.74%	1.91%	2.22%

The expected volatility is based on the historical volatility.

There are no market conditions associated with the share option grants.

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 are as follows:

	Date of grant			
COMPANY	**17 Nov 2005**	**17 Mar 2006**	**21 Mar 2007**	**Total**
Number of shares ('000)				
Outstanding at 1.1.2006	2,555	–	–	2,555
Granted	–	880	–	880
Outstanding and unvested at 31.12.2006	2,555	880	–	3,435
Outstanding at 1.1.2007	**2,555**	**880**	**–**	**3,435**
Granted	**–**	**–**	**688**	**688**
Forfeited	**–**	**–**	**(40)**	**(40)**
Outstanding and unvested at 31.12.2007	**2,555**	**880**	**648**	**4,083**
Fair value at measurement date	$1.15	$1.82	**$2.48**	
Assumptions under Monte-Carlo Model Expected Volatility				
StarHub	30.83%	30.26%	**29.51%**	
MSCI Asia-Pacific Telecommunications Component Stock	12.65%	13.01%	**14.43%**	
Risk-free interest rates				
Zero-coupon Singapore Sovereign	2.90%	3.25%	**2.61%**	

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 accrual for the share expense under the StarHub Performance Share Plan has been estimated on the basis that the Group will be on target in respect of the performance conditions.

20 Operating Expenses (continued)

20.2.2 Equity Compensation Benefits (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 are as follows:

	Date of grant			
COMPANY	**05 Jul 2006**	**18 Apr 2007**	**21 May 2007**	**Total**
Number of shares ('000)				
Outstanding at 1.1.2006	–	–	–	–
Granted	1,957	–	–	1,957
Forfeited	(15)	–	–	(15)
Outstanding and unvested at 31.12.2006	1,942	–	–	1,942
Outstanding at 1.1.2007	**1,942**	**–**	**–**	**1,942**
Granted	**–**	**1,446**	**140**	**1,586**
Forfeited	**(103)**	**(77)**	**–**	**(180)**
Outstanding and unvested at 31.12.2007	**1,839**	**1,369**	**140**	**3,348**
Fair value at measurement date	$1.58	**$2.29**	**$2.18**	
Assumptions under Monte-Carlo Model Expected Volatility				
StarHub	30.98%	**29.36%**	**29.12%**	
STI Index	11.38%	**12.85%**	**13.08%**	
Risk-free interest rates				
Zero-coupon Singapore Sovereign				
2 year Government Bond Yield	3.11%	**2.27%**	**2.10%**	
3 year Government Bond Yield	3.20%	**2.34%**	**2.16%**	
4 year Government Bond Yield	3.28%	**2.41%**	**2.22%**	

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 accrual for the share expense under the StarHub Restricted Stock Plan has been estimated on the basis that the Group will be on target in respect of the performance conditions.

20.3 Other expenses

Included in other expenses are the following:

	GROUP		COMPANY	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Fees paid to auditors of the Company:				
– Audit	**303**	276	**123**	112
– Non-audit	**255**	204	**107**	94
Exchange gain	**(3,704)**	(6,464)	**(1,528)**	(4,286)
Changes in fair value of financial instruments	**1,409**	–	**1,409**	–
Impairment loss on property, plant and equipment	**–**	1,726	**–**	1,726
Gain on disposal of property, plant and equipment and intangible assets	**(415)**	(3,857)	**(138)**	(3,810)
Property, plant and equipment and intangible assets written-off	**906**	1,133	**511**	50

21 Other Income

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Corporate recharges to subsidiaries	**–**	–	**122,642**	119,147
Dividend income from subsidiaries	**–**	–	**295,000**	349,400
	–	–	**417,642**	468,547

22 Finance Income and Expense

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Interest income:				
– Bank deposits	**3,026**	5,667	**2,650**	4,923
– Interest income arising from the unwinding of discount implicit in the interest-free loan to a subsidiary	**–**	–	**–**	1,276
– Subsidiaries	**–**	–	**21,730**	12,288
Finance income	**3,026**	5,667	**24,380**	18,487
Interest on bank borrowings	**26,248**	14,447	**27,121**	9,303
Finance expense	**26,248**	14,447	**27,121**	9,303
Net finance costs	**(23,222)**	(8,780)	**(2,741)**	9,184

23 Taxation

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current tax				
Results of current year	**125,364**	119,906	**36,972**	32,204
Tax savings arising from utilisation of tax assets recognised	**(125,364)**	(91,639)	**(36,972)**	(32,204)
Tax savings arising from utilisation of tax assets previously not recognised	**–**	(28,267)	**–**	–
	–	–	**–**	–
Deferred tax				
Origination and reversal of temporary differences	**82,730**	69,661	**24,383**	20,400
Effect of changes in Singapore corporate tax rate	**12,118**	–	**9,932**	–
Over/(Under) recognition of tax assets in prior year	**1,249**	–	**(1,002)**	–
Recognition/Utilisation of deferred tax assets previously not recognised	**(32,956)**	(77,233)	**8,855**	–
	63,141	(7,572)	**42,168**	20,400
Total income tax charge/(credit) in profit and loss statement	**63,141**	(7,572)	**42,168**	20,400

23 Taxation (continued)

Reconciliation of effective tax rate

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Profit before taxation	**393,480**	352,600	**424,522**	444,520
Income tax using Singapore tax rate of 18% (2006: 20%)	**70,826**	70,520	**76,414**	88,904
Effect of changes in Singapore corporate tax rate	**12,118**	–	**9,932**	–
Income not subject to tax	**(1,182)**	(884)	**(53,100)**	(70,135)
Non-deductible expenses	**1,086**	5,115	**1,069**	1,631
Deferred tax assets not recognised	**12,000**	23,177	**–**	–
Over/(Under) recognition of tax assets in prior year	**1,249**	–	**(1,002)**	–
Recognition/Utilisation of deferred tax assets previously not recognised	**(32,956)**	(105,500)	**8,855**	–
Total income tax charge/(credit) in profit and loss statement	**63,141**	(7,572)	**42,168**	20,400

24 Earnings Per Share

	GROUP	
	2007 $'000	2006 $'000
Profit for the year	**330,339**	360,172

	Number of shares ('000)	
	2007	2006
Issued ordinary shares at beginning of year	**1,850,260**	2,136,948
Weighted average number of ordinary shares		
– Issued under StarHub Share Option Plans	**6,079**	12,305
– Cancelled under the capital reduction	**(90,212)**	(102,610)
– Treasury shares	**(1,814)**	–
Weighted average number of ordinary shares in issue for calculation of basic earnings per share	**1,764,313**	2,046,643
Potential ordinary shares issued under		
– StarHub Share Option Plans	**10,422**	15,010
– Contingently issuable shares	**7,432**	5,377
Weighted average number of ordinary shares for calculation of dilutive earnings per share	**1,782,167**	2,067,030

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders 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 dilutive share options and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

25 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. Where other companies use a similar term, it may be measured differently from how the Group measures it. The Group defines EBITDA as follows:

	GROUP	
	2007 $'000	2006 $'000
Profit before taxation	**393,480**	352,600
Adjustments for:		
Depreciation and amortisation	**226,120**	211,043
Interest income	**(3,026)**	(5,667)
Interest on borrowings	**26,248**	14,447
Adjustment to goodwill	**–**	2,876
EBITDA	**642,822**	575,299

26 Significant 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	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Ultimate holding company				
Sales	**1,074**	698	**538**	351
Subsidiaries				
Sales	**–**	–	**533,074**	418,207
Rental expenses	**–**	–	**4**	4
Purchase of services	**–**	–	**12,896**	8,611
Purchase of inventories	**–**	–	**1**	1
Related corporations				
Sales	**83,402**	86,249	**36,749**	34,767
Purchase of property, plant and equipment	**31,845**	22,447	**29,529**	12,117
Rental expenses	**93,030**	87,997	**50,501**	45,760
Purchase of services	**107,301**	112,782	**43,548**	39,533
Purchase of inventories	**158,783**	145,111	**158,783**	145,111

27 Segment Reporting

Segment information is presented in respect of the Group's business segments. The Group operates primarily in Singapore.

The Group comprises the following business segments:

- Telecommunications – Provision of telecommunications services, international call services, retail sales, sales of customer premise equipment and other telecommunication related services.
- Cable TV and Broadband – Provision of subscription television and broadband access services.
- Others – Provision of internet and interactive multi-media services and other miscellaneous services.

2007	Telecom-munications $'000	Cable TV and Broadband $'000	Others $'000	Elimination $'000	Total $'000
External revenue	**1,415,348**	**596,776**	**1,564**	**–**	**2,013,688**
Inter-segment revenue	**68,581**	**7,644**	**109**	**(76,334)**	**–**
Operating revenue	**1,483,929**	**604,420**	**1,673**	**(76,334)**	**2,013,688**
Segment results	**427,623**	**54,170**	**(47)**	**(65,044)**	**416,702**
Interest income					**3,026**
Interest on borrowings					**(26,248)**
Profit before taxation					**393,480**
Taxation					**(63,141)**
Profit for the year					**330,339**
Assets and liabilities					
Segment assets	**1,103,538**	**422,332**	**5,137**	**(123,792)**	**1,407,215**
Loans receivable	**504,000**	**–**	**26,000**	**(530,000)**	**–**
Allocated assets					**1,407,215**
Unallocated assets					**312,275**
Total assets					**1,719,490**
Segment liabilities	**461,130**	**270,473**	**2,075**	**(123,792)**	**609,886**
Loans	**968,000**	**530,000**	**–**	**(530,000)**	**968,000**
Allocated liabilities					**1,577,886**
Unallocated liabilities					**33,947**
Total liabilities					**1,611,833**
Other segment information					
Capital expenditure	**172,729**	**46,954**	**–**	**(230)**	**219,453**
Depreciation (net of asset grants)	**130,976**	**75,903**	**109**	**–**	**206,988**
Impairment loss	**–**	**–**	**–**	**–**	**–**
Amortisation	**13,415**	**5,710**	**7**	**–**	**19,132**
Provisions	**8,014**	**5,756**	**15**	**–**	**13,785**

27 Segment Reporting (continued)

2006	Telecom-munications $'000	Cable TV and Broadband $'000	Others $'000	Elimination $'000	Total $'000
External revenue	1,265,495	535,811	3,463	–	1,804,769
Inter-segment revenue	60,463	4,975	420	(65,858)	–
Operating revenue	1,325,958	540,786	3,883	(65,858)	1,804,769
Segment results	444,463	34,329	(137)	(117,275)	361,380
Interest income					5,667
Interest on borrowings					(14,447)
Profit before taxation					352,600
Taxation					7,572
Profit for the year					360,172
Assets and liabilities					
Segment assets	1,036,723	439,242	3,448	(138,556)	1,340,857
Loans receivable	446,000	–	28,000	(474,000)	–
Allocated assets					1,340,857
Unallocated assets					385,706
Total assets					1,726,563
Segment liabilities	381,261	316,820	2,317	(138,556)	561,842
Loans	633,000	474,000	–	(474,000)	633,000
Allocated liabilities					1,194,842
Unallocated liabilities					44,236
Total liabilities					1,239,078
Other segment information					
Capital expenditure	133,948	66,348	–	–	200,296
Depreciation (net of asset grants)	125,203	71,789	327	–	197,319
Impairment loss	1,726	–	–	–	1,726
Amortisation	8,509	5,208	7	–	13,724
Provisions	6,012	5,549	58	–	11,619

28 Financial Risk Management

Financial risk management objectives and policies

Exposure to credit, 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.

28 Financial Risk Management (continued)

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.

There is no significant concentration of credit risk. The maximum credit risk exposure is represented by the carrying value of each financial asset in the balance sheet.

Liquidity risk

The Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. The Group also maintains sufficient level of cash and cash equivalents to meet its working capital requirements. The Group regularly reviews its credit lines from banks to ensure its ability to access funding at any time with best possible rates.

The following are the expected contractual undiscounted cash inflows (outflows) of financial liabilities:

	2007			2006		
	Within 1 year $'000	After 1 year but within 5 years $'000	Total $'000	Within 1 year $'000	After 1 year but within 5 years $'000	Total $'000
GROUP						
Non-derivative financial liabilities						
Bank loans	**124,320**	**843,680**	**968,000**	–	633,000	633,000
Trade payables and accruals	**351,525**	**–**	**351,525**	334,891	–	334,891
Other payables	**167,686**	**–**	**167,686**	146,240	–	146,240
Balances with related parties	**64,944**	**–**	**64,944**	53,358	–	53,358
Derivative financial liabilities						
Interest rate swaps used for hedging						
– Inflow	**–**	**–**	**–**	–	1,377	1,377
– Outflow	**–**	**2,262**	**2,262**	(1,534)	–	(1,534)
Forward exchange contracts used for hedging – Outflow	**1,460**	**–**	**1,460**	189	–	189
	709,935	**845,942**	**1,555,877**	533,144	634,377	1,167,521
COMPANY						
Non-derivative financial liabilities						
Bank loans	**124,320**	**843,680**	**968,000**	–	633,000	633,000
Trade payables and accruals	**222,489**	**–**	**222,489**	184,484	–	184,484
Other payables	**54,867**	**–**	**54,867**	45,927	–	45,927
Balances with related parties	**98,476**	**–**	**98,476**	276,048	–	276,048
Derivative financial liabilities						
Interest rate swaps used for hedging – Outflow	**–**	**942**	**942**	–	–	–
Forward exchange contracts used for hedging – Outflow	**1,460**	**–**	**1,460**	51	–	51
	501,612	**844,622**	**1,346,234**	506,510	633,000	1,139,510

28 Financial Risk Management (continued)

The following table indicates the periods in which the cash flow associated with derivatives that are cash flow hedges are expected to affect profit or loss:

	2007			2006		
	Within 1 year $'000	After 1 year but within 5 years $'000	Total $'000	Within 1 year $'000	After 1 year but within 5 years $'000	Total $'000
GROUP						
Interest rate swaps						
– Assets	**–**	**–**	**–**	–	1,377	1,377
– Liabilities	**–**	**2,262**	**2,262**	(1,534)	–	(1,534)
	–	**2,262**	**2,262**	(1,534)	1,377	(157)
COMPANY						
Interest rate swaps						
– Liabilities	**–**	**942**	**942**	–	–	–

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

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 2007, the Group had outstanding interest rate swap agreements in cash flow hedges against borrowings with notional principal amounts totalling $460 million (2006: $230 million). These interest rate swaps will mature over the remaining term ranging from one month to 5 years (2006: one month to 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 1.85% to 4.96% per annum (2006: 1.67% to 4.96% per annum).

Sensitivity analysis

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, 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 Company's profit before taxation to be lower/higher by $5.1 million (2006: $4.0 million).

28 Financial Risk Management (continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	2007		2006	
	Effective interest rate % per annum	Repricing periods within 1 year $'000	Effective interest rate % per annum	Repricing periods within 1 year $'000
GROUP				
Financial assets				
Fixed deposits	**0.90**	**99,068**	3.27	31,304
Financial liabilities				
Floating rate bank loans (unsecured) [i]	**3.14**	**968,000**	3.96	633,000
COMPANY				
Financial assets				
Loans to subsidiaries	**3.21**	**674,000**	3.96	616,000
Fixed deposits	**0.98**	**87,068**	3.30	26,804
		761,068		642,804
Financial liabilities				
Floating rate bank loans (unsecured) [i]	**3.14**	**968,000**	3.96	633,000

[i] The effective interest rate has been adjusted for the effect of interest rate swaps

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 US dollar.

The Group's and Company's exposures to US dollar are as follows:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade and other receivables	**10,546**	7,205	**3,682**	4,298
Cash and cash equivalents	**4,678**	1,357	**4,210**	1,077
Trade and other payables and accruals	**(94,818)**	(79,530)	**(48,999)**	(44,029)
	(79,594)	(70,968)	**(41,107)**	(38,654)

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.

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.

At 31 December 2007, the Group had outstanding forward exchange contracts with notional principal amounts totalling $49.5 million (2006: $44.3 million).

28 Financial Risk Management (continued)

Sensitivity analysis

At 31 December 2007, a 2% strengthening of Singapore dollar against the US dollar would increase profit before taxation by the amounts shown below. A 2% weakening of Singapore dollar against the US dollar would have decrease profit before taxation by the same amounts. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Profit before taxation	**1,690**	1,507	**873**	821

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 back 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 balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Loans

The fair value of loans that reprice within one year of balance sheet date were assumed to equate the carrying value.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

Interest rates used in determining fair values

The Group and the Company use the interbank swap yield as of 31 December 2007 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2007 %	2006 %
Derivatives	**1.85 – 4.96**	1.67 – 4.96

29 Commitments

(a) Capital and other financial commitments

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Contracted and not provided for in the financial statements:				
– Capital expenditure	**144,491**	71,271	**129,042**	57,585
– Other operating expenditure	**389,796**	260,705	**–**	–
	534,287	331,976	**129,042**	57,585

Included in the capital expenditure contracted by the Company is an amount of approximately $36.4 million (2006: $33.4 million) which has been entered into on behalf of a subsidiary.

29 Commitments (continued)

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases with terms of more than one year are as follows:

	GROUP		COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Payable:				
– Within 1 year	**85,669**	79,495	**43,094**	39,960
– Within 2 to 5 years	**282,700**	247,542	**153,355**	121,010
– After 5 years	**261,019**	290,645	**137,558**	138,516
	629,388	617,682	**334,007**	299,486

Included in the operating lease commitment of the Company is $2.7 million (2006: $5.2 million) which is contracted on behalf of a subsidiary.

The operating leases include lease of premises and network infrastructure. The leases typically run for an initial period of 1 year to 12 years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

30 Contingencies

The legal suit initiated by Singapore Telecommunications Limited ("SingTel") against StarHub Cable Vision Ltd. ("SCV") in June 2003 to seek damages against SCV for breach of a network lease agreement signed in 1995, was settled out of court by the parties on 31 August 2007. A notice of discontinuance of the suit was filed by SingTel into the High Court on 5 September 2007.

31 Subsequent Event

The directors have proposed a final dividend of $0.045 (2006: $0.035) per share, tax exempt (one tier), totalling $76.5 million (2006: $64.8 million) in respect of the financial year ended 31 December 2007. 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 2008.

Shareholding Information

As at 29 February 2008

Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Total number of issued shares excluding treasury shares	:	1,706,515,385
Total number of treasury shares held	:	620,300
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	:	0.04 %

Distribution of shareholdings

Size of holdings	No. of shareholders	%	No. of shares	%
1 – 999	1,275	21.59	771,206	0.05
1,000 – 10,000	3,790	64.18	13,690,620	0.80
10,001 – 1,000,000	823	13.94	32,089,371	1.88
1,000,001 and above	17	0.29	1,660,584,488	97.27
Total	5,905	100.00	1,707,135,685	100.00

Substantial shareholders

	Number of shares		
Name	Direct interest	Deemed interest	%[5]
Temasek Holdings (Private) Limited	–	975,543,140[1]	57.17
Singapore Technologies Telemedia Pte Ltd	–	840,834,890[2]	49.27
STT Communications Ltd	–	840,834,890[2]	49.27
Asia Mobile Holding Company Pte. Ltd.	–	840,834,890[2]	49.27
Asia Mobile Holdings Pte. Ltd.	840,834,890	–	49.27
Qatar Telecom (Qtel) Q.S.C.	–	840,834,890[3]	49.27
Qtel Investment Holdings BSC	–	840,834,890[3]	49.27
MediaCorp Pte. Ltd.	127,867,100	–	7.49
Nippon Telegraph and Telephone Corporation	–	171,490,520[4]	10.05
NTT Communications Corporation	171,490,520	–	10.05

Notes:

(1) Temasek Holdings (Private) Limited is deemed to have an interest in 975,543,140 shares of StarHub held by MediaCorp Pte. Ltd., Singapore Technologies Telemedia Pte Ltd group of companies, SNP Corporation Ltd and DBS Group Holdings Limited group of companies.

(2) Singapore Technologies Telemedia Pte Ltd (ST Telemedia) is deemed to have an interest in 840,834,890 shares of StarHub held by Asia Mobile Holdings Pte. Ltd., a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which in turn is 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 BSC (QIH) holds approximately 25% of the total issued share capital of AMH. QIH is a wholly-owned subsidiary of Qatar Telecom (Qtel) Q.S.C. (Qtel). QIH and Qtel are deemed to have an interest in 840,834,890 shares of StarHub held by AMH.

(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 (excluding treasury shares) of the Company.

Twenty largest shareholders

No.	Name of shareholders	Number of shares held	% [2]
1	Asia Mobile Holdings Pte Ltd	840,834,890	49.27
2	NTT Communications Corporation	171,490,520	10.05
3	DBS Nominees Pte Ltd	160,217,594	9.39
4	DBSN Services Pte Ltd	140,875,520	8.26
5	MediaCorp Pte. Ltd.	127,867,100	7.49
6	HSBC (Singapore) Nominees Pte Ltd	91,699,036	5.37
7	Citibank Nominees Singapore Pte Ltd	58,582,270	3.43
8	Raffles Nominees Pte Ltd	22,864,725	1.34
9	United Overseas Bank Nominees Pte Ltd	18,158,413	1.06
10	Singapore Press Holdings Limited	12,911,230	0.76
11	Morgan Stanley Asia (Singapore) Pte Ltd	4,061,257	0.24
12	Steven Terrell Clontz	3,296,560 [1]	0.19
13	Merrill Lynch (Singapore) Pte Ltd	2,024,103	0.12
14	Yeo Seng Kia	1,640,000	0.10
15	Royal Bank of Canada (Asia) Ltd	1,594,167	0.09
16	DB Nominees (Singapore) Pte Ltd	1,367,103	0.08
17	TM Asia Life Singapore Ltd-Par Fund	1,100,000	0.07
18	ING Nominees (Singapore) Pte Ltd	992,954	0.06
19	Yong Lum Sung	843,350	0.05
20	UOB Nominees Pte Ltd	843,250	0.05
Total		1,663,264,042	97.47

[1] Mr Steven Terrell Clontz holds a total of 7,618,010 (0.45%) shares in StarHub, of which 3,296,560 shares are held in his own name and the remaining 4,321,450 shares are held by a nominee on his behalf.

[2] The shareholding percentage is based on the number of issued shares (excluding treasury shares) in the capital of the Company.

Shareholding held in hands of the public

Based on the information available to StarHub as at 29 February 2008, approximately 32.30% 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.

StarHub Ltd

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

Notice of Tenth Annual General Meeting

Notice is hereby given that the Tenth Annual General Meeting of the Company will be held at Ballroom III, Level 3, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865 on 18 April 2008 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 2007 and the Auditors' Report therein. — Resolution 1

2 To re-appoint Mr Lim Chin Beng, who will retire under Section 153(6) of the Companies Act, Cap. 50 of Singapore, as a Director of the Company, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. — Resolution 2

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 3

(b) Mr Steven Terrell Clontz — Resolution 4

(c) Mr Peter Seah Lim Huat — Resolution 5

(d) Mr Nihal Vijaya Devadas Kaviratne CBE (Independent Member of Audit Committee) — Resolution 6

4 To re-elect Dr Nasser Marafih, who will cease to hold office, pursuant to Article 99 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. — Resolution 7

5 To approve the sum of S$950,066 as Directors' Fees for the year ended 31 December 2007 (2006: S$844,300). — Resolution 8

6 To declare a final dividend of 4.5 cents per ordinary share, tax exempt (one-tier) for the financial year ended 31 December 2007. — Resolution 9

7 To re-appoint KPMG 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:

8 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 20% 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.

9 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

10 That approval be and is hereby given to the Directors to: Resolution 13

(a) offer and grant options in accordance with the provisions of the StarHub Share Option Plan 2004 (the "Share Option Plan") and/or to grant awards in accordance with the provisions of the StarHub Performance Share Plan (the "Performance Share Plan") and/or the StarHub Restricted Stock Plan (the "Restricted Stock Plan") (the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan, together the "Share Plans"); and

(b) 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 under the Share Option Plan and/or such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan,

provided that the aggregate number of ordinary shares to be issued pursuant to the StarHub Pte Ltd Share Option Plan and the Share Plans shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

11 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, 27 March 2008

StarHub Ltd

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

Notice of Tenth Annual General Meeting

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 registered office of the Company at 51 Cuppage Road, #07-00 StarHub Centre, Singapore 229469 (Attn: Company Secretary) not less than 48 hours before the time appointed for the Annual General Meeting.

Explanatory Notes:

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 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 20% 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.

Resolution 13

Resolution 13 is to empower the Directors to offer and grant offers and/or grant awards and to issue shares in the capital of the Company pursuant to the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan (collectively, the "Share Plans") provided that the aggregate number of shares issued pursuant to the StarHub Pte Ltd Share Option Plan and the Share Plans shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company for the time being. Approval for the adoption of the Share Plans was given by shareholders at an Extraordinary General Meeting of the Company held on 16 August 2004. The grant of options and awards under the respective Share Plans will be made in accordance with their respective provisions.

Notice of Books Closure and Final Dividend Payment Date

Notice is hereby given that, subject to the approval of the shareholders to the final dividend at the Tenth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 28 April 2008 ("Books Closure Date").

Duly completed registrable transfers received by the Company's share registrar, M & C Services Private Limited, 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to the close of business at 5.00 p.m. on 25 April 2008 ("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 9 May 2008.

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StarHub Ltd

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

IMPORTANT:

1 For investors who have used their CPF monies to buy StarHub Ltd's shares, this 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 CPF investors for all intents and purposes if used or purported to be used by them.

Proxy Form

Tenth Annual General Meeting

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 of the Company to be held on 18 April 2008 at 10.00 a.m. at Ballroom III, Level 3, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865, and at any adjournment thereof.

Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Annual General Meeting. 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 Annual General Meeting.

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 Lim Chin Beng as Director		
3	To re-elect Mr Tan Guong Ching as Director		
4	To re-elect Mr Steven Terrell Clontz as Director		
5	To re-elect Mr Peter Seah Lim Huat as Director		
6	To re-elect Mr Nihal Vijaya Devadas Kaviratne CBE as Director		
7	To re-elect Dr Nasser Marafih as Director		
8	To approve Directors' Fees		
9	To declare Final Tax-exempt (one-tier) Dividend		
10	To re-appoint KPMG 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		
13	To authorise Directors to offer/grant options and/or grant awards and allot and issue shares pursuant to the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan		

Dated this _____ day of _____ 2008.

Total Number of Shares Held

_____

Signature(s) or Common Seal of members

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Affix
Postage
Stamp

STARHUB LTD

51 Cuppage Road

#07-00 StarHub Centre

Singapore 229469

Attn: Company Secretary

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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. However, 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. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be deposited at the registered office of Company at 51 Cuppage Road, #07-00 StarHub Centre, Singapore 229469 (Attn: Company Secretary), 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 members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names 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)
Steven Terrell CLONTZ (CEO)
KUA Hong Pak
Peter SEAH Lim Huat
Nihal Vijaya Devadas KAVIRATNE CBE
LEE Theng Kiat
LIM Ming Seong
LIM Chin Beng
Osamu INOUE
TEO Ek Tor
LIU Chee Ming
Robert J. SACHS
Nasser MARAFIH
SIO Tat Hiang (Alternate to Peter SEAH Lim Huat)
Stephen Geoffrey MILLER (Alternate to LEE Theng Kiat)
Tadashi IMACHI (Alternate to Osamu INOUE)

Audit Committee
KUA Hong Pak (Chairman)
LIM Ming Seong
TEO Ek Tor
Nihal Vijaya Devadas KAVIRATNE CBE

Executive Resource and Compensation Committee
Peter SEAH Lim Huat (Chairman)
LEE Theng Kiat
LIM Ming Seong
LIM Chin Beng

Nominating Committee
Peter SEAH Lim Huat (Chairman)
LEE Theng Kiat
TEO Ek Tor

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
YONG Lum Sung

Company Secretaries
Veronica LAI Kwai-Yi
KONG Pooi Foong

Registration Number
199802208C

Registered Address
51 Cuppage Road
#07-00 StarHub Centre
Singapore 229469
Tel : (65) 6825 5000
Fax : (65) 6721 5000

Share Registrar
M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Auditors
KPMG
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Philip LEE
(appointed w.e.f. 1 January 2005)

Subsidiaries
StarHub Mobile Pte Ltd
StarHub Cable Vision Ltd.
StarHub Internet Pte Ltd
StarHub Online Pte Ltd
StarHub Shop Pte Ltd
StarHub, Inc.
StarHub (Hong Kong) Limited
StarHub (Mauritius) Ltd

Investor Relations
For enquiries on the Group's business performance, contact the Investor Relations team at
email: ir@starhub.com

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Designed and produced by
greymatter williams and phoa (asia)

StarHub Ltd
Reg. No.: 199802208C

51 Cuppage Road
#07-00 StarHub Centre
Singapore 229469
Tel: (65) 6825 5000
Fax: (65) 6721 5000
www.starhub.com