

# De|fi|ni|tive Hub|bing

The seamless integration of content and connectivity to let you enjoy your own world, share your world, and create new worlds with others. *n* The official standard. The epitome of convergence.

Singapore's first fully integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. It operates Singapore's fastest two-way 3.5G mobile network (with HSPA+ coming soon), an island-wide HFC network that delivers multi-channel pay TV services as well as ultra-high speed residential broadband services, and an extensive fixed network that provides a wide range of corporate data, voice and wholesale services.



Content and higher value offerings were the main focus of StarHub's service innovation this year. With 24 new pay TV channels, a free fixed-line voice service, a new revolutionary mobile service called 3G femtocell and complimentary upgrades of their residential broadband service, customers experienced better value for all their info-communications needs.

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# De|fi|ni|tive Hub|bing De|li|vers

Strong shareholder returns from 2005 to 2008 at  
Compound Annual Growth Rate of:

**+15%**

Total earnings per share (diluted)

**+10%**

Total free cash flow

**+19%**

Dividend per share

**+89%**

Return on equity



Everyone can now enjoy unlimited mobile broadband access with MaxMobile

Access a world of information and entertainment on Gee!

Turn your home into an unlimited mobile call zone

Enjoy a home phone line with a host of benefits

Freedom is catching football and news 'live' on the go with StarHub TV on Mobile

Freedom is unlimited instant messaging with Chat Anywhere

Enjoy enhanced upload speeds of up to 100Mbps with MaxOnline

Boost your business with Broadband Connectivity

Watch the Barclays Premier League matches on StarHub TV in High Definition, on Mobile and Online

Enjoy a whole new level of TV viewing experience with the highest quality of digital broadcast available today - HDTV

HubStation - 3-in-1 Digital Video Recorder set-top box

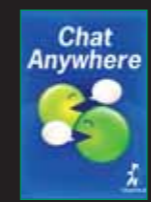
Instant access to the widest choice of entertainment with Demand TV

With Hub Club, you'll enjoy the rewards of a lifestyle that's a cut above the average

Satisfy your entertainment, communications and mobility needs with our range of mobile and digital services

# De|fi|ni|tive Hub|bing

Content and higher value offerings were the main focus of StarHub's service innovation this year. With 24 new pay TV channels, a free fixed-line voice service, a new revolutionary mobile service called 3G femtocell and complimentary upgrades of their residential broadband service, customers experienced better value for all their info-communications needs.



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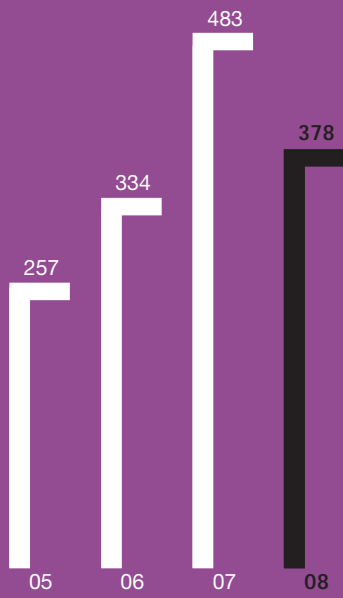
Dividend per share

**+89%**

Return on equity

# De|fi|ni|tive Hub|bing Re|turns

*(Yield)* Hubbing is the *proven strategy* that has consistently delivered increased revenues and total dividend payouts. The higher revenue and better managed operating expenses have resulted in increases in EBITDA and profits. *n 1. Strong free cash flow of \$378m. n 2. Attractive dividend yield of 9.3%, one of the highest rates among Asian telecommunications companies. n 3. Robust earnings per share (diluted) at 18.16 cents. n 4. High dividend payout of 18 cents.*



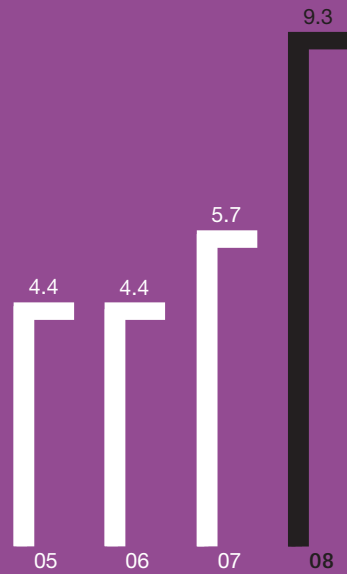
**Free cash flow** \$m



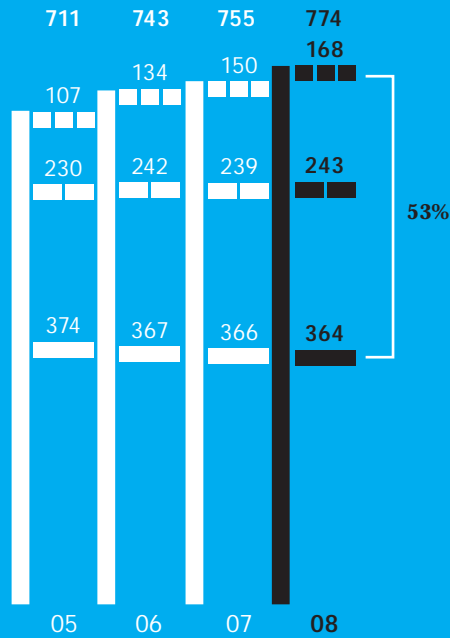
**Dividend** cents



**EPS (diluted)** cents



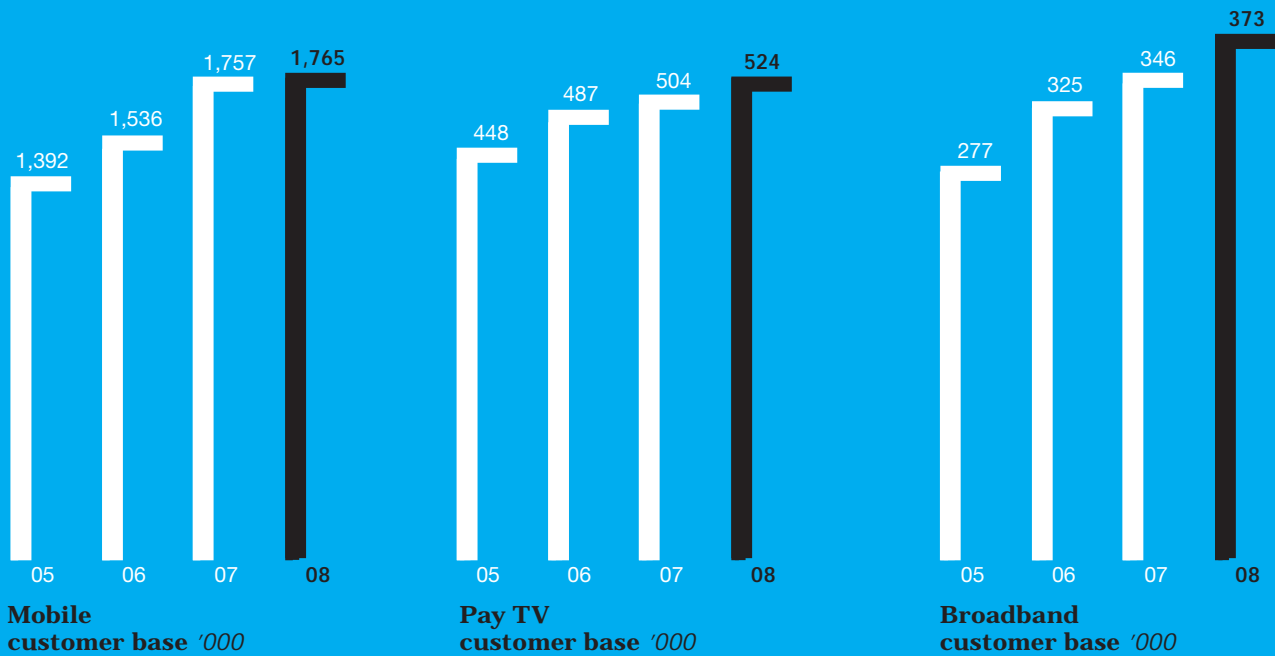
**Dividend yield** %



**Proportion of households subscribing to single, double and triple services '000**

**Legend**

- Triple
- Double
- Single



# De|fi|ni|tive Hub|bing Choice

*(Selection)* Hubbing has the unrivalled ability to make customers love us with a successful, recognisable brand and clear competitive advantage. The bundling of service offerings across our four lines of business to give greater value and convenience has given us the customers' vote. **v 1. Increase Household Hubbing Index by 19,000 households from 2007. v2. Boost our hubbing households take-up of at least two services to 53% in 2008. v3. Expand customer base across all segments over the year.**

# De|fi|ni|tive Hub|bing Growth

*(Increased Customer Usage)* Hubbing constantly entices customers to use more of our innovative services. By delivering updated, attractive content that customers really want, Hubbing has become the indispensable centre of a dynamic, fun life. *v 1. Increase Household Average Revenue Per User (ARPU) to \$135 from \$128 in 2007. v 2. Steady Mobile (post-paid) ARPU at \$75 in 2008. v 3. Boost Pay TV ARPU to \$57 from \$51 in 2007. n 4. Consistent Broadband ARPU at \$58 for the year.*



Household ARPU \$



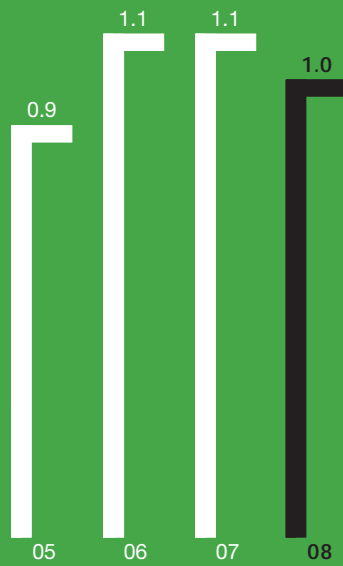
Mobile ARPU (post-paid) \$



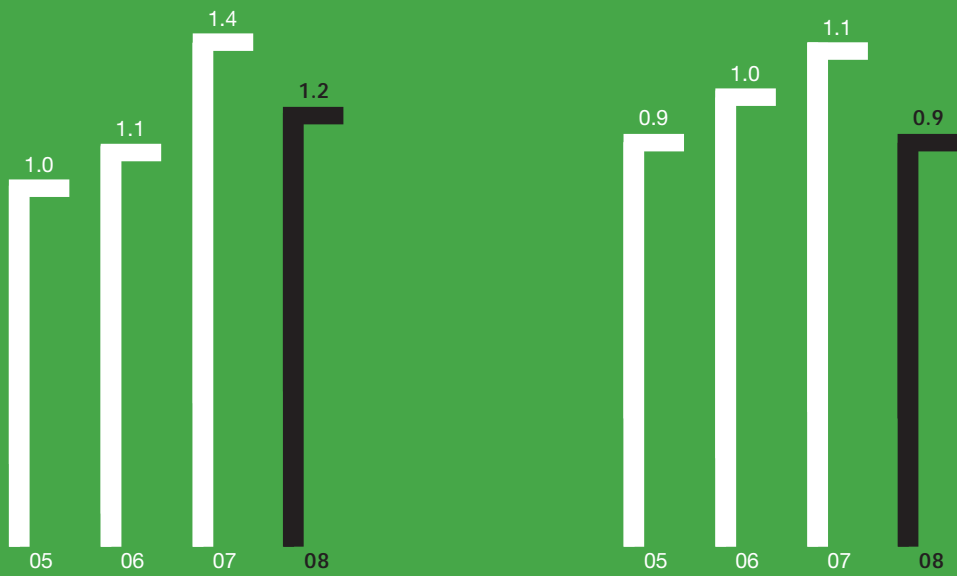
Pay TV ARPU \$



Broadband ARPU \$



Mobile churn rate %



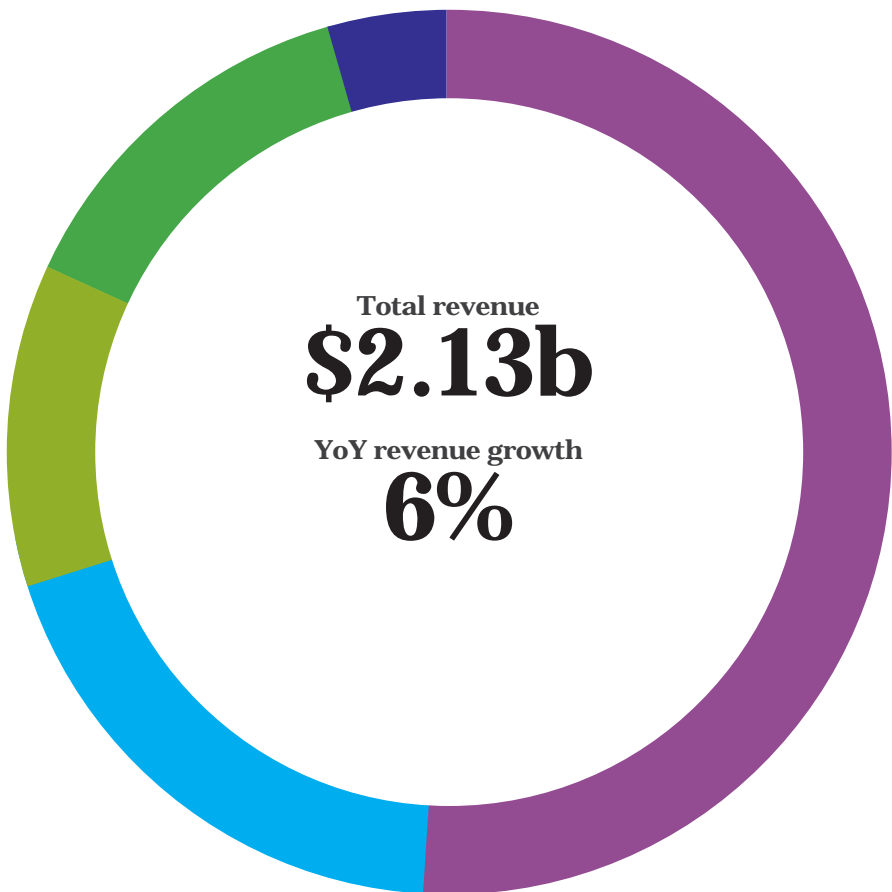
Broadband churn rate %

Pay TV churn rate %

# De|fi|ni|tive Hub|bing Exe|cu|tion

*(Accomplishment)* Hubbing is the result of a strong management team with the vision and the talent to execute it. We were the first operator in Singapore to offer a fully-integrated range of services and this concept is now being followed by others here. As the leader in this arena, we are constantly looking at new ways to deliver better value. When it comes to execution, Hubbing is spot on. When it comes to building shareholder value, StarHub leads the way. *n.* [Low churn rate across all services in the industry is the strongest evidence of Hubbing.](#)

# De|fi|ni|tive Hub|bing To|day



**Operating revenue mix %**

**Mobile** 51


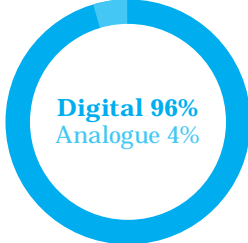
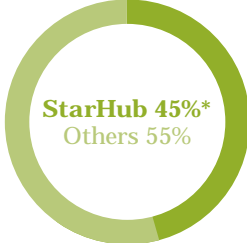
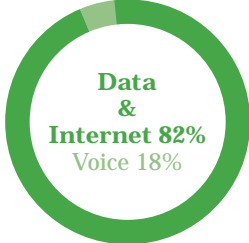
**Pay TV** 19

**Broadband** 12

**Fixed Network** 14

**Sale of Equipment** 4

Service revenue (excluding Sale of Equipment) grew 7% to \$2.03 billion in 2008.

<p><b>Mobile</b></p> <p>Service revenue <b>\$1.1b</b></p> <p>YoY revenue growth <b>4%</b></p> <p>Revenue mix</p>  <p>Post-paid 77% Pre-paid 23%</p> <p>Revenue was 4% higher at \$1.1 billion. Post-paid revenue increased 8% while pre-paid revenue was lower by 7%. In terms of operating revenue mix, Mobile revenue accounted for the largest share.</p>	<p><b>Pay TV</b></p> <p>Service revenue <b>\$398m</b></p> <p>YoY revenue growth <b>17%</b></p> <p>Customer mix</p>  <p>Digital 96% Analogue 4%</p> <p>Pay TV revenue was 17% higher at \$398 million. The full year impact of the various subscription price increases, higher take-up of premium channels and an expanded customer base contributed to the revenue increase.</p>	<p><b>Broadband</b></p> <p>Service revenue <b>\$253m</b></p> <p>YoY revenue growth <b>3%</b></p> <p>Residential broadband share</p>  <p>StarHub 45%* Others 55%</p> <p>*Estimated</p> <p>Revenue grew 3% to \$253 million. This was driven mainly by the increase in customers as we penetrated the mass market segment with a more complete range of speed and subscription price plans.</p>	<p><b>Fixed Network</b></p> <p>Service revenue <b>\$300m</b></p> <p>YoY revenue growth <b>7%</b></p> <p>Revenue mix</p>  <p>Data &amp; Internet 82% Voice 18%</p> <p>Revenue was 7% higher at \$300 million. The higher revenue was driven by increased domestic and international lease circuits subscribed. Data &amp; Internet revenue contributes to 82% of the Fixed Network services revenue.</p>

# Financial Highlights

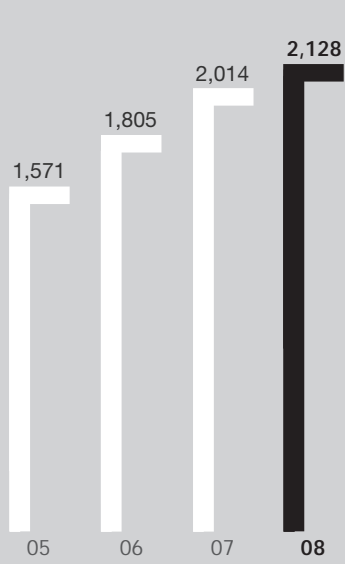
## Key financial trends

In \$m	2004	2005	2006	2007	2008
Operating revenue	1,355	1,571	1,805	2,014	<b>2,128</b>
Mobile	713	822	919	1,037	<b>1,079</b>
Pay TV	224	262	313	342	<b>398</b>
Broadband	126	177	220	247	<b>253</b>
Fixed Network	225	222	260	280	<b>300</b>
Service revenue	1,287	1,483	1,712	1,906	<b>2,030</b>
Profit/(Loss)					
From operations	(17)	256	361	417	<b>409</b>
Before tax	(30)	248	353	393	<b>383</b>
Attributable to shareholders	(55)	221	360	330	<b>311</b>
EBITDA <sup>(1)</sup>	323	460	575	643	<b>644</b>
EBITDA as a % of service revenue	25%	31%	34%	34%	<b>32%</b>
Free cash flow	118	257	334	483	<b>378</b>
Per share (cents)					
Earnings/(Loss) – Basic	(2.6)	10.4	17.6	18.7	<b>18.3</b>
Net asset	40.5	45.7	26.3	6.3	<b>6.3</b>

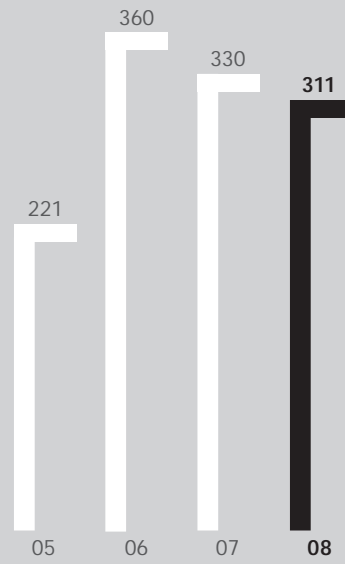
## Current year performance

In \$m	2007	2008
Operating revenue	2,014	2,128
– 1st half	962	1,066
– 2nd half	1,052	1,061
Profit attributable to shareholders	330	311
– 1st half	151	144
– 2nd half	180	167
EBITDA <sup>(1)</sup>	643	644
Free cash flow	483	378

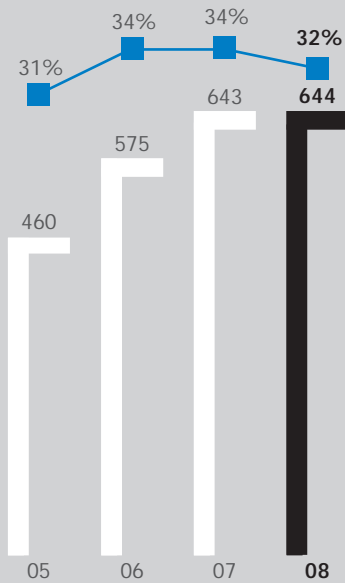
<sup>(1)</sup> EBITDA is defined as profit from operations adding back depreciation, amortisation and accretion of assets grant.



**Operating revenue \$m**

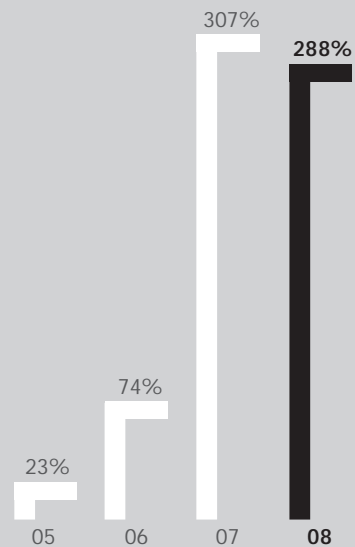


**Profit attributable to shareholders \$m**



**EBITDA \$m**

■ EBITDA as a % of service revenue



**Return on equity %**

## Chairman's Message

**“In 2008, we continued to maintain growth in operating revenues for the fourth year running, achieving a 6% increase to \$2.13 billion against the previous year. Our earnings before interest, tax, depreciation and amortisation (EBITDA) remained stable at \$644 million.”**



Mr Tan Guong Ching  
Chairman

**Dear Shareholders**

2008 was a challenging year for Singapore. Nonetheless, we are pleased to report that StarHub's operational performance in 2008 was relatively strong.

Whilst we had originally planned to deliver higher levels of growth on par with the previous year, a combination of deteriorating macroeconomic forces and a more intense competitive environment, particularly in the Mobile services arena, yielded a more moderate level of growth. In considering the challenges, we believe the Company has delivered a good set of results.

**Maintaining Growth in a Slowing Economy**

In 2008, we continued to maintain growth in operating revenues for the fourth year running, achieving a 6% increase to \$2.13 billion against the previous year. Our EBITDA remained stable at \$644 million. Each of our four lines of business registered overall revenue growth in 2008.

Mobile services revenue grew 4% year-on-year (YoY) to \$1.08 billion, mainly driven by a larger post-paid customer base. That base increased 10% to 892,000 while our pre-paid customer base slipped 7% to 874,000. Mobile continued to be the largest revenue contributor to the Company, standing at 51% of total operating revenue.

Pay TV services grew the most, registering a 17% expansion in revenue to \$398 million. We have also converted 96% of the customer base to the digital cable platform. We continued to lead in delivering top branded content in 2008 with 24 new channels introduced throughout the year, including two new high-definition (HD) channels. Video-on-Demand (VOD) and On Demand offerings were launched in the second half of the year. Our pay TV customer base was up 4% to 524,000. ARPU jumped \$6 from a year ago to reach \$57.

Broadband services revenue rose 3% to \$253 million, as our MaxOnline customer base expanded 8% to end the year at 373,000 subscribers. Similar to 2007, competition remained intense in this segment, with price-cutting measures and higher subsidised premiums. This is highly indicative of the competitive climate given that Singapore's household broadband penetration rate has soared to nearly 100%, according to the IDA.

Fixed Network services remained strong in generating good revenue in 2008, while at the same time playing the essential role as an internal supplier of bandwidth and connectivity for our other lines of business. Fixed Network revenue increased 7% to \$300 million from \$280 million in the previous year. More importantly, Data and Internet services grew 20% to \$247 million against 2007 and contributed 82% to the Fixed Network revenue mix.

## Chairman's Message

**“...Hubbing allows us to exploit opportunities to offer new converged services, strengthen customer loyalty and capture higher amounts of spend from existing accounts.”**

### **Maintaining Growth through Hubbing**

StarHub was an early adopter of the 'quad-play' strategy when it merged with Singapore Cable Vision (SCV) in 2002. The market knows this strategy as 'Hubbing', and we believe StarHub is advanced in its execution of the quad-play strategy. We also believe that Hubbing allows us to exploit opportunities to offer new converged services, strengthen customer loyalty and capture higher amounts of spend from existing accounts. We think this strategy has considerable merit, especially in an environment where access services are rapidly becoming commoditised and the competitive landscape puts upward pressures on marketing and promotional expense for individual lines of business. The total Hubbing households that are subscribed to any two or more StarHub services is now 53%, out of which 41% subscribe to all three services.

In 2008, the industry was mandated to implement Mobile Number Portability (MNP), which substantially contributed to higher than normal promotional and retention activities for post-paid mobile services, particularly in the first half of the year. Also, content costs for pay TV services increased, primarily driven by a full year of the higher Barclays Premier League (BPL) and other sports content costs. While those two factors negatively impacted cost of sales, we were able to offset much of those increases with good cost

containment in other areas of operations.

This year, cash capital expenditure (capex) was \$220 million, which was 10% of total operating revenue. The capex was driven mainly by new customer management information systems, network infrastructure capacity and upgrades for the international and cable networks. Our balance sheet remains strong, with a net debt/EBITDA (trailing) ratio of 1.22 times. We paid 4.5 cents dividend for each of the three quarters, and we are recommending 4.5 cents for the fourth quarter, which fulfils our commitment to pay 18 cents for the full year.

### **Outlook for 2009**

We believe that info-communications services, although not recession-proof, will remain essential services for our customers. Previous economic downturns have not typically yielded substantial reductions in revenue. However, we enter the year with prudent caution and deliberate plans to scale expenses with any softness in business volumes. We also intend to pursue opportunities to strengthen customer loyalty and broaden our portfolio of services using Hubbing as the foundation.

In 2008, the Government's plan to implement the Next-Generation National Broadband Network (NGNBN) took a step closer to fruition with the selection of the Network Company (NetCo). The NetCo is responsible for building and operating the passive dark fibre portion of NGNBN. Bids for the

Operating Company (OpCo), the party that will 'light up' the fibre and offer services on a wholesale basis to retail service providers, were submitted on 5 December 2008. StarHub is one of the four bidders. It is our understanding that IDA will select the OpCo in the first quarter of 2009.

We have seen a rapid increase in customers and traffic using StarHub's mobile broadband services. Indeed, 2009 will see the completion of our mobile broadband network upgrade to High-Speed Packet Access Plus (HSPA+) which will boost mobile broadband network speeds to 21Mbps on the downlink and 5.76Mbps on the uplink.

The US-South East Asia undersea cable network, the Asia-America Gateway (AAG), starts operations in 2009. StarHub is one of the 17 parties that are involved in building this high-bandwidth optical fibre submarine system. It is a milestone for us as it is the first time we will manage and operate our own cable landing station for the Singapore end of the network. The AAG will provide more economic sourcing for the provisioning of rapidly expanding international IP traffic.

### **Acknowledgements**

We are pleased to welcome Mr Tan Tong Hai back to StarHub. Tong Hai is well known in the industry, and has an impressive track record of performance. He is serving as StarHub's Chief Operating Officer (COO).

We would like to take this opportunity to thank all our shareholders for your continued support and confidence in StarHub. We believe we have the necessary fundamentals in place to see us through the year and beyond, no matter the challenges. We look forward to meeting you at our upcoming Annual General Meeting.



**Tan Guong Ching**  
Chairman

## Board of Directors



### **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 18 April 2008. He is also the Chairman of Singapore Technologies Telemidia 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.



### **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 18 April 2008. 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.



### **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.



**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 18 April 2008. He is a member of the Temasek Advisory Panel. He is also the Chairman of Singapore Technologies Engineering Ltd and SembCorp Industries 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.



**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 18 April 2008. 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. 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.



**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.



**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 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 Advanced Management Programs conducted by INSEAD and the Harvard Business School.

## Board of Directors



**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 2008. 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.



**Sadao Maki**  
**Non-Executive Director**

Mr Sadao Maki was appointed to the Board on 6 August 2008. He is a Director and the Executive Vice President, Global Business Division of NTT Communications Corporation (NTTCom). He started his career with Nippon Telegraph and Telephone Corporation (formerly known as Nippon Telegraph and Telephone Public Corporation) (NTT) in 1975 and was the General Manager, Overseas Business Development from 1992 to 1999. He has since held various senior level positions in NTTCom, a subsidiary of NTT, including Vice President of Global Strategy, Accounts and Finance, and Corporate Planning, and Senior Vice President of Enterprise Sales, Enterprise Business and Global Business Divisions. Mr Maki was a non-executive director of Philippine Long Distance Telephone Company, a leading telecommunications provider in the Philippines, in 2004 and 2005. He holds a Bachelor of Economics from the University of Tokyo and a Master of Business Administration from the University of Chicago.



**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 Chairman of PrimePartners Group Pte Ltd and 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.



**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.



**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 almost 30 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.



**Nasser Marafih**  
**Non-Executive Director**

Dr Nasser Marafih was appointed to the Board on 9 July 2007 and was last re-elected as a Director on 18 April 2008. 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 later joined Qtel as the Director 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 thereafter the Internet service in Qatar in 1996, and the privatisation of Qtel in 1998. Under Dr Nasser's leadership, Qtel has evolved from being a local telecom provider to an international player, with strategic investments in the Asia Pacific region. Dr Nasser holds a Bachelor of Science in Electrical Engineering, a Master of Science and a PhD. in Communication Engineering, from the George Washington University, USA.

## In Discussion with StarHub's Management



**Terry Clontz**  
CEO

**Q. Given the current economic environment, what are your key observations for 2008 and how do you think StarHub will fare in 2009?**

**Terry:** The second half of 2008 saw conditions in the financial markets worsen and the probability of a prolonged global recession rapidly increasing. So we must be prepared for the worst while not missing any opportunities for strengthening and growing the business.

No doubt, 2008 was a challenging year due to certain external forces. However, we believe performance was solid as we managed through the challenges. Operating revenues were up and EBITDA remained stable. Our share price suffered like everyone's. But we remained determined to manage the business responsibly, with priorities on free cash flow, maintaining a strong balance sheet, and keeping our commitment to shareholders to pay 18 cents per share in dividends.

The info-communications industry last year experienced a number of new developments including Singapore's NGNBN, the introduction of true MNP in Singapore, and increasing competition for content. If there was any doubt before, this year has highlighted the importance and relevance that Hubbing plays as our defining core strategy.

In the New Year, we will continue to develop our proven quadruple-play strategy. We are particularly excited about the ways we will enrich customers' lifestyles in 2009 with new services and improved experiences. We will be looking for every sensible way to grow revenue, reduce costs, and manage capex. But we also want to be in a position to jump on any good opportunity that arises for long term success. Our intense focus on free cash flow and business fundamentals will help us weather the recession, and emerge even stronger as the economy recovers.

In our Mobile business, as more consumers acquire new smart phone devices, we will see increased mobile data usage, which should yield higher revenue. On the other hand, we also expect some softening of demand in voice usage during the recession. In the pre-paid mobile business, we made a remarkable recovery in the latter part of 2008, returning to a growth mode. Although our customer base and revenue declined 7% for the year, there was substantial growth registered in the second half of the year.

In Pay TV, despite the aggressive competition, we continued to add customers (4%) and revenue (17%). A number of new channels were launched, we repackaged our offers, and we launched a rental HubStation service with a HD option. We also introduced new interactive services in 2008. Digital cable penetration increased to 96%, paving the way for a shutoff of analogue pay TV services in 2009.

We aim to continue maintaining our leadership in providing quality content. Our content costs have escalated substantially over the past two years, so we intend to find ways to reduce content costs without diminishing the attraction of our brand and service. Of course, the upcoming auction for the BPL rights will be a highlight in the second half of 2009. We intend to retain those rights.

In Broadband, even though we grew the customer base by 8% and revenue by 3% in 2008, we cannot expect to grow much further, as the overall market penetration is above 70% for fixed broadband. We intend to provide more value added services that customers will be willing to purchase.

On the NGNBN OpCo bid, according to IDA's timeline, we should know the outcome by the first quarter of 2009. We have put in an aggressive bid, and we think our chances are good to be awarded the right to build OpCo. Either way, the broadband landscape will change dramatically over the next three to five years. We have started preparations for the structural changes this year as there are risks and opportunities for us beginning in 2010.

Finally, for Fixed Networks services, Voice services provide low margins, but the real gem is in Data and Internet services, where revenue grew a remarkable 20% last year, and with good margins. We expect this segment to continue growing in 2009. It is also a segment that will see an expanded opportunity in 2010 and beyond, as the new NGNBN gets rolled out to buildings that we cannot serve today.



**Tan Tong Hai**  
COO

**Q. As the new COO, how will you help StarHub compete in 2009 and beyond?**

**Tong Hai:** My top priority is to ensure that our sales outpace the rate of costs incurred. We will look at smarter ways to grow our business with more targeted marketing campaigns and working closer with our partners - in other words, do more with less. Our strong branding and our proven Hubbing strategy will continue to be our key differentiator.

On the operational front, we intend to improve our customer service and assist our customers better. One of the ways we can do this is to streamline our operational processes and adopt an in-sourced approach to our key IT frameworks/policies and outsource all non-core IT functions.



**Kwek Buck Chye**  
CFO

**Q. What is your financial outlook for 2009? Will you refinance your debt?**

**Buck Chye:** In the current uncertain and volatile economic environment, there is a higher priority on operating cash generation and improving productivity. We are continuing to monitor the unemployment index and possible impact of customer discretionary spending on our services. While we expect the Group's 2009 operating revenue growth to be a low single digit, based on our current outlook, we expect to reap EBITDA margin on service revenue at around 31%. The cash capex is expected to not exceed 11% of operating revenue. We intend to pay a minimum dividend of 4.5 cents per quarter per ordinary share in 2009, totalling 18 cents for the full year.

We have sufficient committed undrawn banking credit facilities to meet our current 2009 and 2010 operations and strategic investment needs. We believe that our FCF is more than adequate to fund our annual dividend commitments.

**Q. Can we expect StarHub to do any capital reduction exercises in 2009?**

**Buck Chye:** Through two capital reduction exercises in 2006 and 2007, we have returned over \$1 billion to shareholders. In view of the current recession and market uncertainty, we are not proposing any capital reduction exercise in 2009.

## In Discussion with StarHub's Management



**David Storrie**  
Head, Integrated Network Engineering

**Q.** Now that the NetCo for the NGNBN has been chosen, what impact will this have on your broadband business? Also, what is the status of your bid for the OpCo?

**Dave:** The Infinity Consortium, initially comprising M1, StarHub, and Hong Kong's City Telecom which was later replaced by Qatar Investment Authority, put forward a good proposal, which we believed met the Government's objectives. It was our view that the industry would be better served in the long term if critical infrastructure became diversified. But the outcome was not unexpected, given the advantages the winning consortium, backed by the incumbent telco and its dominant monopoly, had. In any case, the terms offered by the winning NetCo are compatible with StarHub's plans.

The NGNBN creates opportunities to expand our customer base and service portfolio. For example, as the NGNBN follows an open access regime, this will allow us access to all the commercial buildings in Singapore. Today, we are connected to some 800 buildings in the Central Business District while, according to the IDA, there are some 26,000 commercial buildings island-wide. Hence, the new network will widen our reach in the non-residential segments dramatically.

As for the impact to our residential broadband network, we believe that both the NGNBN and our HFC network will support our business mission. It is important to remember that the initial download speed of the NGNBN will be 100Mbps and we can deliver that speed today. But for certain customers, we have the option of migrating them to the NGNBN.

We have submitted a strong bid for IDA's OpCo RFP on 5 December 2008, and the results will be known by the first quarter of 2009. The decision to bid for the OpCo was not taken lightly. We feel that it will offer us further opportunities to leverage our experience into new segments of the market.



**Alex Siow**  
Head, Information Services (IS) and Program Office

**Q.** There has been some discussion in the past of StarHub's efforts to consolidate its IT and CRM systems. Can you shed some light on that?

**Alex:** Following the merger with then-SCV, the main objective was to rationalise the organisational structure and functions allowing us to optimise our 'go-to-market' approach. It is only once the organisational rationalisation was complete that the focus then shifted to the core supporting systems. Our approach was to define the overall 'end-state' architecture that would equip StarHub with a fully integrated suite of systems supporting all of StarHub's business functions. This consolidation would not only bring operational efficiencies and cost saving, but also further enhance StarHub's capabilities to remain flexible and nimble in adapting to the changing competitive landscape.

This evolution to the 'end-state' architecture commenced in late 2005 when we embarked on an upgrade to one of our core billing systems that would provide the foundation for a single-billing engine built on the latest technologies. The subsequent phases of this multi-year initiative will result in StarHub having a single suite of systems in place in 2009.



**Diana Lee**  
Head, Customer Service

**Q. How will the Customer Relationship Management (CRM) project impact your customer service delivery?**

**Diana:** The CRM system will help us have a holistic view of our customers so that we can understand them better and in turn help us deliver better customer service at all our customer touch-points. Ensuring quality customer service has been a priority for us in 2008, and we are pleased to be recognised for that fact with the 65 awards given to us at the SPRING Singapore's Excellent Service Awards 2008. Given the economic uncertainties in 2009, customer retention will be crucial for our business this year, so we intend to focus on training our customer service consultants and improving the quality and responsiveness to our customers' queries by streamlining our operational processes.



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

**Q. How did pfingo perform in 2008?**

**Kin Hung:** As at end 2008, we have over 350,000 active pfingo users; roughly 85% of users are from overseas. VoIP, mobile IM and push email services continue to be some of the frequently accessed applications. pfingo was an initiative launched to leverage on StarHub's competencies in mobile and broadband to pursue market opportunities with emerging Internet technologies, bridging mobile and Internet worlds. In order to increase our reach, we wanted the service to be both network agnostic and borderless. So far, we are pleased with our growth over the years.

In 2008, we set up a development outfit in Chengdu, China, where the main focus is to accelerate the development and implementation of new applications and solutions for the pfingo platform, by leveraging on the skills and talents of the workforce there. Investment to date has been modest and funded internally. Since the set-up, we have seen the team contributing significantly in moving the pfingo platform into the next-generation of mobile applications, and 2009 will showcase some of these developments.

## In Discussion with StarHub's Management

### Q. What about the Conexus Mobile Alliance in 2008? Any new developments?

**Kin Hung:** 2008 was a banner year for Conexus Mobile Alliance. In April, we introduced Asia-Pacific's first pay-per-day flat rate data roaming tariff plan across seven countries. Most mobile customers from the seven-member operators of the Alliance can now enjoy a cost-effective and predictable mobile data roaming tariff plan as they travel across member countries or cities to check emails, transmit data or surf on the Internet via their mobile devices. Depending on the operator, they can experience an 'unlimited' data roaming plan where they just need to pay data roaming charges on a fixed daily rate beyond which data roaming charges are offered free or they can benefit from an affordable per kilobyte daily rate, up to a pre-set cap.

We also launched at the end of the year, a dedicated mobile data roaming plan for BlackBerry® smart phones among Alliance members. The new plan offers a high mobile data access ceiling in most markets to cater to the data usage needs of frequent mobile roamers. This translates to significant cost-savings for active business travellers roaming onto Alliance members' mobile networks as they will be able to stay connected on their corporate emails and/or surf the Internet wirelessly with peace-of-mind and true convenience.

Finally, one of the leading operators in Thailand, TrueMove, a subsidiary of True Corporation Plc, has joined the Alliance.



**Iris Wee**  
Head, Marketing

### Q. Since competition in the pay TV space is quite aggressive, what have you done to improve on your branding?

**Iris:** Aggressive competition was one of the main reasons we made the decision in September to roll out a new StarHub TV brand across all our service lines. We wanted to ensure that the whole breadth of content that we offer is easily and widely recognised, regardless of which platform they are on. The consistency in look and feel and the similarity of navigation through our content will help boost the user experience of our customers across multiple screens and devices, and our customers can simply enjoy our pay TV content without having to learn new ways to access it.

StarHub Digital Cable is now known as StarHub TV. Our video streaming and download services (previously called i.View and ;Play respectively) have been marketed under the name StarHub TV Online, and our mobile content suite for our post-paid customers has been renamed StarHub TV on Mobile. StarHub TV, StarHub TV Online, StarHub TV on Mobile. It is simple and easy to understand.

**Q. How did you tackle the marketing challenge of MNP when it became a reality in June?**

**Iris:** When true MNP became a reality, we took this opportunity to promote the benefits of our mobile service in terms of value, quality and reliability while harnessing the true power of Hubbing to the fullest. Our marketing theme was FREEDOM which indicated how customers from other operators now have the freedom and choice to move to us and retain their current mobile number. We even coaxed Sparky, the famous Jack Russell Terrier who made such a big splash in Singapore for us in 2002, out of retirement to be part of our FREEDOM campaign!

A range of new promotions and features was introduced during the FREEDOM campaign – a contract-free initiative for StarHub's post-paid mobile service with three months offered absolutely free; a new student plan enhancement that offers the ability to send free unlimited SMS and MMS to anyone in Singapore, regardless of which local service provider the recipient is with; and a new enhanced MaxMobile Value VAS that offers the best value mobile data plan for the mobile phone.

The response during this period was incredible – resulting in the highest number of new mobile net adds in the last five years.



**Kathleen Syron**  
Head, Content

**Q. How has the competition affected your pay TV business?**

**Kathleen:** Our pay TV performance for 2008 speaks for itself, being the strongest revenue growth segment of all our lines of business. The breadth and popularity of content which we offer on our pay TV platform clearly appeals to a broad range of our customers. In 2008, we introduced 24 new pay TV channels, broadened our HDTV content and launched our VOD service with a compelling line-up that cuts across dramas, movies, variety, sports and different languages.

We expect our competitors to compete aggressively with us in the domestic pay TV market. We expect niche IPTV players will be in certain segments of the market. Of course, heightened competition means that acquisition and retention costs were expected to increase moderately. However, we do not expect the rise to be as rapid as it did in 2008. We think that annual increases in subscription rates will become the norm in Singapore, as it has been in most competitive pay TV markets due to escalating content costs. We also believe that new content into the market offers better revenue opportunities and ARPU growth for us.

One of the major developments you will see from StarHub is our increasing ability to deliver more content across multiple platforms. Whether it is on the TV screen, on the mobile screen or on the computer monitor, we believe our customers will enjoy consuming the content that interests them the most, and on screens they have most convenient access to. A clear example was our UEFA EURO 2008™ package which offered a variety of channels on our pay TV, mobile broadband and online platforms.

## In Discussion with StarHub's Management



**Adit Harinasuta**  
Head, Products and Solutions

**Q. What implications are there in the shutting down of your analogue pay TV service?**

**Adit:** It is a world-wide trend we are seeing in that operators, suppliers and vendors are phasing out their analogue TV services to support the digital format.

For us, the old analogue set-top boxes introduced over a decade ago, are no longer offered and supported by the manufacturers. The corresponding support structure of maintenance and upgrades no longer exists. With only 4% of our customers still on analogue, it does not make good business sense to support two types of transmission technologies.

With digital, our pay TV customers have more choices, flexibility and interactivity as well as improved visual and audio quality.

On our end, the digital platform allows us to offer more channels and therefore generate potentially higher ARPU's and customers in the long run. It also alleviates the need for us to support two concurrent transmission services at the same time. Resources put in place to support our analogue service can now be used to support other aspects of our pay TV business.

**Q. What impact did true MNP have on StarHub's mobile business and churn?**

**Adit:** The introduction of true MNP in mid-June was largely anticipated. We did not believe at that time that there would be any significant impact on the industry, simply because most customers are on contract or would have already churned through the old 'call forwarding' system of MNP. But we did want to take this opportunity to attract non-StarHub mobile customers who have not yet experienced what we can offer.

In the end, we launched three major initiatives - a contract-free programme where customers can test our post-paid mobile service for free for three months with no obligations; a new student plan enhancement that allows customers to send free

unlimited SMS and MMS to anyone in Singapore, regardless of which local service provider the recipient is with; and an enhancement to our mobile broadband value-added service scheme that offered more bundled mobile data and lower price caps for a same small monthly subscription.

In that second quarter, we added a record number of post-paid mobile customers to our base - some 36,000 net adds, and also maintained a low 1% post-paid mobile churn.

**Q. How about your pre-paid mobile business?**

**Adit:** If there was any disappointment in 2008 for us, it could reasonably be in the pre-paid business which is still highly competitive and always evolving. We did not, and still do not, subscribe to aggressive price cutting to gain market share. Clearly, pre-paid customers, by their very nature, are understandably the most price sensitive and quickly respond to any unit pricing moves. One of our competitors, in a very aggressive move to grab market share, deeply discounted air-time pricing for the entire year. We chose to let them take the market share bragging rights to a point. In May, we launched our 'Happy \$128' top-up card, which was targeted at the foreign worker segment with the intention to stabilise our pre-paid revenue base. It worked immediately. Moving forward, we plan to focus on improving the yield in the business, not increase market share.

**Q. On the mobile data services front, any updates for 2009?**

**Adit:** We continue to believe that mobile data shows high growth potential, and we will be actively encouraging our customers to use mobile broadband. One example was when we introduced the 'Plus' range of MaxOnline plans early in 2008. Our MaxOnline Plus customers get the same features as a regular MaxOnline plan, but with the added bonus of being able to access our advanced 3.5G network, as part of their overall package at the same subscription price.

In addition, we have seen exponential growth in our post-paid mobile data traffic compared to previous years and we expect a similar jump this year. After all, in 2008, the total number of 3G/3.5G customers was up from 391,000 to 632,000 and accounts for 71% of our total post-paid customer base.

With our highly advanced mobile network, new HSPA+ capable mobile devices and unlimited mobile broadband offerings, we believe new and existing customers will find a truly new mobile surfing experience in 2009.



**Ng Long Shyang**  
Head, Consumer Sales

**Q. Any developments on the iPhone front? What about Google's Android phones?**

**Long Shyang:** We remain optimistic that we will be able to offer the iPhone in 2009. We are mindful of the high costs involved in subsidising and promoting the iPhone in Singapore but we believe that our advanced stages of Hubbing will yield a strong and loyal base of customers who have the peace of mind in knowing that they are getting good value and innovative services from StarHub.

We understand from Google that they will introduce the first generation of Android phones through regional operators. However, we are not sitting still and are working with HTC instead to bring in the next-generation Android OS phone models that have the 'wow' factors of Touch HD or Omnia to our customers soon. The next-generation Android OS phone offers greater multimedia and wide-appealing features like slimmer, compact form-factor with large full-touch screen, video recording, convenient synchronisation capability with desktop PC, multiple-language display besides English and good battery performance.

**Q. StarHub has received a number of accolades in 2008. What do you think helped StarHub secure these awards?**

**Terry:** On the IR front, we have been actively participating in many regional equity conferences. By interacting with our existing and potential institutional shareholders, we not only have in-depth discussions about many aspects of our operations, we also gain insights into our shareholders' sentiments and views. We are committed to having regular, fair communications sessions with our shareholders and we maintain timely transparent disclosures of any relevant information to keep our investors abreast of our strategies and viewpoints. We are pleased to see that many are receptive to our efforts as we have received accolades from the SIAS 9th Investors' Choice Awards 2008 for "Most Transparent Company Award (Transport / Storage / Communications – Merit Winner)" and "Singapore Corporate Governance Award (Mainboard – Merit Winner)", "Overall Most Convincing and Coherent Strategy (Singapore)" and "Overall Best Corporate Governance (Singapore)" in Euromoney's 8th annual poll of the Best Managed and Governed Companies in Asia, and from Singapore 1000 & SME 500 Awards 2009 – "Singapore 1000: Return on Equity Excellence Award (Winner)".

Our marketing teams have always been on the forefront in delivering creative advertising and marketing images that stick in the mind for a long time. This comes from understanding our target audience, working closely with our marketing and advertising partners and ensuring that we maintain our innovative and creative spirit. In 2008, we garnered the prestigious Gold award at the 2008 EFFIE Asia-Pacific Awards as well as others at the 2008 EFFIE Singapore Awards, the Institute of Advertising Singapore's Hall of Fame Awards and the Digital Media Awards. We also scored a number of accolades at the 2008 PromaxBDA World Gold Awards.

We are pleased to be recognised for our brand (Brand Finance's 'Singapore Company with the Highest Intangible Value'), and our competitive spirit (Frost & Sullivan's 'Competitive Service Provider of the Year in Asia Pacific'). These are indicative of our ability to operate efficiently and deliver value and services to our customers.

# Senior Management

## **Terry Clontz**

### **CEO**

(Terry's profile can be found on page 18 of this report.)

## **Tan Tong Hai**

### **COO**

Tong Hai oversees the day-to-day operations and will have direct responsibility for Consumer Sales, Corporate Sales, Products & Solutions, Marketing, Content, Information Services & Program Office, Customer Service, Integrated Network Engineering and others.

Tong Hai has over 20 years of experience in the regional IT, Internet and e-commerce industries and has had broad experience at top management levels. He was previously the President & CEO of Singapore Computer Systems Limited, and the President & CEO of Pacific Internet Ltd. He was instrumental in turning both companies around when he was at their helms. Tong Hai holds a Bachelor of Electrical Engineering (Honours) from the National University of Singapore.

## **Kwek Buck Chye**

### **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 Singapore Technologies Telemedia Pte Ltd. Having been with the Singapore

Technologies (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.

## **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 to other carriers and service providers.

David is a telecommunications veteran with more than 30 years of working experience in countries like Britain, 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.

## **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 is also a Board member of the 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.

**Alex Siow**

**Head, IS and Program Office**

Alex leads the IS 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.

**Diana Lee**

**Head, Customer Service**

Diana heads the Customer Service team and is responsible for all customer support activities including the 24-hour call centre, customer service centres and online self-help service. Under her leadership, StarHub's Customer Service practices and standards have won wide recognition at the Annual Call Centre Awards by the Call Centre Council of Singapore.

Diana was instrumental in integrating the two customer service teams and systems into one following the merger of StarHub and SCV in 2002. Diana has a Graduate Diploma in Financial Management from Singapore Institute of Management and is a Customer Operations Performance Centre (COPC) Certified Six Sigma High Performance Management Techniques Specialist.

## Milestones (1995 – 2008)

1995



Singapore Cable Vision (SCV) began commercial cable TV service

1998



StarHub incorporated as second fixed line & third mobile operator

2000



Commercial launch of fixed & mobile services

2002



StarHub-SCV merger  
(The genesis of Hubbing)

2004



- Publicly listed on SGX-ST
- Launched Digital Cable TV service

2005



- Launched 3G mobile service
- First year of profitability
- Overtook competitor to become the second largest mobile operator

2006



- Launched Smart TV (DVR) service
- Founding member of Conexus Mobile Alliance
- First in the world to launch 100Mbps residential broadband service

2007



- Launched HDTV service
- Launched fastest two-way HSPA service nationwide
- Launched innovative mobile Internet service called 'pflngo'

2008



- Awarded WiFi contract for all Changi Airport terminals
- AAG submarine cable system, which StarHub co-owns, landed in Singapore
- Launched On Demand Channels and VOD

## Awards

- 2008 EFFIE Asia-Pacific Awards: 'Smart TV' campaign (Gold)
- 2008 EFFIE Singapore Award: 'Narrowband' MaxOnline campaign (Gold for Computer Peripherals category)
- Singapore Outdoor Advertising Awards: 'Narrowband' MaxOnline campaign (Best of Show)
- Singapore Outdoor Advertising Awards: 'Narrowband' MaxOnline campaign (Gold)
- Institute of Advertising Singapore's Hall of Fame Awards: Cable TV Campaign of the Year Award - 'HubStation' campaign (Winner)
- Digital Media Awards: 'Watch, Surf, Talk' campaign (Bronze)
- Frost & Sullivan's annual Asia Pacific ICT Awards: 'Competitive Service Provider of the Year in Asia Pacific' (Winner)
- 2008 PromaxBDA World Gold Awards: 24 Golds, 20 Silvers and 23 Bronzes (StarHub, together with our international and regional content partners, won a total of 67 awards)
- PromaxBDA World Gold's 'Sound Design', 'Art Direction & Design: ID', 'Holiday/Seasonal/Special Event Program Campaign' and 'Sports Program Promotion Campaign (Not a Live Event/Game)' categories - one Gold and three Bronzes
- Brand Finance: 'Singapore Company with the Highest Intangible Value' (Winner)
- HDS Customer Award 2008: 'Best Services-Oriented Storage Solution' (Winner)
- Hitachi Asia Pacific IT Inspiration Awards: 'Platinum Award for the Most Efficient Use of Technology'
- SPRING Singapore's Excellent Service Award 2008: 65 awards won by our consumer sales and customer service divisions

For IR-related awards, please refer to page 52

# De|fi|ni|tive Hub|bing *(Review)*

“Cable entertainment,  
Internet accessibility and mobile  
connectivity all under one roof.”





**“In 2008, Singapore’s economy grew 1.1% and the info-communications scene underwent major shifts that opened up the market. Through it all, StarHub demonstrated the depth, experience and ability that we are capable of delivering.”**

#### **Year of Opportunities**

In 2008, as the Singapore economy slowed, the info-communications industry experienced an acceleration of new developments. True MNP arrived, and more details of the NGNBN were revealed. VOD on pay TV made its appearance, and the new generation of smart phones arrived on Singapore’s shores, as did a new submarine cable system. Competition in the telecoms market remained aggressive this year.

Through it all, StarHub’s orientation towards being financially-driven, customer-focused and marketing-led, especially in today’s difficult economic environment, served our shareholders and customers well. Our performance this year demonstrated that we have the depth, experience and ability to compete creditably and produce results that matter most to our shareholders.

One example of how StarHub’s efforts have been received can be seen by the number of accolades from local and international bodies relating to our Corporate, Customer Service, IS, Investor Relations (IR) and Marketing activities. We are honoured to be recognised by the industry at large as a company that is fresh, innovative and backed by a strong management team, sound fiscal responsibilities, streamlined operational processes and creative marketing initiatives.



“Let me send a Web SMS while you arrange the movie ticket bookings for us and the kids.”



## Industry Honours

Below is a sample of the accolades received in 2008:

- The Gold was awarded at the 2008 EFFIE Asia-Pacific Awards in recognition of StarHub's 'Smart TV' campaign. It was the first and only Asia-Pacific Gold EFFIE Award given this year.
- During the year, StarHub also clinched a number of prestigious advertising and marketing awards. These include the Gold (Computer Peripherals) at the 2008 EFFIE Singapore Award (for the 'Narrowband' MaxOnline campaign); the Best of Show and Gold (for 'Narrowband') at the Singapore Outdoor Advertising Awards; the Cable TV Campaign of the Year Award (for StarHub's 'HubStation' campaign) at the Institute of Advertising Singapore's Hall of Fame Awards; and the Bronze (for the 'Watch, Surf, Talk' campaign) at the Digital Media Awards.
- Leading industry data analyst Frost & Sullivan had selected StarHub as the 'Competitive Service Provider of the Year in Asia Pacific' at their annual Asia Pacific ICT Awards. The award was conferred to the service provider that has clearly demonstrated a competitive edge based on consistent revenue growth, EBITDA and net profit growth; business strategy leading to revenue diversity and minimised risk; customer satisfaction and delivering exceptional value to customers.
- StarHub, together with our international and regional content partners, won a total of 67 awards – 24 Golds, 20 Silvers and 23 Bronzes – at the prestigious 2008 PromaxBDA World Gold Awards. In particular, our in-house Multi-Platform Solutions Unit received one Gold and three Bronzes for its entries in PromaxBDA World Gold's 'Sound Design', 'Art Direction & Design: ID', 'Holiday/Seasonal/Special Event Program Campaign' and 'Sports Program Promotion Campaign (Not a Live Event/Game)' categories.
- StarHub was awarded the 'Singapore Company with the Highest Intangible Value' by Brand Finance, a major independent intangible asset and brand valuation consultancy.
- StarHub's IS division was awarded 'Best Services-Oriented Storage Solution' at the HDS Customer Award 2008, as well as the 'Platinum Award for the Most Efficient Use of Technology' at the Hitachi Asia Pacific IT Inspiration Awards.

# Definitive Hubbing Review

- StarHub's consumer sales and customer service divisions were recognised with a total of 65 awards at SPRING Singapore's Excellent Service Award 2008.

More honours relating to IR can be found on page 53 of this report.

StarHub is indebted to all parties for their acknowledgement of our efforts to deliver operational excellence and innovative solutions to our customers in 2008.

## Opportunities for Innovative Solutions

Innovation has always been the cornerstone of StarHub's success. From the start, StarHub introduced new features, products and services that over the years have become iconic in the local info-communications industry. Unique features such as Free Incoming Local Calls, Per Second Billing, Free IDD 018 to Selected Destinations, and conceptual strategies such as Hubbing demonstrate our belief in moulding new markets and launching new solutions to address the needs of our customers. 2008 continues this legacy, with new services that target users '**On the Move**', '**At Home**' and '**In the Office**'.

### On the Move

Mobile makes up the largest source of StarHub's revenue, accounting for 51% of our total revenue mix. In a highly penetrated mobile industry, it is critical for us to differentiate ourselves by continual innovation and development in order to compete effectively. This year, our strategy was to grow our pool of high-value customers with a focus on hubbing households and mobile data users. To do this, we developed new enhancements to our mobile plans, launched new value-added mobile applications and introduced unique mobile solutions. Three pillars influence the type of innovation in our service development – increased convenience, transparency, and ease of use for our customers.

# 4%

**Mobile revenue increased 4% to hit \$1.1 billion**

An example of these pillars in action is reflected in the launch of our new mobile plan called 'SharePlus'. It is a family-friendly mobile plan for smart sharing of mobile airtime, SMSes and other

**Mobile revenue increased 4% to reach \$1.1 billion. Mobile ARPU was \$22 for pre-paid and \$75 for post-paid. Mobile was the largest source of StarHub's revenue, accounting for 51% of our total revenue mix.**



benefits, between a central mobile plan and up to two 'SharePlus' plans. 'SharePlus' customers can enjoy all the usual features of the main mobile plan, for greater utilisation and efficiency of the mobile services.

In another example, young professionals that often rely on instant messaging (IM) applications to communicate with their family and friends can enjoy 'Chat Anywhere', StarHub's mobile chat application which houses two leading IM services – Windows Live Messenger and Yahoo! Messenger – into a single mobile solution.

Outbound and inbound travellers benefited from initiatives launched by StarHub this year. For the former, we introduced a flat-rate pay-per-day data roaming initiative that allows travellers an affordable and convenient use of mobile data services (for email access, data transmission or Internet surfing) when they roam onto a Conexus Mobile member network.

For inbound travellers, StarHub's innovative pre-paid SIM service 'Green Pre-paid EZ Travel', gives them convenient access to our pre-paid mobile service in Singapore. All they need to do is to attach the EZ Travel SIM card, which is as thin as film, onto their primary SIM card, and insert them together in the SIM slot of their mobile phone. They can toggle back and forth between their domestic mobile service and ours, and enjoy our attractive pre-paid offerings.

As part of StarHub's new business initiative, employees on participating mobile lines can enjoy free local voice calls and SMS/MMS for intra-company mobile communications with their colleagues on the same scheme. Advertisers and marketers too had a new and convenient platform to target and promote their products and services when our location-based mobile advertising solution went 'live' nation-wide this year.



“Let’s snap and upload our picture via mobile MSN to let them know where we are.”

### Significant events scorecard

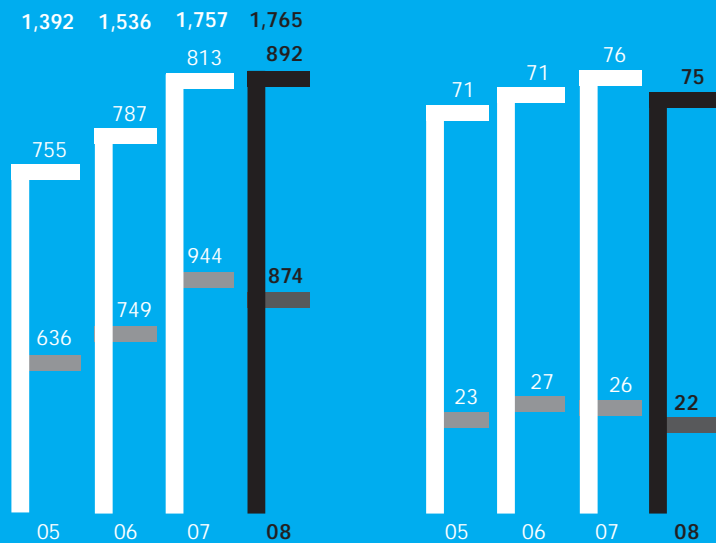
**April**  
Launched the first nation-wide location-based advertising service

**May**  
Started expansion and upgrade of our 3.5G mobile network to deliver unparalleled mobile surfing experience and improved indoor and outdoor coverage

**August**  
Launched innovative ‘Green Pre-paid EZ Travel’ service that allows inbound travellers convenient access to StarHub Mobile pre-paid services in Singapore

**October**  
Tripled HSPA mobile broadband network uplink capacity to meet growing mobile broadband demand

**November**  
Launched ‘Home Zone’, the world’s first commercial 3G femtocell service



Mobile customer base '000

Post-paid (white bar), Pre-paid (brown bar)

Mobile ARPU \$

Post-paid (white bar), Pre-paid (brown bar)





“Good! Web Weather report says an all clear night tonight. Time for an awesome BBQ!”

### **At Home**

Content and higher value service offerings were the main focus of StarHub’s service innovation in the home this year. We introduced a total of 24 new pay TV channels, offering a broader range of niche and special interest content than ever before; a free fixed line voice service; complimentary upgrades to our MaxOnline residential broadband service, and a world-first in ‘Home Zone’.

## **130 channels**

**With 24 new pay TV channels introduced, we now offer over 130 channels to our customers**

Local pay TV viewers had more content choices and greater value in 2008 as StarHub re-aligned our pay TV packages to make the selection of channels for our customers easier and more convenient. With the wide selection of over 130 channels in our line-up, it was imperative that we provide a more direct format to help customers identify the best fit for their individual needs.

With that aim in mind, StarHub launched a new Basic Group – Lifestyle package in June, bringing the total number of Basic Groups to seven. The new Basic Group comprised six channels – Asian Food Channel, Discovery Home & Health, Discovery Real Time, Discovery Science, E! Entertainment and The Biography Channel, making it the most value-for-money Basic Group of all our pay TV offerings.

In addition, a new tier called Basic Upsize was rolled out. Each of the seven Basic Groups – Chinese Entertainment, Chinese Infotainment, Education, Entertainment, Kids, Lifestyle and World News – now has a corresponding Basic Upsize Group so that customers of the different Basic Groups can conveniently and economically add more channels of their favourite content genres to their subscription packages.

To boost StarHub’s pay TV offerings and enhance the Basic Group and Basic Upsize packages, a total of 24 new pay TV channels were launched throughout the year, targeting mainstream, niche and special interest viewers.

Babies and pre-school children can be entertained by three new pay TV channels targeted at them – BabyTV, Disney Channel @ Play and JimJam. We also launched a wide range of entertainment and lifestyle channels – AXN BEYOND, The Biography

# Definitive Hubbing Review

Channel, MNC: The Indonesian Channel, SCI FI, Star Chinese Movies 2, The Style Network, TVBS-NEWS, Universal Channel and Vannathirai (VTV). We also expanded our portfolio of HD channels carried on our network – MediaCorp's HD5 and The History Channel HD were all launched in 2008. Sports fans were also treated to three new channels – Eurosport, STAR Cricket and Cricket Extra.

Complementing the new channels, StarHub's long-awaited VOD and On Demand Channels were also launched this year. To cater to a wide audience, our Demand TV offerings consisted of two categories – VOD (which are one-off purchases of chosen titles for viewing over a limited time period) and On Demand Channels (which offered unlimited library access of content for a flat monthly subscription fee).

To support VOD, StarHub secured a deal with major US studio CBS to offer its hit TV series as early as 24 hours after their US releases on our platform. CBS' titles include all three CSI series and Numb3rs.

On the other hand, for our On Demand Channels customers, they can subscribe to up to six channels from which they can watch whenever they like and as often as they wish – Disney Channel @ Play, VV Drama On Demand, TVBJ On Demand, Ruyi Hokkien Channel On Demand, BPL On Demand and HBO On Demand.

StarHub also enhanced our Interactive TV functionality as we partnered SGX to provide a new information service – Financial Information – to all StarHub TV households. The new service enables viewers to access live stock prices and other financial information on SGX such as Mainboard, Catalyst, Sectors (by Industry), Products and Top 20 Summary by multi-industry segments.

Finally, a new HD DVR – HubStation HD – was launched in November 2008. This integrated device, available to our customers on a rental basis, enables them to watch and record up to 160 hours of Standard Definition programmes or up to 30 hours of HD programmes. The HubStation HD also provides a free Digital Voice (DV) Home fixed-line voice service with unlimited incoming and local outgoing calls, attractive IDD rates, and access to a complimentary broadband Internet service (of up to 1Mbps).

The integration of broadband access to our HubStation HD is one indication of how we are enhancing our MaxOnline residential broadband service in 2008.

Another indication was a new range of MaxOnline Plus plans that gives our MaxOnline post-paid customers (except MaxOnline SurfLite) free high-speed mobile broadband services over our sophisticated HSPA mobile broadband network. MaxOnline Plus customers can experience the same value-for-money and convenient features as our regular MaxOnline plans but with the added bonus of having truly unlimited mobile broadband access at various downlink and uplink speeds as part of their overall package, and at the same subscription price.

With rising home fixed-line rates, StarHub took the important step to help our customers save on their fixed-line service by offering free DV services to StarHub TV and MaxOnline customers. While the DV Home service has been offered as a free value-added service to MaxOnline for some years, we have now extended it to all our StarHub TV customers as well. Since there is no subscription charges to DV Home, customers switching from their current residential fixed-line telephone service to DV Home will give them a savings of more than \$100 per year.

Finally, StarHub launched the world's first commercial 3G femtocell service called 'Home Zone' to our Mobile and MaxOnline hubbers. 3G femtocell is a portable cellular access device that connects a user's 3G mobile phone directly to a MaxOnline-enabled router in the home so that users can make voice and video calls and send SMS over our cable network from their mobile phones. 'Home Zone' is a true Hubbing proposition – all local outgoing voice, video calls and SMS made through the service are completely free, ensuring that users, who make

**Pay TV revenue rose 17% to hit \$398 million. At the end of the year, our pay TV customer base grew 4% to hit 524,000 households. Pay TV ARPU was up by \$6 to \$57 this year.**

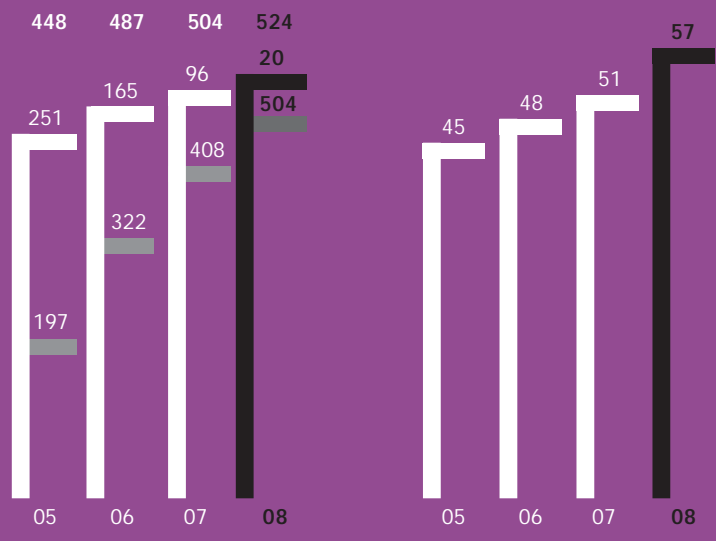




“Quick! Jump faster and fly further! PlayTV rocks!”

### Significant events scorecard

<p><b>February</b> Won the exclusive broadcast rights for the 2008 UEFA European Football Championship (UEFA EURO 2008™)</p>	<p><b>August</b> Launched 'Demand TV', comprising both true VOD services and On Demand Channels, allowing viewers to enjoy instant access to content at advanced windows</p> <p>Offered unprecedented Beijing 2008 Olympic Games coverage, including six dedicated channels via pay TV and mobile, and HD coverage via MediaCorp's HD5</p>
<p><b>May</b> Rolled out new pay TV packaging format to make selection easier for customers</p>	<p><b>November</b> Launched HubStation HD</p>
<p><b>July</b> Rolled out more HDTV content</p>	



**Pay TV customer base '000**  
 ■ Analogue ■ Analogue  
 ■ Digital Cable ■ Digital Cable

**Pay TV ARPU \$**

# Definitive Hubbing Review

frequent mobile calls and SMS from home, can enjoy significant cost savings on their mobile phone bills. Furthermore, up to four StarHub 3G mobile users can call out simultaneously over a single Home Zone connection (as long as they are on a white list for the router). Each of the callers is able to enjoy the same benefits as the main user.

## 8%

**Number of residential broadband customers increased 8% to reach 373,000**

### In the Office

An illustration of StarHub's strategy to compete in the corporate sector can be seen in the launch of our EnterpriseWeb Basic 2Mbps package. Targeted at small-medium businesses (SMBs), EnterpriseWeb offers a three-in-one toolbox which includes unlimited high-speed mobile broadband Internet access, a Voice-over-IP fixed line service, and 100 minutes of free IDD 018 calls. This convergent package follows our Hubbing strategy and offers SMBs a rapid, effective, low-cost solution to build an office info-communications network from the ground up.

With the growing demand for high-speed broadband connectivity to support the burgeoning use of next-generation applications, StarHub also focused on enhancing our data services portfolio with three high-bandwidth, scalable connectivity solutions this year:

- In partnership with Hutchison Global Communications Limited, StarHub launched our International Ethernet (IE) service which is a high-bandwidth, scalable and secured IE connection that businesses here can leverage on to deploy their own high-quality data, IP and voice/VoIP solutions in Asia and the US.
- Similarly, we partnered NTT Singapore to offer their 'Global Super Link' (GSL) service to Singapore businesses that require a fully-managed Ethernet-based high-speed data transmission service linking Singapore to major cities around the world.

**Residential broadband revenue rose 3% to \$253 million. ARPU decreased \$2 to \$58. The year ended with 373,000 subscription-based customers.**



- Finally, a new backhaul service for international carriers was launched to meet the high-bandwidth requirements of data traffic transiting into and through Singapore. Called 'DWDM Wavelength Service for Backhaul' (DWS), this highly reliable, scalable service is able to offer greater cost efficiency, faster time-to-market and improved diversity for international carriers and facilities-based operators looking to expand their operations locally.

Banks and financial institutions were the main focus of StarHub's 'Internet Clean Pipe' service, an enhanced corporate Internet security service that is specifically designed to protect against 'Distributed Denial of Service' (DDoS) attacks. The solution was developed to comply with the Monetary Authority of Singapore's Internet Banking and Technology Risk Management guidelines, and serves as a tool for banks to secure their online strategic assets and protect their brand reputation.

### Opportunities for Infrastructure Development

Beyond delivering innovative solutions, StarHub continued to enhance our network and information services systems in 2008 to improve operational efficiencies, enhance customer experience, introduce new services, and support the increasing use and demand of next-generation applications for businesses and consumers.



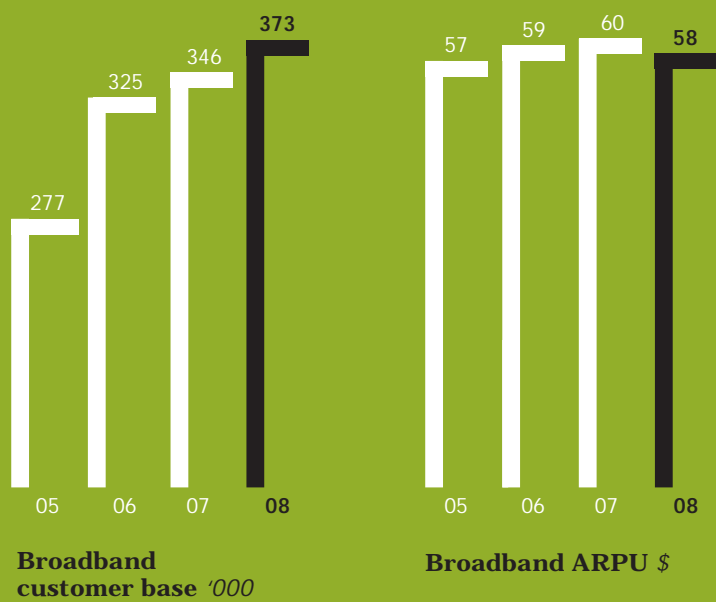
“E-learning has never been easier.”

### Significant events scorecard

**May**  
The Infinity Consortium, which included StarHub, submitted a bid to IDA for the NGNBN NetCo project

**October**  
DV Home made free to StarHub TV customers

**December**  
StarHub submitted a bid to IDA for the NGNBN OpCo project



# Definitive Hubbing Review

## Boosting Network Capacity

In May, the AAG, a 20,000 kilometre submarine cable system, landed in Singapore. The system, designed to meet the growth in bandwidth requirements for new broadband applications stretches from the west coast of the United States all the way to South East Asia. Backed by 17 parties including StarHub, it connects ten locations in eight countries, namely Singapore, Malaysia, Thailand, Brunei Darussalam, Vietnam, Hong Kong SAR, the Philippines, Guam, Hawaii and the US West Coast.

With the cable landing in Singapore, StarHub is set to begin a new phase in our network deployment, as we will begin managing and operating our first cable landing station once the advanced undersea cable system becomes operational in 2009. As the first high-bandwidth optical fibre submarine cable system linking the South East Asia region directly to the USA, it allows us to expand our fixed services portfolio and support our own Internet and e-commerce data traffic needs.

## 14.4Mbps

**The first operator in Singapore to offer the highest mobile broadband network capacity at 14.4Mbps**

## Increasing Mobile Bandwidth

At the end of 2008, StarHub maintained its lead in the mobile broadband space by being the first operator in Singapore to offer the highest mobile broadband network capacity at 14.4Mbps on the downlink and 5.76Mbps on the uplink. The latter development was the result of nearly tripling our mobile broadband upload capacity from 1.9Mbps to 5.76Mbps.

During the year, we also signalled our intention to enhance our 3.5G mobile broadband network to HSPA+ by the second quarter of 2009. This means that our mobile network will be able to offer better overall mobile coverage island-wide indoors and outdoors, and support even larger volumes of mobile data traffic than current offerings in the market. HSPA+ will boost StarHub's mobile broadband speed 1.5 times to 21Mbps on the downlink, and gradually double the uplink capability to 11Mbps.

**Fixed Network continues to be an important revenue generator for StarHub through our corporate data and Internet solutions. In 2008, Fixed Network accounted for 14% of our total revenue mix and the overall revenue increased 7% to \$300 million.**



## Improving Operational Efficiency

StarHub's IS division continued to embark on our multi-year programme to consolidate our multiple data systems into a single customer relationship management and billing programme, following the merger with then-SCV. The objective of this exercise was to improve the overall experience at all our customer touch points while at the same time enjoy cost savings from the full consolidation.

Throughout the year, IS had also initiated a number of efficiency programmes to further improve our service levels and overall operational efficiencies. These include the successful implementation of our Email and File Archival System; Storage Virtualisation that rationalises our data storage servers across all our operations for better operational cost savings; and Data Warehousing improvements to enhance customer analytics.

In mid-2008, true MNP was rolled out in Singapore to provide customers with the flexibility to switch mobile operators while retaining their original mobile numbers. We undertook to develop and enhance our own Number Port Administration and Support application in order to facilitate the smooth transition of new MNP applications without the need to outsource to third-party providers, and therefore reduce the overall cost of deployment.



“Thanks for the confirmation. Will have my secretary call India to finalise the details.”

### Significant events scorecard

- March**  
Launched IE service – enables Singapore businesses to deploy high-quality data, IP and voice/VoIP solutions in Asia and the USA

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- April**  
Launched GSL service – high-speed international broadband service to major cities for corporate customers  
  
Launched DWS service – backhaul service designed to meet the high-bandwidth requirements of data traffic transiting into and through Singapore

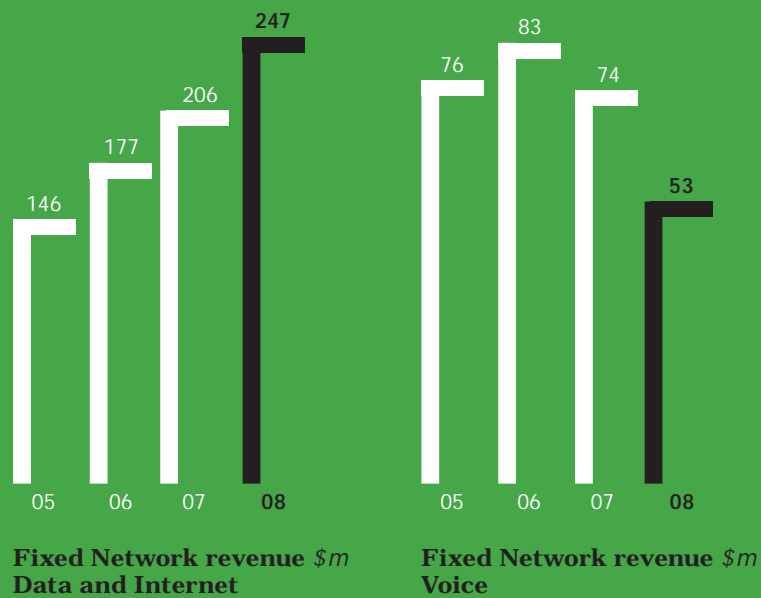
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- May**  
Celebrated the landing of the AAG cable in Singapore

- October**  
Launched EnterpriseWeb service for SMBs - a three-in-one toolbox which includes unlimited high-speed mobile broadband Internet access, a VoIP fixed line service, and 100 minutes of free IDD 018 calls

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- December**  
Launched 'Internet Clean Pipe' service for banks and financial institutions to counter DDoS attacks



## Green initiatives

**“StarHub is committed to minimising the environmental impact of its operations by adopting responsible and sustainable green practices in its corporate activities.”**

### Helping the environment

This annual report (AR) and the EGM circular are testaments to StarHub's commitment to be environmentally responsible in its operations. It is the first time since the Company was publicly listed in 2004, where its AR and EGM circular are primarily available in an electronic form. In doing so, the Company has signalled an acknowledgement that while its operations may have an impact on the environment, it is certainly taking prudent steps to limit paper wastage, energy consumption and carbon emissions.

These steps will take shape in 2009, when the start of StarHub's transformation into a Green organisation with sustainable Green practices truly begins. The decision to adopt Green practices as far as possible started towards the end of 2008 when the Company drafted a Green commitment that would be adopted Company-wide in 2009.

The Green Commitment states that –

- (1) StarHub will adopt responsible and sustainable practices in our corporate activities to minimise the environmental impact of our operations. We will continually review our goals and commitment to protect the global environment as much as possible.
- (2) We will comply as much as possible with environmental recommendations set by the relevant authorities but also implement in-house targets to improve our environmental performance.

- (3) We seek to reduce environmental loads by efficiently using resources, saving energy, reducing waste and encouraging material recycling.
- (4) We will endeavour to minimise environmental loads and adopt environmentally-friendly technologies as far as possible, when ordering and purchasing necessary resources.
- (5) We endeavour to use educational programmes to raise environmental awareness among our employees and to ensure that they recognise the essence of this Green Commitment by actively addressing environmental concerns.
- (6) We will endeavour to make wide-ranging social contributions in close partnership with local communities by supporting environmental conservation initiatives.

StarHub will implement concrete steps to ensure that the Green Commitment is followed by employees across the organisation. It will also encourage similar Green practices by all its corporate and consumer customers as far as possible.

Activities in 2009 will in essence truly reflect StarHub's corporate colour – Green.

# Since 2000, StarHub donated \$5 million to 250 welfare organisations



**“StarHub continues to demonstrate its sincere belief in corporate philanthropy by creating new initiatives to support a wide range of underprivileged people.”**

## Art of giving

A spark dandelion is the symbol of the StarHub Sparks Fund – the image of cascading seeds of the dandelion representing our commitment to spread joy and happiness to the lives of the underprivileged by fulfilling their basic needs and widening their vision with opportunities for education and skills enhancement.

The community services programme was launched in 2000, and since then, some 250 welfare organisations have benefited from the Fund, not just in monetary terms but also in kind, such as wheelchairs, food supplies, electrical items, assistive technology equipment and computers.

Furthermore, StarHub employees have always been encouraged to volunteer their time and services for a variety of community projects organised or sponsored by StarHub. This volunteerism was formalised by the company at the end of 2006, in allowing employees to have two working days of

paid volunteerism leave per year. The response has been positive and every year since then, there has been a large pool of volunteers eager to help out at the events organised by StarHub.

This year, StarHub continues to demonstrate its sincere belief in corporate philanthropy by creating new initiatives to support a wide range of underprivileged people – from the elderly and the physically disabled, to disadvantaged youths and children. These programmes are designed to entertain and educate, to inspire and encourage – not only to the direct beneficiaries of the StarHub Sparks Fund, but also to a broader audience – StarHub’s consumer and corporate customers. More initiatives will be launched in 2009 to help more of the underprivileged, especially given the current economic uncertainties.

The following pages highlight some of the notable events organised in 2008 as part of the StarHub Sparks Fund programme.

*(Top left)  
Teeing-off  
for Charity:  
Our Chairman,  
Mr Tan Guong Ching,  
presents a cheque of  
\$200,000 to Ms Peggy  
Song, Principal of  
Rainbow Centre –  
Margaret Drive  
School. Over 140  
StarHub corporate  
customers and  
partners teed off to  
score for charity at  
StarHub’s annual golf  
event, raising  
\$200,000 for Rainbow  
Centre – Margaret  
Drive School.*

*(Top right)  
Celebrating  
Singapore:  
StarHub invited  
wheelchair-bound  
clients from the Society  
for the Physically  
Disabled (SPD) to a  
special National Day  
Parade Show, whereby  
StarHubbers assisted  
their SPD friends  
throughout the evening  
of festivities.*

# Corporate Social Responsibility

## **StarHub Golf Invitational 2008**

On a cool sunny day in July at the Raffles Country Club, over 140 StarHub corporate customers and partners teed off on an 18-hole golf course to score for charity at StarHub's annual golf challenge. The event was to provide funding for the Rainbow Centre - Margaret Drive School (RCMDS) which provides special education opportunities for children with developmental disabilities.

Besides playing through all 18 holes on the course, StarHub's golfers – experienced and novice alike – had two special challenges – a 'drive-further-for-charity' challenge at Hole 8 where StarHub donated \$3 for every metre driven from the tee, and an 'in-the-zone' challenge at Hole 17 where StarHub donated \$500 for every ball that landed inside a three-metre wide circle around the pin and \$200 for every ball that landed on the green.

All golfers rose to the challenge, and by the end of the full-day event, a total of \$200,000 was raised for RCMDS to help fund the purchase of teaching aids and the professional services of special education teachers, psychologists and therapists for their 266 students.

## **StarHub shares Ramadan experience with Pertapis Children's Home**

Along Kovan Road lies a large but nondescript compound and building that houses over 100 children, aged four to 16. Some of these children come from abusive families; were referred there by the Juvenile Court; or live there because their primary caregivers are unable to support them.

This is Pertapis Children's Home – opened in April 1993 and still operating after 15 years to provide a wholesome environment for the emotional, social, physical, educational and spiritual development of those children who, for one reason or other, have been separated from their families. The Home is an approved place of safety under the Children and Young Persons Act, and provides developmental programmes to support children and youths of school-going age with motor, literacy, coping and study skills for their future lives.

On 19 September, during Ramadan, 23 StarHub volunteers joined 70 Muslim friends of the Home to break fast in the evening while at the same time entertain the children with a session of fun and games.

StarHub sponsored some \$10,000 worth of gifts for the Home, including food, book and shoe vouchers. Earlier in the day, StarHub volunteers spent their time engaging the youths and children of the Home while well-known Sensasi artistes such as Suhaimi Yusof, Zaliha Hamid, Zaharian Osman and Nik Mikhail entertained the children with songs and skits.

In the evening, all StarHub volunteers and artistes met up together with the children and youths of the Home to celebrate the breaking of the day-long fast with a sumptuous dinner, a wonderful end to a day of relationship-building and cultural exchange.

## **Physically disabled celebrate nation's birthday with StarHub Friends**

StarHub has been a staunch supporter of Singapore's National Day Parade (NDP) since the company was launched in 2000. This year, StarHub invited 20 wheelchair-bound friends of Society for the Physically Disabled (SPD) to attend a special NDP National Education Show at Marina Bay in July. The Marina Bay Seating Gallery is handicapped-friendly and shows a good view of the field where all the various performances were to be enacted. StarHub arranged for vehicles to ferry participants from SPD to and from the show. Twenty StarHub volunteers assisted throughout the evening and joined hands with our SPD friends as everyone immersed themselves in the festivities.

To further mark the occasion and celebrate Singapore's 43rd birthday, \$43,000 was donated from StarHub Sparks Fund to support SPD's IT Apprenticeship Programme, an initiative to help fund the services of professional trainers to teach people with disabilities practical skills to prepare them for future employment.

# Reaching out to those in need



**“StarHub’s Sparks Fund programmes are designed to entertain and educate, to inspire and encourage.”**

## **StarHub spreads Christmas cheer to underprivileged children**

StarHub organised a DUCK Tour and Christmas party for 50 underprivileged children from Serangoon Moral and Tanjong Pagar Family Service Centres. In the day, 30 StarHub volunteers took the children for a special land and sea DUCK Tour onboard an amphibious Vietnam war craft. Later in the evening, the volunteers threw a party for the children at Suntec City which included exciting performances, fun games and delicious food. StarHub also made a donation of \$100,000 to the two Family Service Centres to support a range of integrated remedial, preventive and developmental services to help families cope with their responsibilities and challenges.

## **Other welfare organisations and programmes that benefited from StarHub Sparks Fund in 2008:**

- Fei Yue Community Services
- National Library Board's KidsREAD Programme
- Rainbow Centre – Margaret Drive School
- Teen Challenge (Singapore)
- Thye Hua Kwan Moral Society

*(Top left)*  
A special birthday celebration for underprivileged children: StarHub and Nickelodeon teamed up to celebrate the birthdays of 200 underprivileged children in May 2008 at the National Library Plaza at Victoria Street. The children, aged five to ten, are from more than ten organisations. Children and their families who attended the party were treated to delicious goodies, including a giant birthday cake, and were guided by StarHubbers through a series of fun interactive activities at the party.

*(Top right)*  
**Christmas Goodies for Charity**  
Ms Jeannie Ong, StarHub's Head of Corporate Communications & Investor Relations, presents a cheque of \$100,000 to Mr Ong Ser Huan, Chairman of Serangoon Moral Family Service Centre Management Committee and Mr Udha Kumar, Acting Director of Tanjong Pagar Family Service Centre.

# Holding strong against the STI in the global financial turmoil

**“The IR team aims to provide investors with an accurate portrayal of the Company’s performance through regular and timely updates.”**

The IR Team has been actively communicating our position on a number of key concerns and issues throughout 2008. A total of 270 meetings with investors and analysts were conducted, and regular email updates to outline any new corporate developments were issued.

These activities were especially important during the current global economic crisis which saw the Straits Times Index (STI) plunge by almost half in 2008, making it the biggest fall in its 42-year history. While most of the over 750 Singapore-listed companies’ market capitalisation fell drastically, StarHub stock declined 31% in its market capitalisation year-on-year, holding better than most companies on the STI.

The key promise of the IR team is to provide investors with an accurate portrayal of the Company’s performance, the experience and depth of our management team as well as other intangibles. We have kept this commitment, even prior to our listing on the Main Board of SGX-ST in October 2004. We continue to engage in frequent meetings across Asia, Europe and the USA and have been an active participant in local and overseas equity conferences hosted by top brokerage firms. The table on the next page shows some of the meetings that the IR team attended which allowed the Company to interact with existing as well as potential institutional shareholders. These engagements have permitted us to gain insights into shareholders’ views and sentiments, which we use when formulating shareholder resolutions.

### **Regular, effective and fair communications**

The IR team, which included the CEO and the CFO, keeps the Company’s shareholders informed of major industry and corporate developments, the Group’s performance and other relevant information on a timely basis. Furthermore, all of the Group’s media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, and other corporate information, are made easily accessible on the Company’s regularly updated website at [www.starhub.com/ir](http://www.starhub.com/ir). Upon request, shareholders were also notified of pertinent news through an e-mail alert service. To ensure fair and non-selective disclosure of information to investors, the Company announces material price-sensitive information (such as financial results) through SGXNET before conducting any media or analyst conferences.

### **Achievements & accolades**

In 2008, StarHub was recognised for the following awards:

- SIAS 9th Investors’ Choice Awards 2008
  - Most Transparent Company Award (Transport / Storage / Communications) (Merit)
- SIAS 9th Investors’ Choice Awards 2008
  - Singapore Corporate Governance Award (Mainboard) (Merit)
- Euromoney Magazine Asia Poll 2009
  - Best Managed and Governed Companies (Winner)
- 22nd Annual Singapore 1000 & SME 500 awards 2009
  - Singapore 1000: Return on Equity Excellence Award (Winner)

StarHub remains committed to conduct regular, effective and fair communication sessions. Contact details of the IR team are provided on the Company's website and the team is always ready to address shareholders' queries and concerns. 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.

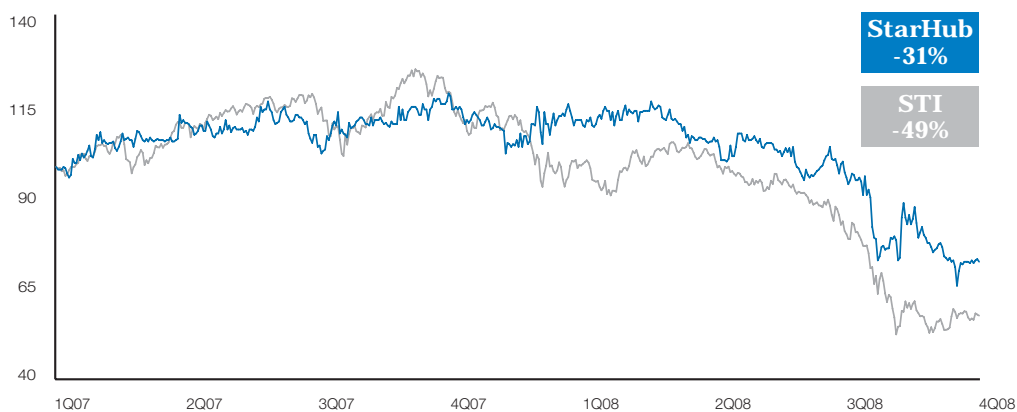
### IR calendar of events

Date	Activities
<b>1Q2008</b>	<ul style="list-style-type: none"> <li>FY2007 results announcement</li> <li>ABN AMRO Non-Deal Roadshows (NDR) – Singapore</li> <li>DMG NDR – Kuala Lumpur</li> <li>Macquarie ASEAN Corporate Day – London &amp; New York</li> <li>Credit Suisse Asian Investment Conference – Hong Kong</li> </ul>
<b>2Q2008</b>	<ul style="list-style-type: none"> <li>1Q2008 results announcement</li> <li>Deutsche Bank NDR – Singapore</li> <li>CLSA Corporate Access – Singapore</li> <li>UBS Pan-Asian Telco Conference – Singapore</li> <li>Goldman Sachs Technology Conference – Hong Kong</li> <li>Nomura Telecoms Day – Tokyo</li> </ul>
<b>3Q2008</b>	<ul style="list-style-type: none"> <li>2Q2008 results announcement</li> <li>Merrill Lynch NDR – Singapore</li> <li>CIMB Corporate Day – Singapore</li> <li>BNP Paribas Corporate Day – Singapore</li> <li>Citi ASEAN Mini Conference – London &amp; USA</li> <li>CLSA Annual Investors' Forum – Hong Kong</li> </ul>
<b>4Q2008</b>	<ul style="list-style-type: none"> <li>3Q2008 results announcement</li> <li>Cazenove NDR – Singapore</li> <li>Morgan Stanley Asia Pacific Summit – Singapore</li> <li>Macquarie Emerging Leaders – London &amp; New York</li> <li>Daiwa Investment Conference – Hong Kong</li> <li>Merrill Lynch Investors Luncheon – Singapore</li> </ul>

### Financial calendar for 2009/2010\*

Date	Activities
<b>10 February</b>	<ul style="list-style-type: none"> <li>Webcast of FY2008 results for the analysts and media</li> </ul>
<b>16 April</b>	<ul style="list-style-type: none"> <li>11th Annual General Meeting</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>1Q2009 results announcement</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>1H2009 results announcement</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>3Q2009 results announcement</li> </ul>
<b>February 2010</b>	<ul style="list-style-type: none"> <li>FY2009 results announcement</li> </ul>

\* Subject to change. Please check [www.starhub.com/ir](http://www.starhub.com/ir) for the latest updates



StarHub share performance against STI 2007-2008 %

■ STI   ■ StarHub

# De|fi|ni|tive Hub|bing *(Results)*

“Sustained EBITDA despite increased competition and rising costs.”

## 1.1 Operating revenue

	Year ended 31 December				
	2008 \$m	2008 %	2007 \$m	2007 %	Incr/(Decr) %
Operating revenue					
Mobile revenue	1,079.0	50.7	1,037.2	51.5	4.0
Pay TV revenue	398.2	18.7	341.8	17.0	16.5
Broadband revenue	253.2	11.9	246.9	12.3	2.5
Fixed Network services revenue	299.9	14.1	279.9	13.9	7.1
Total service revenue	2,030.3	95.4	1,905.8	94.6	6.5
Sales of equipment	97.3	4.6	107.9	5.4	(9.8)
Total	2,127.6	100.0	2,013.7	100.0	5.7

The Group's full year revenue grew 6% from last year to \$2,127.6 million, driven by revenue increases in all its lines of business.

Mobile revenue for the year was 4% higher at \$1,079.0 million, due to an 8% increase in Post-paid revenue which was dragged down by the slower Pre-paid revenue which decreased 7% year-on-year. In terms of operating revenue mix, Mobile revenue continued to account for the largest share at around 51% for the year.

Pay TV revenue was 17% higher year-on-year at \$398.2 million, due mainly to the full year impact of the various subscription price increases implemented in the 2nd half of 2007. Higher take-up of premium channels and an expanded subscriber base also contributed to the growth in the Pay TV business. In terms of operating revenue mix, Pay TV revenue share is now higher at around 19% this year.

Against last year, Broadband revenue grew 3% to \$253.2 million on the back of a higher subscriber base, and maintained its revenue share at around 12% of the total revenue mix.

Fixed Network services revenue was 7% higher year-on-year at \$299.9 million compared to \$279.9 million last year. Data & Internet continued to exhibit good revenue growth momentum while Voice services recorded lower revenue, impacted mainly by declining IDD rates. In terms of total revenue mix, Fixed Network services maintained its revenue share at 14%.

For the year, revenue from sales of equipment was 10% lower year-on-year at \$97.3 million, driven by an increased quantity sold during the year at comparatively lower average selling prices. Aggressive marketing promotions of mobile handset bundles in the run up to the Mobile Number Portability implementation in June this year drove down the average selling price of equipment.

## 1.2 Operating expenses

	Year ended 31 December				
	2008 \$m	2008 %	2007 \$m	2007 %	Incr/(Decr) %
Operating expenses					
Cost of sales	782.4	45.5	695.9	43.6	12.4
Other operating expenses	936.0	54.5	901.1	56.4	3.9
Total	1,718.4	100.0	1,597.0	100.0	7.6

Total operating expenses for the year amounted to \$1,718.4 million, 8% higher than last year due to higher cost of sales which increased 12% year-on-year to \$782.4 million, and other higher operating expenses, which were up 4% to \$936.0 million.

The breakdown of the cost of sales is as follows:

	Year ended 31 December				
	2008 \$m	2008 %	2007 \$m	2007 %	Incr/(Decr) %
Cost of sales					
Cost of equipment sold	239.6	30.6	223.4	32.1	7.3
Cost of services	300.7	38.4	233.6	33.6	28.7
Traffic expenses	242.1	30.9	238.9	34.3	1.3
Total	782.4	100.0	695.9	100.0	12.4

Cost of equipment sold for the year amounted to \$239.6 million, 7% higher year-on-year due to the higher quantity of handsets sold and with higher unit cost.

Compared to last year, cost of services increased 29% to \$300.7 million. The increase was mainly due to the full year amortisation of the higher cost of Sports and other content, as well as new programming costs for channels launched this year.

Traffic expenses for the year were 1% higher at \$242.1 million. There was a credit adjustment taken up in 2008 for prior periods' traffic costs overcharged by other domestic mobile operators. Excluding this credit adjustment, the 2008 traffic expenses would be 5% higher when compared to 2007, as a result of the higher volume of traffic delivered over the Fixed and Mobile networks this year.

As a percentage of operating revenue, 2008 total cost of sales at \$782.4 million was 36.8% compared to 34.6% in 2007.

# Definitive Hubbing Results

	Year ended 31 December				
	2008 \$m	2008 %	2007 \$m	2007 %	Incr/(Decr) %
Other operating expenses					
Staff costs	216.3	23.1	228.2	25.3	(5.2)
Operating lease	128.9	13.8	113.0	12.5	14.1
Marketing and promotion	189.6	20.3	187.4	20.8	1.2
Allowance for doubtful receivables	11.1	1.2	12.7	1.4	(12.3)
Repair and maintenance	63.5	6.8	66.8	7.4	(4.9)
Other expenses	91.3	9.8	66.9	7.4	36.5
Sub total	700.8	74.9	674.9	74.9	3.8
Depreciation and amortisation	235.1	25.1	226.1	25.1	4.0
Total	936.0	100.0	901.1	100.0	3.9

Total other operating expenses for the year increased 4% to \$936.0 million, but trended lower at 44.0% of operating revenue as compared to 44.7% last year. The changes in the various expense items are further described below.

## Staff costs

For the year, staff costs was 5% lower year-on-year at \$216.3 million due mainly to lower provision made for variable bonuses for the Group this year and reversal of accruals made for senior management performance based bonus no longer required. As a percentage of operating revenue, staff costs for the year trended lower at 10.2% of operating revenue compared to 11.3% in 2007.

## Operating lease

Operating lease increased 14% year-on-year to \$128.9 million, driven by higher lease rentals for office and network site premises. As a percentage of operating revenue, the 2008 operating lease expense trended at around the same level as last year of around 6%.

## Marketing and promotion

Marketing and promotion expenses for the year at \$189.6 million was slightly higher than the \$187.4 million expended last year due to the more aggressive marketing and promotional activities carried out in the first half of the year in the run-up to mobile number portability. As a percentage of operating revenue, marketing and promotion expenses this year trended lower at 8.9% as compared to 9.3% last year.

## Allowance for doubtful receivables

For the year, allowance for doubtful receivables amounted to \$11.1 million or 0.5% of service revenue compared to \$12.7 million or 0.7% of service revenue last year. The lower provision in 2008 is based on the collection experience and ageing profile of the accounts receivable as at year end.

## Repair and maintenance

Compared to last year, repair and maintenance was 5% lower at \$63.5 million for the year. The lower expenses this year included the reversal of over-accrued expenses previously made for network infrastructure and system maintenance no longer required. As a ratio of operating revenue, repair and maintenance was lower at 3.0% in 2008.

## Other expenses

Against last year, other expenses were up \$24.4 million to amount to \$91.3 million this year. The increase was attributed to a few expenses accounts: Foreign exchange differences this year, which was a loss of \$2 million, due to the rapid strengthening of the USD as compared to a gain of \$2.3 million last year; higher professional services incurred for our outsourced customer service support and bill collections, totaling \$7.5 million; higher occupancy and utilities charges of \$3.5 million and provision for restoration costs for leased premises of \$3.6 million this year. As a percentage of operating revenue, other expenses for the year trended at 4.3% compared to 3.3% last year.

### 1.3 Profitability

Profitability	Year ended 31 December		
	2008 \$m	2007 \$m	Incr/(Decr) %
Operating revenue	2,127.6	2,013.7	5.7
Operating expenses	(1,718.4)	(1,597.0)	7.6
Profit from operations	409.3	416.7	(1.8)
Net interest expense	(26.5)	(23.2)	13.9
Profit before taxation	382.8	393.5	(2.7)
Taxation	(71.5)	(63.1)	13.2
Profit for the year	311.3	330.3	(5.8)
EBITDA	644.4	642.8	0.2
EBITDA as a % of service revenue	31.7%	33.7%	-2.0% pts

Against last year, 2008 profit from operations was 2% lower at \$409.3 million. Despite a 5.7% increase in operating revenue, total operating expenses were higher at 7.6%. During the year, the competitive intensity in the mobile and broadband markets and higher content costs in the Pay TV segment drove direct cost of sales higher by \$86.5 million or 12.4% year-on-year while other operating expenses grew 3.9% or \$34.9 million year-on-year.

2008 EBITDA amounted to \$644.4 million and corresponded to a 31.7% EBITDA margin on service revenue.

Although the average loans outstanding during the year were 18% higher year-on-year, the net interest expenses at \$26.5 million were only 14% higher than last year due to the lower interest rates when these loans were re-priced.

Consequently, the higher operating expenses and the higher interest expenses in the year resulted in profits before taxation being lower by 3% at \$382.8 million.

Taxation for the year amounted to \$71.5 million or 18.7% of the profit before taxation for the year. Year-on-year, this was 13% higher than the \$63.1 million recorded last year. Included in 2007's taxation was a net credit adjustment which consisted of deferred tax assets taken up when the company's commencement date was finalised, and adjustment to restate the Group's net deferred tax assets as a result of the revision in corporate tax rate in 1Q08.

Overall, net profit after tax for the year was 6% lower at \$311.3 million when compared to last year.

# Definitive Hubbing Results

## 1.4 Liquidity and Resources

Liquidity and Resources	Year ended 31 December		
	2008 \$m	2007 \$m	Incr/(Decr) %
Profit before tax	<b>382.8</b>	393.5	(2.7)
Non-cash items & net interest expense adjustments	<b>286.5</b>	270.9	5.7
Net change in working capital	<b>(72.1)</b>	31.5	nm
Income tax refund	<b>0.3</b>	-	nm
Net cash provided by operating activities	<b>597.5</b>	695.9	(14.1)
Net cash used in investing activities	<b>(218.8)</b>	(207.8)	5.3
Net cash used in financing activities	<b>(388.4)</b>	(400.4)	(3.0)
Net change in cash and cash equivalents	<b>(9.6)</b>	87.8	nm
Cash and cash equivalents at beginning of the year	<b>138.0</b>	50.2	174.9
Cash and cash equivalents at the end of the year	<b>128.3</b>	138.0	(7.0)
Free Cash Flow <sup>(1)</sup>	<b>377.7</b>	483.0	(21.8)

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

nm – Not meaningful

For the year, net operating cash flow before working capital changes and income tax refund amounted to \$669.3 million. Working capital change in 2008 was a negative \$72.1 million due to net funds applied for the higher trade receivables, higher deferred revenue balances and prepayments, and the lower bonus and marketing expenses balances as payments were made in the year for these expenses which were previously accrued. The resultant net cash generated from operating activities was 14% lower year-on-year at \$597.5 million due to the timing of the working capital flow.

For the year, total cash payments for fixed assets purchases amounted to \$219.8 million, 3% higher than 2007, and accounted for 10.3% of operating revenue. Interest income was lower this year due both to the lower average surplus cash in the year and the low interest yield for interest bearing deposit. Consequently, overall net cash outflow from investing activities was 5% higher at \$218.8 million.

Free cash flow for the year amounted to \$377.7 million, 22% lower year-on-year as a result of the negative working capital change and a slightly higher capex payment in 2008.

For the year, net cash outflow from financing activities amounted to \$388.4 million, 3% lower compared to \$400.4 million in 2007. There was no similar capital reduction exercise in 2008 when compared to 2007, where a payout of \$442.3 million for the capital reduction exercise was made. Also, there were lower payments made for purchase of treasury shares of \$5.8 million this year compared to \$16.2 million last year. In 2008, we had loan repayments totaling \$54.3 million while \$335.0 million loans were drawn down in 2007. Dividend payments were also higher by \$41.8 million and interest payments by \$6.4 million in 2008.

As at 31 December 2008, the Group's cash and cash equivalents balance was at \$128.3 million.

As at 31 December 2008, the Group's outstanding capital expenditure commitments amounted to \$184.3 million, \$39.8 million higher compared to a year ago. The year-on-year increase in commitments was mainly attributable to renovation works commitment for the new office premises and variation orders for the new customer management information system that is still work-in-progress.

## **1.5 Gearing**

Gross debt for the Group amounted to \$913.7 million as at 31 December 2008. After netting the cash balance of \$128.3 million, net debt was 5% lower year-on-year at \$785.4 million due to scheduled loan repayments made during the year. As a ratio of 2007 EBITDA, gearing improved from 1.3 times in 2007 to 1.2 times this year.

# Timely disclosures, transparency and accountability

**“The Company has always strived to maintain the highest standards of corporate governance, professionalism and integrity so as to maintain value for shareholders and safeguard stakeholders’ interests.”**

### **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, professionalism and integrity so as to maintain value for shareholders, safeguard stakeholders’ interests, and build 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 and accountability. We have a Board of Directors with appropriate diversity of skills, experience and independence, a responsible Management with integrity and professionalism, and comprehensive risk management and compliance policies.

### **Corporate Governance Report 2008**

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

#### **1. Board Matters**

##### **The Board’s Conduct of Affairs**

The Board is responsible for charting the Group’s overall corporate strategy and leading the Group. Key roles of the Board include:

- overseeing and monitoring the Group’s business, operations and financial performance;
- assessing and approving key operational, funding and investment initiatives and other corporate actions, including the determination of the Group’s budget and capital, and the release of the Group’s quarterly and full year financial results;
- formulating internal controls and policies to manage risk and implement corporate governance best practices;
- ensuring the Group’s compliance with all relevant laws and regulations; and
- putting in place effective human resources and management leadership of the highest quality and integrity.

Every Director is required to act objectively, in good faith and in the best interest of the Company.

The Board has delegated some of its responsibilities to its Audit Committee (AC), Nominating Committee (NC), Executive Resource and Compensation Committee (ERCC) and Strategy Committee (SC). Additional committees may be formed when necessary.

The composition of the committees is as follows:

AC	NC	ERCC	SC
Kua Hong Pak (Chairman)	Peter Seah Lim Huat (Chairman)	Peter Seah Lim Huat (Chairman)	Nihal Vijaya Devadas Kaviratne CBE (Chairman)
Nihal Vijaya Devadas Kaviratne CBE	Lee Theng Kiat	Lee Theng Kiat	Tan Guong Ching
Lim Ming Seong	Teo Ek Tor	Lim Ming Seong	Steven Terrell Clontz
Teo Ek Tor		Lim Chin Beng	Lim Ming Seong
			Liu Chee Ming
			Robert J. Sachs
			Stephen Geoffrey Miller (co-opted)
			Yong Lum Sung (co-opted)

The Chairman and all members of the AC, NC and ERCC are non-executive Directors independent of Management. While the Chairman of the ERCC and NC may not be considered independent under the Code, he is not involved in the daily operations and business of the Group, and is able to exercise independent judgment and act objectively in the best interests of the Company in carrying out his duties.

The Board holds a minimum of five meetings each financial year, including ad hoc meetings as appropriate. The Company's Articles of Association allow Board meetings to be held via telephonic and video conference. Every year, the Board holds a full day meeting specifically convened to review the budget and business strategies of the Group.

# Corporate Governance

Each Director's attendance at the Board and Board committee meetings held in the financial year ended 31 December 2008 is summarised in Table 1 set out below:

TABLE 1

Name of Director	Board <sup>(1)</sup>	AC <sup>(2)</sup>	ERCC <sup>(3)</sup>	NC <sup>(4)</sup>	SC <sup>(5)</sup>
	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)	Meeting Attendance (in %)
Tan Guong Ching	100				100
Steven Terrell Clontz	100				100
Kua Hong Pak	80	100			
Peter Seah Lim Huat	100		100	100	
Nihal Vijaya Devadas Kaviratne CBE	100	100			100
Lee Theng Kiat <sup>(6)</sup>	100		75	-	
Lim Ming Seong	100	100	50		100
Lim Chin Beng	80		100		
Sadao Maki <sup>(6)(7)</sup>	100				
Teo Ek Tor	100	100		100	
Liu Chee Ming	100				100
Robert J. Sachs	80				80
Nasser Marafih	80				

(1) The Board held five meetings during the financial year ended 31 December 2008.

(2) The AC held four meetings during the financial year ended 31 December 2008.

(3) The ERCC held four meetings during the financial year ended 31 December 2008.

(4) The NC held one meeting during the financial year ended 31 December 2008.

(5) The SC held five meetings during the financial year ended 31 December 2008.

(6) Includes meetings attended by Alternate Director on Director's behalf.

(7) Mr Sadao Maki was appointed as a non-executive Director on 6 August 2008.

The Board has adopted internal guidelines prescribing the authority and approval limits for capital and operating expenditure, investments, divestments, bank facilities and cheque signatories at the Board level. Authority and approval sub-limits at various Management levels have also been implemented to optimise operational efficiency.

All newly-appointed Directors are briefed by Management on the Group's strategies, business, performance and governance policies. New Directors are also given manuals containing information about their statutory and other responsibilities and the Company's insider trading policy. The Board is updated regularly on key legal, regulatory and accounting changes impacting the Group. Directors are also notified of and encouraged to attend seminars and training relating to the Group's business and their duties as directors, particularly those run by the Singapore Institute of Directors and the SGX-ST.

## Board Composition and Guidance

The Board comprises 13 Directors, 12 of whom are non-executive and independent of Management. The executive Director is Mr Steven Terrell Clontz, who is also the Chief Executive Officer (CEO). The Directors' profiles are set out at the start of this Annual Report.

Six Directors, or almost half of the Board, are non-executive independent Directors within the meaning of the Code. These non-executive Directors, namely 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, are active in critically assessing Management's proposals and performance.

The NC's main responsibilities are:

- to conduct regular review to ensure that the size of the Board is appropriate for the Company's operations and conducive to effective decision-making; and
- to ensure that the Board is adequately comprised of independent Directors as well as Directors with the requisite financial, regulatory and industry knowledge, management, strategic planning and customer-based experience and expertise.

The SC's main responsibilities are:

- to support and advise Management and the Board in the formulation and implementation of the Group's growth strategies, in an objective and independent manner; and
- to identify and assess significant intermediate and long-term opportunities and risks in the Group's business areas and operations.

#### **Chairman and Chief Executive Officer**

There is a clear division of roles and responsibilities between the Chairman, Mr Tan Guong Ching, and the CEO, Mr Steven Terrell Clontz.

The Chairman leads the Board. He approves agendas for Board meetings in consultation with the CEO and facilitates effective and comprehensive Board discussions and decision-making on strategic and operational issues. With the assistance of the Company Secretary, he ensures the accuracy and timeliness of information flow between the Board and Management, effective shareholder communications as well as high standards of corporate transparency.

The CEO is charged with full executive responsibility for the day-to-day running of the Group's businesses and implementation of the Group's strategies and policies.

#### **Board Membership and Board Performance**

The NC reviews nominations and recommends candidates for appointment to the Board based on their experience, expertise, ability to devote sufficient time and attention to the Company, potential conflicts of interest, the composition and independence of the Board, and the evolving needs of the Company. All new appointments to the Board are subject to the approval of the Company's regulators, the Info-communications Development Authority of Singapore and the Media Development Authority of Singapore. Newly-appointed Directors are also required to submit themselves for retirement and re-election at the next Annual General Meeting (AGM) after their appointment.

Board renewal is an ongoing process and the NC assesses each Director's independence annually. No Director can stay in office beyond three years without being re-elected. At each AGM, one-third of the Directors (who have been longest in office since their appointment or re-election) are required to retire from office by rotation (one-third rotation rule). Under the Companies Act, Directors who are more than 70 years of age also have to be re-elected at each AGM.

The NC assesses the performance of the Board annually, based on its ability to support, lead and communicate with Management, its conduct of its principal functions, and each Director's participation and attendance at Board and Board committee meetings, contributions and standard of conduct.

# Corporate Governance

## Access to Information

The Board receives monthly management accounts, updates on key performance indicators of the Group and regular analysts' reports on the Company and the industry. Management also provides the Directors with all pertinent information about the Group, its financials and business prior to each Board or Board committee meeting and whenever appropriate.

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

The Company Secretary attends all Board meetings and advises the Board on Board procedures, the requirements of the Company's Memorandum and Articles of Association, Companies Act and the SGX-ST Listing Manual. The Board can also seek independent professional advice at the Company's cost where necessary.

## 2. Remuneration Matters

### Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

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

- establishing and reviewing competitive compensation policies for the CEO, key executives and Directors with focus on long-term sustainability and shareholders' return;
- assessing and approving share options, and conditional performance share and restricted stock awards under the Company's approved share plans;
- succession planning for the CEO and key officers such as the Chief Operating Officer (COO) and the Chief Financial Officer (CFO). Potential candidates for immediate, medium and long term needs are identified each year; and
- assessing and approving proposed candidates for key appointments.

In 2008, the ERCC held four meetings as well as three dialogue sessions with high potential employees of the Company. The ERCC meets without Management at least twice each year.

The ERCC determines the remuneration of the Board and key executives based on (a) the performance of the Group and each individual, (b) industry practices and norms in compensation, and (c) the need to attract and retain key executives, to ensure that the Company has a committed and talented pool of human resources. The ERCC is also advised by external professionals.

ERCC decisions are made by the majority of the ERCC members present and voting, excluding any members with a conflict of interest. The CEO is not present at any ERCC discussions relating to his own terms of service and the review of his performance. However, he attends ERCC discussions on the compensation and incentive policies of key staff.

The CEO, as the executive Director, is remunerated as a member of the Senior Management and does not receive Director's fees from 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 and share awards. The Directors' Fee policy divides these fees into basic retainer fees, attendance fees and additional fees for serving on Board committees. Non-executive Directors' fees are subject to shareholders' approval at each AGM.

The annual remuneration of the non-executive Directors of the Company are set out in Table 2 below for the financial year ended 31 December 2008 (excluding Directors' share awards granted during the year, details of which are set out in the Directors' Report).

TABLE 2

Number of Non-Executive Directors in Remuneration Bands	2008	2007
\$500,000 and above	-	-
\$250,000 to \$499,999	-	-
Below \$250,000	12	12
Total	12	12

Name of Directors	Position Held	Directors' Fees
Tan Guong Ching	Board Chairman SC Member	\$123,000
Kua Hong Pak	Director AC Chairman	\$92,000
Peter Seah Lim Huat	Director ERCC & NC Chairman	\$100,000
Nihal Vijaya Devadas Kaviratne CBE	Director SC Chairman AC Member	\$100,000
Lee Theng Kiat <sup>(1)</sup>	Director ERCC & NC Member	\$86,000
Lim Ming Seong	Director AC, ERCC & SC Member	\$106,000
Lim Chin Beng	Director ERCC Member	\$72,000
Sadao Maki <sup>(1)(2)</sup>	Director	\$25,240
Teo Ek Tor	Director AC & NC Member	\$93,000
Liu Chee Ming	Director SC Member	\$73,000
Robert J. Sachs	Director SC Member	\$78,000
Nasser Marafih	Director	\$95,000

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

(2) Mr Sadao Maki was appointed as a non-executive Director on 6 August 2008.

During the year, none of the Directors' immediate family members were employees of the Group whose remuneration exceeded \$150,000 per annum.

The aggregate annual compensation (including any benefits-in-kind) accruing and paid to the CEO and each of the top five key senior executives (who are not also Directors of the Company) for the services rendered by them in any capacity to the Group in the financial year ended on 31 December 2008, is set out in Table 3, in bands of \$250,000.

# Corporate Governance

The StarHub Performance Share Plan and the StarHub Restricted Stock Plan (Share Plans) are long-term incentive plans to motivate senior executives and Directors to strive for superior personal and Group performance and to align their interests with those of shareholders. Details of the Share Plans are contained in the Directors' Report.

TABLE 3

	Fixed <sup>(1)</sup> (%)	Variable <sup>(2)</sup> (%)	Benefits- in-kind <sup>(3)</sup> (%)	Remuneration bands <sup>(4)</sup> (%)	Share Awards granted in 2008 under StarHub Performance Share Plan <sup>(6)</sup>	Share Awards granted in 2008 under StarHub Restricted Stock Plan <sup>(7)</sup>
<b>CEO and Executive Director</b>						
Steven Terrell Clontz <sup>(5)</sup>	37	36	27	C	Refer to details in Directors' Report	Refer to details in Directors' Report
<b>Senior Executives</b>						
Kwek Buck Chye	64	30	6	B	Up to 160,000 shares	Up to 88,500 shares
David William Storrie	52	27	21	B	Up to 160,000 shares	Up to 88,500 shares
Chan Kin Hung	73	21	6	A	Up to 90,000 shares	Up to 48,000 shares
Alex Siow Yuen Khong	68	22	10	A	Up to 90,000 shares	Up to 48,000 shares
Diana Lee <sup>(8)</sup>	77	17	6	A	Nil	Up to 27,000 shares

<sup>(1)</sup> Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for the year ended 31 December 2008.

<sup>(2)</sup> 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 2008. 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> Remuneration bands:

"A" refers to remuneration between \$300,001 and \$550,000 p.a.

"B" refers to remuneration between \$600,001 and \$850,000 p.a.

"C" refers to remuneration between \$2,750,001 and \$3,000,000 p.a.

<sup>(5)</sup> 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.

<sup>(6)</sup> A share award was granted under the StarHub Performance Share Plan on 9 May 2008. The share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The share award is conditional upon the participant achieving prescribed performance targets over the performance period from 1 January 2008 to 31 December 2010. 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.

<sup>(7)</sup> A share award was granted under the StarHub Restricted Stock Plan on 9 May 2008. The share valuation adopted a Monte-Carlo simulation methodology applied at the point of grant. The share award is conditional upon the participant achieving prescribed performance targets over the performance period from 1 January 2008 to 31 December 2009. 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.

<sup>(8)</sup> Ms Diana Lee assumed the position of a senior executive of StarHub on 1 July 2008.

Note:

The above disclosure excludes Mr Michael Eugene Reynolds, ex-President, StarHub, who had resigned as of 18 July 2008, and Mr Tan Tong Hai who had joined StarHub as COO on 15 January 2009.

### **3. Accountability and Audit**

#### **Accountability**

The Group's operating performance and financial results are reported each quarter via SGXNET, with an accompanying negative assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading. This provides shareholders with a balanced and accurate assessment of the Group's performance and prospects and reflects the Board's overall accountability to the shareholders. The Company believes that prompt and full compliance with statutory reporting requirements is key to maintaining shareholder confidence and trust.

The Company, all Directors and employees of the Group are prohibited from dealing in the Company's securities from a month before the announcement of the Group's quarterly and full year results until the results are announced. This is more stringent than required under the SGX-ST Listing Manual. All Directors, Management and employees are notified by email prior to the start of each trading blackout period and are required to observe insider trading laws at all times.

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

#### **Audit Committee**

The AC is constituted by non-executive Directors with accounting and financial management expertise. The majority of the AC members, including the Chairman, are independent Directors.

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

- reviewing and approving the audit plan at the start of each financial year and assessing the adequacy of the Group's internal controls;
- assessing the competence and independence of the Group's external auditors, including the nature, extent and cost of non-audit services provided to the Group by the external auditors during the year;
- reviewing Interested Person Transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate that is renewable annually;
- reviewing and approving the Group's quarterly and full year financial statements; and
- investigating suspected fraud, irregularity, failure of internal controls or violation of any law or regulations likely to materially impact the Group's results.

Management is required to co-operate with the AC, which has full discretion to invite any Director or officer to attend its meetings and to requisite the necessary resources to discharge its functions properly.

# Corporate Governance

In line with the Company's zero tolerance for fraud and other ethical violations, the Group encourages its employees to report suspected fraud, corruption, financial impropriety and other dishonest practices promptly and in good faith, and protects its employees against reprisals. The Group has implemented a formal whistle-blowing policy as well as specific procedures for reporting employee misconduct (including a direct channel to the AC), which have been uploaded onto the Company's intranet for easy access by all employees.

In 2008, the AC held four meetings and met the Company's external and internal auditors, without Management, at least once. Having satisfied itself that the external auditors' independence is not impaired by their provision of non-audit services to the Group, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as the Group's external auditors at the next AGM.

## Internal Controls and Audit

At least once each year, the AC reviews the Group's key internal controls and risk management systems, which are supported by its policies on employee discipline and conduct. The AC assesses the external auditors' recommendations for resolving any weaknesses or lapses in these controls, taking Management's opinions into account. The AC also takes steps to correct such deficiencies with the assistance of the internal auditors.

The Company's key internal controls which are reviewed by the AC annually include:

- policies and procedures for risk identification and amelioration;
- approval limits for key financial and operational matters, and guidelines for delegation of authority;
- maintaining the integrity, confidentiality and availability of critical information and systems, including accounting records;
- policies and procedures for safeguarding assets; and
- measures for ensuring compliance with applicable laws and regulations.

The Group's internal auditor, Ethos Advisory Pte. Ltd., is a contracted internal audit service provider which is guided by the Standards 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 annual internal audit plan is developed in consultation with, but independent of Management, and is subject to the AC's approval. Quarterly internal audit reports are submitted to the AC detailing the internal auditors' progress in executing the audit plan and any major findings and corrective actions taken by Management.

Based on the external and internal auditors' findings, the Board is of the view that the Group's internal controls provide reasonable (though not absolute) assurance against material financial misstatements or loss, and safeguards the Group's assets. The internal controls ensure the maintenance of proper accounting records, the Group's compliance with applicable regulations and best practices, and the timely identification and containment of financial and operational risks. The AC is also satisfied that material internal control deficiencies were identified and remedied on a timely basis.

#### **4. Communication with Shareholders**

##### **Regular, Effective and Fair Communication with Shareholders**

The Company's Investor Relations team, together with the CEO and other members of the Senior Management, keep the Company's shareholders informed of major industry and corporate developments, the Group's performance and other relevant information on a timely basis. Analyst and media briefings are conducted periodically throughout the year. The Company's Management and Investor Relations team also meet with institutional investors on a regular basis, through international road shows and conferences organised by major brokerage firms.

All of the Group's media releases, financial results, annual reports, SGXNET announcements, presentation materials, archived webcasts and conference calls, and other corporate information, are accessible on the Company's regularly updated website at [www.starhub.com/ir](http://www.starhub.com/ir) and, upon request, notified to each investor through an e-mail alert service. To ensure fair and non-selective disclosure of information to investors, the Company announces material price-sensitive information (such as financial results) through SGXNET before conducting any media or analyst conferences.

Contact details of the Investor Relations team are provided on the Company's website and the team is always ready to address shareholders' queries and concerns. The team also keeps Management apprised of shareholder views and sentiments.

##### **Greater Shareholder Participation**

The Company views the AGM and other general meetings as good opportunities for meeting investors and addressing their concerns. The Board, Senior Management and external auditors attend all such meetings. Registered shareholders are invited to attend and participate actively in such meetings, including by clarifying and questioning the Group's strategic direction, business, operations, performance and proposed resolutions. Shareholders can vote in person or by appointing a maximum of two proxies to attend and vote on their behalf. The Company's Articles of Association do not allow shareholders to vote in absentia.

Substantially separate issues are tabled in separate resolutions at general meetings. Voting is carried out systematically, and the votes cast and resolutions passed are properly recorded.

# 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 2008 to 31 December 2008 \$m
<b>Transactions for the Sale of Goods &amp; Services</b>	
Chartered Semiconductor Manufacturing Ltd & its associates	0.3
PT Indosat Tbk & its associates	1.5
Singapore Technologies Engineering Ltd & its associates	0.2
Singapore Telecommunications Limited & its associates	44.8
TeleChoice International Ltd & its associates	3.0
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	0.9
	<hr/> 50.7
<b>Transactions for the Purchase of Goods &amp; Services</b>	
Capitaland Limited & its associates	0.7
PT Indosat Tbk & its associates	8.1
Singapore Computer Systems Limited & its associates	4.4
Singapore Power Limited & its associates	25.9
Singapore Technologies Engineering Ltd & its associates	0.4
Singapore Telecommunications Limited & its associates	96.5
SMRT Corporation Ltd & its associates	0.4
SNP Corporation Limited & its associates	2.0
STT Communications Ltd & its associates	1.2
TeleChoice International Ltd & its associates	186.8
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	20.9
	<hr/> 347.4

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 2008 to 31 December 2008.

During the financial year ended 31 December 2008, 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 2008)	Past Principal Directorships/Chairmanships & Appointments (from 1 January 2006 to 30 December 2008)
Tan Guong Ching	63	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 Temasek Life Sciences Laboratory Limited IP Academy Inter-Roller Engineering Limited Singapore Shipping Corporation Limited	Singapore Power Limited SP PowerGrid Limited Allco (Singapore) Limited Allco SIF Ltd
Steven Terrell Clontz	59	Global Crossing Limited (as Executive Committee Member) InterDigital Communications Corporation Equinix, Inc. LiveCargo Inc.	–
Kua Hong Pak	65	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

## 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 2008)	Past Principal Directorships/Chairmanships & Appointments (from 1 January 2006 to 30 December 2008)
Peter Seah Lim Huat	63	Singapore Technologies Engineering Ltd SembCorp Industries Limited CapitaLand Limited Chartered Semiconductor Manufacturing Ltd Global Crossing Limited Government of Singapore Investment Corporation Private Limited STATS ChipPAC Ltd Singapore Technologies Telemedia Pte Ltd The Siam Commercial Bank Public Company Limited, Singapore Branch Alliance Bank Malaysia Berhad Bank of China Limited	PSA International Pte Ltd PT Bank Internasional Indonesia Tbk The National Kidney Foundation EDB Investments Pte Ltd PT Indosat Tbk Singapore Computer Systems Limited
Nihal Vijaya Devadas Kaviratne CBE	65	GlaxoSmithKline Pharmaceuticals Limited TVS Motor Company (Europe) BV PT TVS Motor Company Agro Tech Foods Limited St. Jude India ChildCare Centres Fullerton India Credit Company Limited Titan Industries Ltd Wildlife Reserves Singapore Pte Ltd	–
Lee Theng Kiat	56	Singapore Technologies Telemedia Pte Ltd STT Communications Ltd Asia Mobile Holding Company Pte. Ltd. Asia Mobile Holdings Pte. Ltd. Global Crossing Limited i-STT Investments Pte. Ltd. ST Telecommunications (Beijing) Co., Ltd ST Teleport Pte Ltd STT Crossing Ltd TeleChoice International Limited Shenington Investments Pte Ltd	PT Indosat Tbk Indonesia Communications 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 2008)	Past Principal Directorships/Chairmanships & Appointments (from 1 January 2006 to 30 December 2008)
Lim Ming Seong	62	CSE Global Limited Singapore Aerospace Manufacturing Pte Ltd First Resources Ltd Accuron Technologies Ltd Singapore Technologies Kinetics Pte Ltd Singapore Technologies Telemedia Pte Ltd Tuas Power Ltd United BMEC Pte Ltd WhiteRock Healthcare Pte Ltd WhiteRock Partners Ltd Amplus Communications Pte 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 Genovate Solutions Pte Ltd
Lim Chin Beng	77	The Ascott Group Limited Changi Airport International Pte Ltd Singapore Changi Airport Enterprise Pte Ltd CapitaLand Hope Foundation CapitaLand Limited Pontiac Hotel Pte Ltd Pontiac Land Pte Ltd RCMS Hotels Ltd RCMS Properties Pte Ltd Singapore Airshow & Events Pte Ltd West Paces Hotel Group Asia Pte Ltd	Public Service Commission (as Member)
Sadao Maki	57	NTT Communications Corporation NTT Worldwide Telecommunications Corporation NTT Singapore Pte. Ltd. NTT Europe Ltd. NTT America, Inc. Verio, Inc. NTT Com China Company Ltd.	–
Teo Ek Tor	56	PrimePartners Group Pte Ltd PrimePartners Asset Management Pte Ltd Prime Partners Corporate Finance Pte Ltd Prime Energy Holdings Limited (formerly known as Transmission & Distribution Holdings Limited) United Pacific Industries Limited ServTouch Holdings Pte Ltd WhiteRock Medical Company Pte Ltd	ECS Holdings Limited Nylex (Malaysia) Bhd Tamco Corporate Holdings Berhad

## 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 2008)	Past Principal Directorships/Chairmanships & Appointments (from 1 January 2006 to 30 December 2008)
Liu Chee Ming	58	Platinum Broking Company Limited Platinum Holdings Company Limited Platinum Securities Company Limited Platinum Securities Company Limited (Singapore) Access Investment Management (H.K.) Limited Brienne Investments Limited Kader Holdings Company Limited Keltyhill Incorporated Odlins Holdings Limited Yantai Raffles Shipyard Limited The Singapore International School Foundation Ltd	CAV-Thakral Home Entertainment LTD. DOT Holdings Limited Media Asia Entertainment Group Ltd L.K. Technology Holdings Ltd Robinson & Co. Ltd Rainbow City Limited
Robert J. Sachs	61	Continental Consulting Group, LLC. (as Principal) Global Crossing Limited Big Band Networks, Inc. Dana-Farber Cancer Institute, Inc. National Coalition for Cancer Survivorship (as Chairman of Board of Trustees) UpdateLogic, Inc., WGBH Educational Foundation Citi Performing Arts Center	–
Nasser Marafih	48	Asia Mobile Holdings Pte. Ltd. Asiacell Communications LLC National Mobile Telecommunications Company K.S.C. Omani Qatari Telecommunications Company S.A.O.C. (Nawras Telecom) Orascom Telecom Tunisie SA PT Indosat Tbk Shenington Investments Pte Ltd Wataniya Telecom Algeria S.p.A. Wataniya Palestine Mobile Telecommunications Co. Wi-tribe Ltd	–

# Financial Statements

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# Directors' Report

Year ended 31 December 2008

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 2008.

## 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	
Teo Ek Tor	
Liu Chee Ming	
Robert J. Sachs	
Nasser Marafih	
Sadao Maki	(Appointed on 6 August 2008)
Sio Tat Hiang	(Alternate to Peter Seah Lim Huat)
Stephen Geoffrey Miller	(Alternate to Lee Theng Kiat)
Masakazu Inori	(Appointed as Alternate to Sadao Maki on 6 August 2008)

## 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 2008	31 December 2008
<b>The Company</b>		
<b>Ordinary shares</b>		
Steven Terrell Clontz	5,868,010 +	6,807,010 +
Peter Seah Lim Huat	147,560	447,560
Nihal Vijaya Devadas Kaviratne CBE	72,270	–
Lee Theng Kiat	114,730	156,730
Lim Ming Seong	99,000	133,000
Lim Chin Beng	139,720 +	139,720 +
Liu Chee Ming	74,200 +	88,950 +

+ Held (partly or wholly) by a nominee.

**Shares in the Company and in related corporations** (continued)

	1 January 2008	31 December 2008
<b>Related Corporations</b>		
<b>Chartered Semiconductor Manufacturing Ltd</b>		
<b>Ordinary shares</b>		
Tan Guong Ching	15,000	15,000
Peter Seah Lim Huat	–	6,730
Lim Ming Seong	–	45,000
<b>Global Crossing Limited</b>		
<b>Common stock of US\$0.01 each</b>		
Steven Terrell Clontz	6,685	11,665
Peter Seah Lim Huat	7,771	13,532
Lee Theng Kiat	6,251	10,835
Robert J. Sachs	6,685	11,665
<b>i-STT Investments Pte Ltd</b>		
<b>Ordinary shares (held in trust for STT Communications Ltd)</b>		
Lee Theng Kiat	1	1
<b>Singapore Airlines Limited</b>		
<b>Ordinary shares</b>		
Tan Guong Ching	2,000	2,000
<b>Singapore Technologies Engineering Ltd</b>		
<b>Ordinary shares</b>		
Peter Seah Lim Huat	307,500	307,500
Lim Ming Seong	15,000	30,000
Lim Chin Beng	62,000 <sup>+</sup>	121,373 <sup>+</sup>
<b>Singapore Telecommunications Limited</b>		
<b>Ordinary shares</b>		
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
Sio Tat Hiang	1,490	1,490

<sup>+</sup> Held (partly or wholly) by a nominee.

# Directors' Report

Year ended 31 December 2008

## Shares in the Company and in related corporations (continued)

	1 January 2008	31 December 2008
<b>Related Corporations (continued)</b>		
<b>SMRT Corporation Ltd</b>		
Ordinary shares		
Tan Guong Ching	11,000	11,000
<b>SP Australia Networks (Transmission) Ltd ("SPANTL")</b>		
<b>SP Australia Networks (Distribution) Ltd ("SPANDL")</b>		
<b>SP Australia Networks (Finance) Trust ("SPANFT")</b>		
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
<b>STATS ChipPAC Ltd</b>		
Ordinary shares		
Steven Terrell Clontz	800	800
Peter Seah Lim Huat	–	6,900
Lim Ming Seong	–	6,900
<b>TeleChoice International Limited</b>		
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
<b>Vertex Technology Fund (II) Ltd</b>		
Ordinary shares		
Lee Theng Kiat	100 <sup>+</sup>	–
Lim Ming Seong	50 <sup>+</sup>	–
Redeemable preference shares		
Lee Theng Kiat	96.99 <sup>+</sup>	–
Lim Ming Seong	46 <sup>+</sup>	–
<b>Vertex Technology Fund Ltd</b>		
Ordinary shares		
Lim Ming Seong	300 <sup>+</sup>	–

<sup>+</sup> Held by a nominee.

## Options and other interests in the Company and in related corporations

	1 January 2008	31 December 2008	Exercise Price \$	Exercise Period
<b>The Company</b>				
<b>Options to subscribe for ordinary shares</b>				
Peter Seah Lim Huat	6,250	6,250	0.985	27.11.2005 to 26.11.2009
	8,500	8,500	1.52	31.05.2006 to 30.05.2010
Nihal Vijaya Devadas Kaviratne CBE	6,250	–	0.985	27.11.2005 to 26.11.2009
	8,500	–	1.52	31.05.2006 to 30.05.2010
Lee Theng Kiat	6,250	–	0.88	29.11.2004 to 28.11.2008
	6,250	–	0.96	03.04.2005 to 02.04.2009
	12,500	–	0.985	27.11.2005 to 26.11.2009
	17,000	–	1.52	31.05.2006 to 30.05.2010
Lim Ming Seong	15,250	–	0.88	31.05.2004 to 30.05.2008
	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	6,250	0.985	27.11.2005 to 26.11.2009
	8,500	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	6,250	–	0.985	27.11.2005 to 26.11.2009
	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

# Directors' Report

Year ended 31 December 2008

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

	1 January 2008	31 December 2008
<b>The Company (continued)</b>		
<b>Conditional awards of shares</b>		
<b>Shares to be delivered after 2007</b>		
Steven Terrell Clontz	875,000 <sup>(1)</sup>	– <sup>(1)</sup>
	180,000 <sup>(2)</sup>	78,000 <sup>(2)</sup>
<b>Shares to be delivered after 2008</b>		
Tan Guong Ching	21,200 <sup>(3)</sup>	21,200 <sup>(3)</sup>
Steven Terrell Clontz	300,000 <sup>(4)</sup>	300,000 <sup>(4)</sup>
	160,000 <sup>(5)</sup>	160,000 <sup>(5)</sup>
Peter Seah Lim Huat	17,200 <sup>(3)</sup>	17,200 <sup>(3)</sup>
Nihal Vijaya Devadas Kaviratne CBE	17,200 <sup>(3)</sup>	17,200 <sup>(3)</sup>
Lee Theng Kiat	14,400 <sup>(3)</sup>	14,400 <sup>(3)</sup>
Lim Ming Seong	18,700 <sup>(3)</sup>	18,700 <sup>(3)</sup>
Lim Chin Beng	11,500 <sup>(3)</sup>	11,500 <sup>(3)</sup>
Teo Ek Tor	15,100 <sup>(3)</sup>	15,100 <sup>(3)</sup>
Liu Chee Ming	12,200 <sup>(3)</sup>	12,200 <sup>(3)</sup>
Robert J. Sachs	12,200 <sup>(3)</sup>	12,200 <sup>(3)</sup>

<sup>(1)</sup> A conditional award under the StarHub Performance Share Plan was granted in November 2005. The performance period was from 2005 to 2007. The shares under the final award were delivered in 2008 based on the actual level of achievement of the pre-determined performance targets.

<sup>(2)</sup> A conditional award under the StarHub Restricted Stock Plan was granted in July 2006. The performance period was from 2006 to 2007. The final award was granted in 2008 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2008 and the balance would be delivered in phases according to the stipulated vesting periods from 2008 to 2010.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

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

	1 January 2008	31 December 2008
<b>The Company</b> (continued)		
<b>Conditional awards of shares</b>		
<b>Shares to be delivered after 2009</b>		
Tan Guong Ching	–	23,300 <sup>(6)</sup>
Steven Terrell Clontz	240,000 <sup>(7)</sup>	240,000 <sup>(7)</sup>
	–	176,000 <sup>(6)</sup>
Peter Seah Lim Huat	–	19,000 <sup>(6)</sup>
Nihal Vijaya Devadas Kaviratne CBE	–	19,000 <sup>(6)</sup>
Lee Theng Kiat	–	15,800 <sup>(6)</sup>
Lim Ming Seong	–	19,800 <sup>(6)</sup>
Lim Chin Beng	–	13,400 <sup>(6)</sup>
Teo Ek Tor	–	17,400 <sup>(6)</sup>
Liu Chee Ming	–	13,400 <sup>(6)</sup>
Robert J. Sachs	–	13,400 <sup>(6)</sup>
Nasser Marafih	–	11,000 <sup>(6)</sup>
<b>Shares to be delivered after 2010</b>		
Steven Terrell Clontz	–	264,000 <sup>(8)</sup>

<sup>(6)</sup> A conditional award under the StarHub Restricted Stock Plan was granted in May 2008. The performance period is from 2008 to 2009. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

<sup>(7)</sup> 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.

<sup>(8)</sup> A conditional award under the StarHub Performance Share Plan was granted in May 2008. The performance period is from 2008 to 2010. 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.

# Directors' Report

Year ended 31 December 2008

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

	1 January 2008	31 December 2008	Exercise Price \$	Exercise Period
<b>Related Corporations</b>				
<b>Chartered Semiconductor Manufacturing Ltd</b>				
<b>Options to subscribe for ordinary shares</b>				
Peter Seah Lim Huat	40,000	–	0.72	28.02.2004 to 28.02.2008
	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	47,500	1.07	31.08.2008 to 31.08.2012
Lim Ming Seong	45,000	–	0.72	28.02.2004 to 28.02.2008
	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 2008	31 December 2008	Vesting Period
<b>Chartered Semiconductor Manufacturing Ltd</b>			
<b>Restricted share units</b>			
Peter Seah Lim Huat	20,190	13,460	31.08.2008 to 31.08.2010
	–	35,110	30.05.2009 to 30.05.2011

	1 January 2008	31 December 2008	Exercise Price \$	Exercise Period
<b>Global Crossing Limited</b>				
<b>Options to subscribe for common stock of US\$0.01 each</b>				
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 2008	31 December 2008	Vesting Period/Date
<b>Related Corporations</b> (continued)			
<b>Global Crossing Limited</b>			
<b>Restricted stock units</b>			
Steven Terrell Clontz	2,750	1,500	08.03.2005 to 08.03.2009
	2,420	–	On 12.06.2008
	–	4,176	On 24.06.2009
Peter Seah Lim Huat	4,125	2,250	08.03.2005 to 08.03.2009
	2,420	–	On 12.06.2008
	–	4,176	On 24.06.2009
Lee Theng Kiat	2,750	1,500	08.03.2005 to 08.03.2009
	2,420	–	On 12.06.2008
	–	4,176	On 24.06.2009
Robert J. Sachs	2,750	1,500	08.03.2005 to 08.03.2009
	2,420	–	On 12.06.2008
	–	4,176	On 24.06.2009

# Directors' Report

Year ended 31 December 2008

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

	1 January 2008	31 December 2008	Exercise Price \$	Exercise Period
<b>Related Corporations (continued)</b>				
<b>Singapore Technologies Engineering Ltd</b>				
<b>Options to subscribe for ordinary shares</b>				
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	13,500	3.23	16.03.2008 to 15.03.2012
	13,500	13,500	3.61	11.08.2008 to 10.08.2012
Peter Seah Lim Huat	11,125	11,125	2.09	10.02.2005 to 09.02.2009
	11,125	11,125	2.12	11.08.2005 to 10.08.2009
	22,250	22,250	2.37	08.02.2006 to 07.02.2010
	22,250	22,250	2.57	11.08.2006 to 10.08.2010
	33,375	33,375	3.01	10.02.2007 to 09.02.2011
	33,375	33,375	2.84	11.08.2007 to 10.08.2011
	44,500	44,500	3.23	16.03.2008 to 15.03.2012
	44,500	44,500	3.61	11.08.2008 to 10.08.2012
Lim Ming Seong	7,500	–	1.79	07.02.2004 to 06.02.2008
	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	7,500	3.23	16.03.2008 to 15.03.2012
	7,500	7,500	3.61	11.08.2008 to 10.08.2012
Lim Chin Beng	13,500	–	1.79	07.02.2004 to 06.02.2008
	13,500	–	1.86	12.08.2004 to 11.08.2008
	13,500	–	2.09	10.02.2005 to 09.02.2009
	13,500	–	2.12	11.08.2005 to 10.08.2009
	7,166	1,793	2.57	11.08.2006 to 10.08.2010

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

	1 January 2008	31 December 2008
<b>Related Corporations (continued)</b>		
<b>Singapore Technologies Engineering Ltd</b>		
Conditional awards of shares		
Shares to be delivered after 2008		
Tan Guong Ching	–	8,250 <sup>(9)</sup>
Peter Seah Lim Huat	–	45,750 <sup>(9)</sup>
Lim Ming Seong	–	6,750 <sup>(9)</sup>

<sup>(9)</sup> The minimum threshold performance over the period from 1 January 2008 to 31 December 2008 is required for any restricted shares to be released. A specific number of restricted shares to be released will depend on the extent of achievement of all performance conditions and will be delivered in phases according to the stipulated vesting periods.

	1 January 2008	31 December 2008	Exercise Price \$	Exercise Period
<b>STATS ChipPAC Ltd</b>				
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
		1 January 2008	31 December 2008	Vesting Period
<b>STATS ChipPAC Ltd</b>				
Restricted share units				
Peter Seah Lim Huat		20,700	13,800	16.02.2008 to 16.02.2010
Lim Ming Seong		20,700	–	16.02.2008 to 16.02.2010

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 2009.

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.

# Directors' Report

Year ended 31 December 2008

## 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.

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 2008	Aggregate options exercised since commencement of the StarHub Share Option Plans to 31 December 2008	Aggregate options outstanding as at 31 December 2008
<b>StarHub Share Option Plan 2000</b>				
Steven Terrell Clontz	–	6,875,010	6,875,010	–
Peter Seah Lim Huat	–	93,750	93,750	–
Lee Theng Kiat	–	143,750	143,750	–
Lim Ming Seong	–	118,750	100,000	18,750
Lim Chin Beng	–	143,750	143,750	–
<b>StarHub Share Option Plan 2004</b>				
Peter Seah Lim Huat	–	44,250	29,500	14,750
Nihal Vijaya Devadas Kaviratne CBE	–	44,250	44,250	–
Lee Theng Kiat	–	44,250	44,250	–
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	44,250	–
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 6,658,802 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 \$0.68 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
6	28.04.2002 to 27.04.2011	7,125	0.880
15	27.10.2002 to 26.10.2011	13,000	0.880
22	27.04.2003 to 26.04.2012	25,500	0.880
27	29.11.2002 to 29.11.2012	117,622	0.680
95	30.11.2003 to 29.11.2012	406,760	0.880
155	31.05.2004 to 30.05.2013	366,551	0.880
235	29.11.2004 to 28.11.2013	615,360	0.880
386	03.04.2005 to 02.04.2014	853,736	0.960
1	03.04.2005 to 02.04.2009	18,750	0.960
547	27.11.2005 to 26.11.2014	1,441,307	0.985
4	27.11.2005 to 26.11.2009	50,000	0.985
899	31.05.2006 to 30.05.2015	4,017,924	1.520
5	31.05.2006 to 30.05.2010	93,500	1.520
Total		8,043,635	

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.

# Directors' Report

Year ended 31 December 2008

## Equity Compensation Benefits (continued)

- (iii) Under the StarHub Performance Share Plan, awards of shares are granted on an annual basis, conditional on targets set for a performance period, currently prescribed to be a three-year period. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets set based on medium-term corporate objectives.

Awards are released once the ERCC is satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period. The first performance target benchmarks the performance of the Company's Total Shareholder Return ("TSR") measured against the MSCI Asia-Pacific Telecommunications Index including Japan, over the performance period. The second performance target used is Wealth Added which measures the investment performance in terms of the Company's TSR against shareholders' expected returns by using cost of equity as a benchmark.

Since the commencement of the StarHub Performance Share Plan to the financial year ended 31 December 2008, conditional awards aggregating 4,743,000 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 2008	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2008
Executive director:				
Steven Terrell Clontz	264,000	1,679,000	1,750,000	804,000
Key executives	356,000	3,064,000	3,146,700	794,000

- (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 2008, conditional awards aggregating 5,200,600 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.

## Equity Compensation Benefits (continued)

Details of share awards granted under the StarHub Restricted Stock Plan (or "RSP"), are as follows:

Participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of the RSP to 31 December 2008	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2008
Non-executive directors:				
Tan Guong Ching	23,300	44,500	–	44,500
Peter Seah Lim Huat	19,000	36,200	–	36,200
Nihal Vijaya Devadas Kaviratne CBE	19,000	36,200	–	36,200
Lee Theng Kiat	15,800	30,200	–	30,200
Lim Ming Seong	19,800	38,500	–	38,500
Lim Chin Beng	13,400	24,900	–	24,900
Teo Ek Tor	17,400	32,500	–	32,500
Liu Chee Ming	13,400	25,600	–	25,600
Robert J. Sachs	13,400	25,600	–	25,600
Nasser Marafih	11,000	11,000	–	11,000
Executive director:				
Steven Terrell Clontz	176,000	516,000	39,000	414,000
Key employees	1,316,000	4,379,400	508,200	3,089,300

As at 31 December 2008, 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.

# Directors' Report

Year ended 31 December 2008

## Audit Committee

The members of the Audit Committee as at the date of this report are as follows:

Kua Hong Pak, independent non-executive director (Chairman);  
Nihal Vijaya Devadas Kaviratne CBE, independent non-executive director;  
Lim Ming Seong, non-executive director; and  
Teo Ek Tor, independent non-executive director.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee has also reviewed the following:

- (1) assistance provided by the Company's officers to the internal and external auditors;
- (2) financial statements of the Company and its subsidiaries prior to their submission to the directors of the Company for adoption; and
- (3) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and its subsidiaries and the Company's compliance with the review procedures of such transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors, and is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that KPMG LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

## Auditors

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

On behalf of the Board of Directors



**Tan Guong Ching**  
Director



**Steven Terrell Clontz**  
Director

Singapore  
10 February 2009

# Statement by Directors

Year ended 31 December 2008

## In our opinion:

- (a) the financial statements set out on pages 93 to 137 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 2008 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

Singapore  
10 February 2009



**Steven Terrell Clontz**  
Director

# 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 2008, 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 93 to 137.

### Management's responsibility for the financial statements

Management is 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:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion:

- (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 2008 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 LLP

Public Accountants and  
Certified Public Accountants

Singapore  
10 February 2009

# Balance Sheets

As at 31 December 2008

	Notes	GROUP		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	845,654	893,970	324,913	308,469
Intangible assets	4	380,997	351,908	94,190	56,837
Subsidiaries	5	–	–	1,162,068	1,161,968
Deferred tax assets	6	25,098	91,982	–	57,147
		<b>1,251,749</b>	<b>1,337,860</b>	<b>1,581,171</b>	<b>1,584,421</b>
<b>Current assets</b>					
Inventories	7	20,505	19,848	12,041	9,564
Trade receivables	8	127,760	113,510	90,564	78,025
Other receivables, deposits and prepayments	9	112,801	94,971	21,260	30,607
Balances with related parties	10	20,127	15,326	811,611	782,509
Cash and bank balances	11	128,327	137,975	111,611	115,024
		<b>409,520</b>	<b>381,630</b>	<b>1,047,087</b>	<b>1,015,729</b>
Less:					
<b>Current liabilities</b>					
Trade payables and accruals		339,031	351,525	204,002	222,489
Other payables	12	203,016	171,408	61,876	57,269
Balances with related parties	10	40,088	64,944	207,797	98,476
Bank loans	13	217,892	124,320	217,892	124,320
Provisions	14	7,883	7,227	2,055	2,005
		<b>807,910</b>	<b>719,424</b>	<b>693,622</b>	<b>504,559</b>
<b>Net current (liabilities)/assets</b>		<b>(398,390)</b>	<b>(337,794)</b>	<b>353,465</b>	<b>511,170</b>
<b>Non-current liabilities</b>					
Bank loans	13	(695,787)	(843,680)	(695,787)	(843,680)
Deferred income	15	(10,709)	(14,783)	–	–
Deferred tax liabilities	6	(38,810)	(33,946)	(27,158)	–
		<b>(745,306)</b>	<b>(892,409)</b>	<b>(722,945)</b>	<b>(843,680)</b>
<b>Net assets</b>		<b>108,053</b>	<b>107,657</b>	<b>1,211,691</b>	<b>1,251,911</b>
<b>Shareholders' equity</b>					
Share capital	16	255,116	247,207	255,116	247,207
Reserves	18	(147,063)	(139,550)	956,575	1,004,704
<b>Total equity</b>		<b>108,053</b>	<b>107,657</b>	<b>1,211,691</b>	<b>1,251,911</b>

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

# Profit and Loss Statements

Year ended 31 December 2008

	Notes	GROUP		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Operating revenue	19	<b>2,127,608</b>	2,013,688	<b>869,519</b>	765,561
Operating expenses	20	<b>(1,718,351)</b>	(1,596,986)	<b>(767,636)</b>	(755,940)
Other income	21	-	-	<b>263,387</b>	417,642
		<b>409,257</b>	416,702	<b>365,270</b>	427,263
Finance income	22	<b>844</b>	3,026	<b>16,074</b>	24,380
Finance expense	22	<b>(27,303)</b>	(26,248)	<b>(26,371)</b>	(27,121)
Net finance costs		<b>(26,459)</b>	(23,222)	<b>(10,297)</b>	(2,741)
<b>Profit before taxation</b>		<b>382,798</b>	393,480	<b>354,973</b>	424,522
Taxation	23	<b>(71,479)</b>	(63,141)	<b>(84,035)</b>	(42,168)
<b>Profit for the year</b>		<b>311,319</b>	330,339	<b>270,938</b>	382,354
Attributable to:					
Equity holders of the company		<b>311,319</b>	330,339	<b>270,938</b>	382,354
Profit for the year		<b>311,319</b>	330,339	<b>270,938</b>	382,354
<b>Earnings per share</b>					
Basic (cents)	24	<b>18.28</b>	18.72		
Diluted (cents)	24	<b>18.16</b>	18.54		
<b>EBITDA</b>	25	<b>644,382</b>	642,822		

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

# Statements of Changes in Equity

Year ended 31 December 2008

	Note	GROUP		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Share Capital</b>					
At beginning of year		247,207	236,403	247,207	236,403
Issue of shares under StarHub Share Option Plans		7,909	10,804	7,909	10,804
Transfer from merger/capital reserve		-	442,296	-	442,296
Cancellation of shares pursuant to capital reduction		-	(442,296)	-	(442,296)
At end of year		255,116	247,207	255,116	247,207
<b>Reserves</b>					
<b>Treasury Shares</b>					
At beginning of year		(16,223)	-	(16,223)	-
Purchase of treasury shares		(5,785)	(16,223)	(5,785)	(16,223)
Transfer to share-based payment reserve		16,008	-	16,008	-
At end of year		(6,000)	(16,223)	(6,000)	(16,223)
<b>Goodwill Written Off</b>					
At beginning and end of year		(276,290)	(276,290)	-	-
<b>Merger/Capital Reserve</b>					
At beginning of year		-	405,434	276,526	718,822
Transfer to share capital		-	(442,296)	-	(442,296)
Transfer from retained earnings		-	36,862	-	-
At end of year		-	-	276,526	276,526
<b>Share-Based Payment Reserve</b>					
At beginning of year		19,883	13,973	19,883	13,973
Share-based expenses		4,719	5,910	4,719	5,910
Transfer from treasury shares		(16,008)	-	(16,008)	-
At end of year		8,594	19,883	8,594	19,883
Balance carried forward		(273,696)	(272,630)	279,120	280,186

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

# Statements of Changes in Equity

Year ended 31 December 2008

	Note	GROUP		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance brought forward		(273,696)	(272,630)	279,120	280,186
<b>Hedging Reserve</b>					
At beginning of year		(2,262)	158	(942)	-
Effective portion of changes in fair value of cash flow hedge		(10,110)	(2,420)	(10,345)	(942)
At end of year		(12,372)	(2,262)	(11,287)	(942)
<b>Retained Profits</b>					
At beginning of year		135,342	107,807	725,460	609,048
Net profit for the year		311,319	330,339	270,938	382,354
Final dividend paid	17	(76,884)	(64,902)	(76,884)	(64,902)
Interim dividends paid	17	(230,772)	(201,040)	(230,772)	(201,040)
Transfer to capital reserve		-	(36,862)	-	-
At end of year		139,005	135,342	688,742	725,460
<b>Total Reserves</b>		(147,063)	(139,550)	956,575	1,004,704
<b>Total Attributable to Equity Holders of the Company</b>		108,053	107,657	1,211,691	1,251,911
Total recognised income and expense (including those recognised directly in equity) for the year		301,209	327,919	260,593	381,412

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

# Consolidated Cash Flow Statement

Year ended 31 December 2008

	2008 \$'000	2007 \$'000
<b>Operating activities</b>		
Profit before taxation	382,798	393,480
Adjustments for:		
Provision for charity fund	1,037	1,019
Provision for loyalty programme	16,427	12,766
Depreciation and amortisation (net of asset grants)	235,125	226,120
Gain on disposal of property, plant and equipment and intangible assets	(121)	(415)
Property, plant and equipment and intangible assets written-off	1,577	906
Share-based expenses	4,719	5,910
Change in fair value of financial instruments	1,274	1,409
Interest expense	27,303	26,248
Interest income	(844)	(3,026)
Operating cash flow before working capital changes	669,295	664,417
Changes in working capital:		
Inventories	(657)	(6,868)
Trade receivables	(14,250)	(2,021)
Other receivables, deposits and prepayments	(17,850)	13,242
Trade payables, accruals and other payables	(9,670)	11,982
Related corporations balances (trade)	(29,657)	15,169
<b>Cash generated from operations</b>	<b>597,211</b>	<b>695,921</b>
Income tax refund	269	-
<b>Net cash inflow from operating activities</b>	<b>597,480</b>	<b>695,921</b>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment and intangible assets	146	2,121
Purchase of property, plant and equipment and intangible assets	(219,768)	(212,886)
Interest received	864	3,001
<b>Net cash outflow from investing activities</b>	<b>(218,758)</b>	<b>(207,764)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	7,909	10,804
Payment for cancellation of shares pursuant to capital reduction	-	(442,296)
Grants received	-	382
Interest paid	(28,517)	(22,093)
Proceeds from loans	-	335,000
Repayment of loans	(54,321)	-
Dividends paid	(307,656)	(265,942)
Purchase of treasury shares	(5,785)	(16,223)
<b>Net cash outflow from financing activities</b>	<b>(388,370)</b>	<b>(400,368)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,648)</b>	<b>87,789</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>137,975</b>	<b>50,186</b>
<b>Cash and cash equivalents at end of year (note 11)</b>	<b>128,327</b>	<b>137,975</b>

## Significant non-cash transactions

During the financial year ended 31 December 2008, the Group entered into capacity swap transactions of \$6.0 million (2007: \$3.2 million) with other operators.

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

# Notes to the Financial Statements

Year ended 31 December 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 February 2009.

## 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.

#### New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

FRS 1 (revised 2008)	:	Presentation of Financial Statements
Amendments to FRS 1	:	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 23 (revised 2007)	:	Borrowing Costs
Amendments to FRS 32	:	Financial Instruments: Presentation
Amendments to FRS 39	:	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendments to FRS 101	:	First-time Adoption of Financial Reporting Standards
Amendments to FRS 27	:	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 102	:	Share-based Payment – Vesting Conditions and Cancellations
FRS 108	:	Operating Segments
INT FRS 113	:	Customer Loyalty Programmes
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation

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 Summary of Significant Accounting Policies (continued)

### 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, 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.

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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 2 Summary of Significant Accounting Policies (continued)

### 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.

### 2.4 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.

## **2 Summary of Significant Accounting Policies** (continued)

### **2.4 Intangible assets** (continued)

#### 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 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 or its cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate 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.

### **2.6 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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 2 Summary of Significant Accounting Policies (continued)

### 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.

#### Defined contribution plans

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

#### Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or Performance Cash Plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **2 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 relates to reward points granted to customers and 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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 2 Summary of Significant Accounting Policies (continued)

### 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.

### 2.17 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 where 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 taxes

Income taxes for the year comprise current tax and deferred tax. Income taxes are 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 at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction other than a business combination that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is not probable that they will not reverse in the foreseeable future.

Deferred tax is provided 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 Summary of Significant Accounting Policies** (continued)

### **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.

### **2.23 Derivative financial instruments**

The Group uses interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rate risks and foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at balance sheet date. 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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 2 Summary of Significant Accounting Policies (continued)

### 2.24 Hedging (continued)

Cash flow hedges (continued)

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.

### 2.25 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 Summary of Significant Accounting Policies** (continued)

### **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

# Notes to the Financial Statements

Year ended 31 December 2008

## 3 Property, Plant and Equipment

GROUP	Leasehold building \$'000	Leasehold improvements \$'000	Freehold property \$'000	Network equipment \$'000	Office equipment, computers and furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
<b>Cost</b>								
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
At 1.1.2008	5,722	44,384	1,657	2,397,988	130,789	6,464	79,039	2,666,043
Additions	–	120	–	9,812	734	450	162,210	173,326
Transfers	–	912	–	126,422	11,577	263	(139,174)	–
Reclassifications	–	–	–	–	5	–	(67)	(62)
Disposals	–	–	–	(5,465)	(1,194)	(1,002)	–	(7,661)
Write-offs	–	(3)	–	(4,986)	(2,805)	–	(1,180)	(8,974)
At 31.12.2008	5,722	45,413	1,657	2,523,771	139,106	6,175	100,828	2,822,672
<b>Accumulated depreciation and impairment losses</b>								
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
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
At 1.1.2008	32	41,143	–	1,623,377	94,355	5,873	7,293	1,772,073
Charge for the year	191	1,403	–	202,815	15,327	329	–	220,065
Disposals	–	–	–	(5,441)	(1,211)	(1,001)	–	(7,653)
Write-offs	–	(3)	–	(4,668)	(2,796)	–	–	(7,467)
At 31.12.2008	223	42,543	–	1,816,083	105,675	5,201	7,293	1,977,018
<b>Carrying amount</b>								
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
At 1.1.2008	5,690	3,241	1,657	774,611	36,434	591	71,746	893,970
At 31.12.2008	5,499	2,870	1,657	707,688	33,431	974	93,535	845,654
							2008 \$'000	2007 \$'000
Amounts capitalised in construction in progress during the year:								
– Staff costs							2,042	3,731
– Operating leases							–	33

### 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
<b>Cost</b>							
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
At 1.1.2008	5,722	30,917	782,152	95,753	2,835	53,718	971,097
Additions	–	85	101	560	–	80,737	81,483
Transfers	–	670	44,548	10,995	–	(56,213)	–
Disposals	–	–	(42)	(1,048)	(268)	–	(1,358)
Write-offs	–	–	(358)	(1,724)	–	–	(2,082)
At 31.12.2008	5,722	31,672	826,401	104,536	2,567	78,242	1,049,140
<b>Accumulated depreciation and impairment losses</b>							
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
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
At 1.1.2008	32	28,064	559,480	64,964	2,796	7,292	662,628
Charge for the year	191	1,149	51,463	12,190	14	–	65,007
Disposals	–	–	(21)	(1,046)	(268)	–	(1,335)
Write-offs	–	–	(358)	(1,715)	–	–	(2,073)
At 31.12.2008	223	29,213	610,564	74,393	2,542	7,292	724,227
<b>Carrying amount</b>							
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
At 1.1.2008	5,690	2,853	222,672	30,789	39	46,426	308,469
At 31.12.2008	5,499	2,459	215,837	30,143	25	70,950	324,913

# Notes to the Financial Statements

Year ended 31 December 2008

## 4 Intangible Assets

GROUP	Telecom- munications licences \$'000	Software \$'000	Software in development \$'000	Goodwill \$'000	Total \$'000
<b>Cost</b>					
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
At 1.1.2008	<b>98,119</b>	<b>219,388</b>	<b>25,154</b>	<b>220,292</b>	<b>562,953</b>
Additions	–	1,371	46,877	–	48,248
Transfers	–	7,969	(7,969)	–	–
Reclassifications	–	62	–	–	62
Disposals	–	(116)	–	–	(116)
Write-offs	–	(1,039)	(57)	–	(1,096)
At 31.12.2008	<b>98,119</b>	<b>227,635</b>	<b>64,005</b>	<b>220,292</b>	<b>610,051</b>
<b>Accumulated amortisation</b>					
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
At 1.1.2008	<b>31,576</b>	<b>179,469</b>	–	–	<b>211,045</b>
Charge for the year	<b>4,801</b>	<b>14,333</b>	–	–	<b>19,134</b>
Disposals	–	(99)	–	–	(99)
Write-offs	–	(1,026)	–	–	(1,026)
At 31.12.2008	<b>36,377</b>	<b>192,677</b>	–	–	<b>229,054</b>
<b>Carrying amount</b>					
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
At 1.1.2008	<b>66,543</b>	<b>39,919</b>	<b>25,154</b>	<b>220,292</b>	<b>351,908</b>
At 31.12.2008	<b>61,742</b>	<b>34,958</b>	<b>64,005</b>	<b>220,292</b>	<b>380,997</b>

### 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.

No impairment loss was required for the carrying amount of goodwill assessed as at 31 December 2008 and 31 December 2007 as the recoverable value was in excess of the carrying value.

4 Intangible Assets (continued)

COMPANY	Telecom- munications licences \$'000	Software \$'000	Software in development \$'000	Total \$'000
<b>Cost</b>				
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
At 1.1.2008	<b>1,032</b>	<b>178,799</b>	<b>24,339</b>	<b>204,170</b>
Additions	-	1,099	46,187	47,286
Transfers	-	6,847	(6,847)	-
At 31.12.2008	<b>1,032</b>	<b>186,745</b>	<b>63,679</b>	<b>251,456</b>
<b>Accumulated amortisation</b>				
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
At 1.1.2008	<b>258</b>	<b>147,075</b>	-	<b>147,333</b>
Charge for the year	<b>103</b>	<b>9,830</b>	-	<b>9,933</b>
At 31.12.2008	<b>361</b>	<b>156,905</b>	-	<b>157,266</b>
<b>Carrying amount</b>				
At 1.1.2007	878	31,360	4,040	36,278
At 31.12.2007	774	31,724	24,339	56,837
At 1.1.2008	<b>774</b>	<b>31,724</b>	<b>24,339</b>	<b>56,837</b>
At 31.12.2008	<b>671</b>	<b>29,840</b>	<b>63,679</b>	<b>94,190</b>
				GROUP AND COMPANY
				2008 \$'000
				2007 \$'000
Amounts capitalised in software development during the year:				
- Staff costs				6,148
				3,811

# Notes to the Financial Statements

Year ended 31 December 2008

## 5 Subsidiaries

COMPANY	2008 \$'000	2007 \$'000
Investments in subsidiaries, at cost	1,169,100	1,169,000
Discount implicit in the interest-free loan to a subsidiary	21,885	21,885
	1,190,985	1,190,885
Allowance for impairment losses	(28,917)	(28,917)
	1,162,068	1,161,968

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2008 %	2007 %
StarHub Cable Vision Ltd. <sup>(1)</sup> ("SCV")	Provision of subscription television and television broadcasting services	Singapore	100	100
StarHub Mobile Pte Ltd <sup>(1)</sup>	Provision of mobile telecommunications services	Singapore	100	100
StarHub Internet Pte Ltd <sup>(1)</sup>	Provision and operation of internet services	Singapore	100	100
StarHub Online Pte Ltd <sup>(1)</sup>	Provision of broadband access services	Singapore	100	100
StarHub Shop Pte Ltd <sup>(2)</sup>	Dormant	Singapore	100	100
StarHub, Inc. <sup>(2)</sup>	Dormant	United States	100	100
StarHub (Hong Kong) Limited <sup>(2)</sup>	Dormant	Hong Kong	100	100
StarHub Mauritius Ltd <sup>(3)</sup>	Dormant	Mauritius	100	100

During the financial year, the Group incorporated the following subsidiary:

Name of subsidiary	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2008 %	2007 %
Foosti Pte. Ltd. <sup>(2)</sup>	Marketing and advertising	Singapore	100	–

<sup>(1)</sup> Audited by KPMG LLP Singapore

<sup>(2)</sup> Not required to be audited by laws of the country of incorporation

<sup>(3)</sup> 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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Deferred tax assets</b>				
Property, plant and equipment and intangible assets	23,970	80,191	-	54,463
Receivables	-	376	-	370
Inventories	-	200	-	200
Provisions	1,002	3,314	-	2,114
Tax losses carried forward	126	7,901	-	-
<b>Total</b>	<b>25,098</b>	<b>91,982</b>	<b>-</b>	<b>57,147</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(41,974)	(34,268)	(29,959)	-
Inventories	354	102	213	-
Provisions	2,810	220	2,588	-
<b>Total</b>	<b>(38,810)</b>	<b>(33,946)</b>	<b>(27,158)</b>	<b>-</b>

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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Tax losses	69,615	70,012	-	-
Deferred tax assets	12,531	12,602	-	-

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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 7 Inventories

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Inventories, at lower of cost or net realisable value	20,505	19,848	12,041	9,564
Allowance (written back)/made during the year	(66)	(3,240)	75	(1,336)

## 8 Trade Receivables

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables	158,304	144,625	116,618	106,413
Allowance for doubtful receivables	(30,544)	(31,115)	(26,054)	(28,388)
	127,760	113,510	90,564	78,025

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

The Group and the Company's primary exposure to credit risk arises through its trade receivables, which include corporate and retail customers. The Group and the Company'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 and the Company'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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Past due 0 – 30 days	54,698	47,606	33,345	30,499
Past due 31 – 60 days	9,168	8,608	6,094	5,420
Above 60 days	3,404	2,208	1,892	2,349
	67,270	58,422	41,331	38,268

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

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
At beginning of year	31,115	31,337	28,388	28,145
Allowance for doubtful receivables	11,121	12,675	2,420	2,853
Allowance utilised	(11,692)	(12,897)	(4,754)	(2,610)
At end of year	30,544	31,115	26,054	28,388

## 9 Other Receivables, Deposits and Prepayments

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Accrued revenue	51,638	54,476	3,608	18,099
Deposits	4,740	4,582	2,589	2,606
Prepayments	55,391	35,239	14,938	9,902
Other receivables	1,032	674	125	–
	<b>112,801</b>	<b>94,971</b>	<b>21,260</b>	<b>30,607</b>

## 10 Balances with Related Parties

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans to subsidiaries	–	–	674,000	674,000
Amounts due from (trade):				
– Ultimate holding company	97	141	97	140
– Subsidiaries	–	–	125,218	93,888
– Related corporations	20,030	15,185	12,296	14,481
	<b>20,127</b>	<b>15,326</b>	<b>811,611</b>	<b>782,509</b>
Amounts due to (trade):				
– Subsidiaries	–	–	178,059	34,424
– Related corporations	40,088	64,944	29,738	64,052
	<b>40,088</b>	<b>64,944</b>	<b>207,797</b>	<b>98,476</b>

At 31 December 2008, the loans to the subsidiaries are unsecured and bore interest ranging from 1.24% to 2.13% (2007: 3.03% to 3.33%) 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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fixed deposits	91,353	99,068	91,353	87,068
Cash at bank and in hand	36,974	38,907	20,258	27,956
	<b>128,327</b>	<b>137,975</b>	<b>111,611</b>	<b>115,024</b>

# Notes to the Financial Statements

Year ended 31 December 2008

## 12 Other Payables

	Note	GROUP		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current portion of deferred income	15	4,074	4,074	–	–
Property, plant and equipment vendors		41,783	39,977	25,187	30,883
Unearned revenue		133,557	113,769	19,474	20,696
Deposits from customers		8,496	9,866	3,319	3,288
Mark-to-market financial instruments					
– Interest rate swaps		12,372	2,262	11,287	942
– Forward exchange contracts		2,734	1,460	2,609	1,460
		<b>203,016</b>	171,408	<b>61,876</b>	57,269

At 31 December 2008, the Group and the Company have outstanding forward exchange contracts of approximately \$81.4 million (2007: \$49.5 million) and \$71.2 million (2007: \$49.5 million) respectively.

## 13 Bank Loans (unsecured)

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Floating rate loans				
Current	217,892	124,320	217,892	124,320
Non-current	695,787	843,680	695,787	843,680
Total	<b>913,769</b>	968,000	<b>913,769</b>	968,000
Repayable:				
– Within 1 year	217,892	124,320	217,892	124,320
– After 1 year but within 5 years	695,787	843,680	695,787	843,680
	<b>913,769</b>	968,000	<b>913,679</b>	968,000

At 31 December 2008, these floating rate loans bore interest at rates ranging from 1.24% to 2.13% (2007: 2.97% to 3.33%) per annum, reprice every 3 or 6 months and are repayable in instalments by 2012.

## 14 Provisions

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Charity Fund</b>				
At beginning of year	763	627	764	627
Provision made	1,037	1,019	1,037	1,020
Provision utilised	(977)	(883)	(978)	(883)
At end of year	823	763	823	764
<b>Loyalty Programme</b>				
At beginning of year	6,464	7,986	1,241	1,566
Provision made	16,427	12,766	700	70
Provision recharged to subsidiary	-	-	6,783	6,925
Provision utilised	(15,831)	(14,288)	(7,492)	(7,320)
At end of year	7,060	6,464	1,232	1,241
Total	7,883	7,227	2,055	2,005

## 15 Deferred Income

	Note	GROUP		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred grants					
At beginning of year		18,857	22,549	-	-
Amount received		-	382	-	-
Amount accreted to the profit and loss statement		(4,074)	(4,074)	-	-
At end of year		14,783	18,857	-	-
Deferred grants to be accreted:					
Current	12	4,074	4,074	-	-
Non-current					
- After 1 year but within 5 years		10,243	13,239	-	-
- After 5 years		466	1,544	-	-
		10,709	14,783	-	-
Total		14,783	18,857	-	-

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

# Notes to the Financial Statements

Year ended 31 December 2008

## 16 Share Capital

COMPANY	2008		2007	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Fully paid ordinary shares, with no par value:				
At beginning of year	1,705,293	247,207	1,850,260	236,403
Issue of ordinary shares for cash pursuant to the exercise of options under the				
– StarHub Share Option Plan 2000	1,521	1,313	2,984	2,604
– StarHub Share Option Plan 2004	5,138	6,596	6,698	8,200
Transfer from merger/capital reserve	–	–	–	442,296
Cancellation of shares pursuant to capital reduction	–	–	(154,649)	(442,296)
At end of year	1,711,952	255,116	1,705,293	247,207

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.

In the previous financial year, the Company cancelled 154,648,993 ordinary shares at \$2.86 per share pursuant to a capital reduction exercise and a cash distribution of \$442.3 million was made to the shareholders of the Company.

As at 31 December 2008, included in the total number of ordinary shares was 2,203,100 shares (2007: 5,517,000 shares) purchased by the Company by way of market acquisition at an average price of approximately \$2.72 per share (2007: \$2.94 per share). The shares, held as treasury shares, were included as a deduction from equity (note 18).

## 17 Dividends

COMPANY	2008	2007
	\$'000	\$'000
Final dividend of \$0.045 (2007: \$0.035) per share (1-tier tax exempt) paid in respect of the previous financial year	76,884	64,902
Interim dividends of \$0.135 (2007: \$0.115) per share (1-tier tax exempt) paid in respect of the current financial year	230,772	201,040
	307,656	265,942

## 18 Reserves

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Treasury shares	(6,000)	(16,223)	(6,000)	(16,223)
Merger/Capital reserve	–	–	276,526	276,526
Goodwill written off	(276,290)	(276,290)	–	–
Share-based payment reserve	8,594	19,883	8,594	19,883
Hedging reserve	(12,372)	(2,262)	(11,287)	(942)
Retained profits	139,005	135,342	688,742	725,460
	<b>(147,063)</b>	<b>(139,550)</b>	<b>956,575</b>	<b>1,004,704</b>

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

The merger/capital reserve comprises reserve arising from the acquisition of a subsidiary, StarHub Cable Vision Ltd. ("SCV"), on 2 July 2002 and the excess of the fair value of the Company's shares issued as consideration for the acquisition of SCV over its par value.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the Group's share of the fair value of net assets acquired.

The share-based 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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Mobile revenue	1,079,015	1,037,150	–	–
Cable television revenue	398,183	341,759	–	–
Cable broadband revenue	253,180	246,932	–	–
Fixed network services revenue	299,930	279,933	609,457	521,334
Sale of equipment	97,300	107,914	260,062	244,227
	<b>2,127,608</b>	<b>2,013,688</b>	<b>869,519</b>	<b>765,561</b>

# Notes to the Financial Statements

Year ended 31 December 2008

## 20 Operating Expenses

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cost of equipment sold	239,646	223,434	229,505	214,217
Cost of services	300,674	233,631	24,922	24,067
Traffic expenses	242,071	238,869	97,144	112,251
Depreciation and amortisation (net of asset grants)	235,125	226,120	74,940	69,607
Marketing and promotion	189,647	187,350	14,825	11,188
Staff costs	216,307	228,210	166,197	177,209
Allowance for doubtful receivables	11,121	12,675	2,420	2,853
Repairs and maintenance	63,526	66,775	34,336	36,144
Operating leases	128,889	112,990	66,543	63,738
Other expenses	91,345	66,932	56,804	44,666
	<b>1,718,351</b>	<b>1,596,986</b>	<b>767,636</b>	<b>755,940</b>

### 20.1 Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Depreciation of property, plant and equipment	220,065	211,062	65,007	61,086
Accretion of asset grants to the profit and loss statement	(4,074)	(4,074)	-	-
	<b>215,991</b>	<b>206,988</b>	<b>65,007</b>	<b>61,086</b>
Amortisation of intangible assets	19,134	19,132	9,933	8,521
Total	<b>235,125</b>	<b>226,120</b>	<b>74,940</b>	<b>69,607</b>

### 20.2 Staff cost

The following are included in staff costs:

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Defined contribution plans	18,676	20,298	13,538	14,944
Share-based compensation	4,719	5,910	4,719	5,910

## 20 Operating Expenses (continued)

### 20.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Short-term employee benefits	8,047	8,884	8,047	8,884
Equity compensation benefits	2,642	3,185	2,642	3,185
	10,689	12,069	10,689	12,069

Included in the above is the total compensation to directors of the Company which amounted to \$4.9 million (2007: \$5.2 million).

Key management personnel also participate in the StarHub Share Option Plans, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan as detailed in Note 20.2.2. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of 620,000 shares (2007: 688,000 shares) under the StarHub Performance Share Plan and conditional awards of 594,500 shares (2007: 627,700 shares) under the StarHub Restricted Stock Plan were granted to the key management personnel of the Company during the year.

Based on the actual level of achievement of the pre-determined performance targets over the 2005 to 2007 performance period, 4,896,700 shares (2007: nil) were delivered to the key management personnel of the Company during the year under the 2005 conditional awards granted to key management personnel of the Company in November 2005 pursuant to the StarHub Performance Share Plan.

Based on the actual level of achievement of the pre-determined performance targets over the 2006 to 2007 performance period, final awards comprising 128,800 shares (2007: nil) were granted to the key management personnel of the Company during the year under the 2006 conditional awards granted to the key management personnel of the Company in July 2006 pursuant to the StarHub Restricted Stock Plan. 128,800 shares under the final awards were delivered during the year, with the balance of 158,500 shares to be delivered in phases accordingly to the stipulated vesting periods.

All share options and conditional share awards granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

At the balance sheet date, 773,750 (2007: 1,982,000) of those share options, 1,598,000 (2007: 4,083,000) of those conditional awards of shares under the StarHub Performance Share Plan and 1,145,700 (2007: 1,189,700) 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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 20 Operating Expenses (continued)

### 20.2.2 Equity Compensation Benefits (continued)

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.

(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 2008, the conditional awards of 620,000 (2007: 688,000) shares under the StarHub Performance Share Plan and the conditional awards of 1,657,500 (2007: 1,586,100) 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.

## 20 Operating Expenses (continued)

### 20.2.2 Equity Compensation Benefits (continued)

#### StarHub Share Option Plan

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

COMPANY	Number of share options		Weighted average exercise price per share	
	2008 '000	2007 '000	2008 \$	2007 \$
Outstanding at beginning of year	14,961	25,760	1.21	1.18
Exercised	(6,659)	(9,683)	1.19	1.12
Forfeited	(258)	(1,116)	1.38	1.29
Outstanding at end of year	8,044	14,961	1.23	1.21
Exercisable at end of year	8,044	11,032	1.23	1.11

Options were exercised throughout the year. The weighted average share price during the year was \$2.63 per share (2007: \$2.92 per share).

The outstanding share options have the following exercise prices:

COMPANY	2008 '000	2007 '000
Exercise price range:		
\$1.50 to \$1.99	4,111	7,214
\$0.40 to \$0.99	3,933	7,747
	8,044	14,961
Weighted average remaining contractual life	5.69 years	6.65 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.

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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 20 Operating Expenses (continued)

### 20.2.2 Equity Compensation Benefits (continued)

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:

COMPANY	Date of grant				Total
	17 Nov 2005	17 Mar 2006	21 Mar 2007	9 May 2008	
<b>Number of shares ('000)</b>					
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
Outstanding at 1.1.2008	<b>2,555</b>	<b>880</b>	<b>648</b>	–	<b>4,083</b>
Granted	–	–	–	620	620
Vested	(2,448)	–	–	–	(2,448)
Forfeited	(107)	(260)	(184)	(106)	(657)
Outstanding and unvested at 31.12.2008	–	620	464	514	1,598
Fair value at measurement date	\$1.15	\$1.82	\$2.48	<b>\$2.37</b>	
Assumptions under Monte-Carlo Model					
Expected Volatility					
StarHub	30.83%	30.26%	29.51%	<b>20.28%</b>	
MSCI Asia-Pacific Telecommunications Component Stock	12.65%	13.01%	14.43%	<b>13.50%</b>	
Risk-free interest rates					
Zero-coupon Singapore Sovereign	2.90%	3.25%	2.61%	<b>1.22%</b>	

## 20 Operating Expenses (continued)

### 20.2.2 Equity Compensation Benefits (continued)

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.

#### 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:

COMPANY	Date of grant				Total
	05 Jul 2006	18 Apr 2007	21 May 2007	9 May 2008	
<b>Number of shares ('000)</b>					
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
Outstanding at 1.1.2008	<b>1,839</b>	<b>1,369</b>	<b>140</b>	–	<b>3,348</b>
Granted	–	–	–	<b>1,658</b>	<b>1,658</b>
Vested	<b>(547)</b>	–	–	–	<b>(547)</b>
Forfeited	<b>(347)</b>	<b>(205)</b>	–	<b>(98)</b>	<b>(650)</b>
Outstanding and unvested at 31.12.2008	<b>945</b>	<b>1,164</b>	<b>140</b>	<b>1,560</b>	<b>3,809</b>
Fair value at measurement date	\$1.58	\$2.29	\$2.18	<b>\$2.54</b>	
Assumptions under Monte-Carlo Model					
Expected Volatility					
StarHub	30.98%	29.36%	29.12%	<b>20.28%</b>	
STI Index	11.38%	12.85%	13.08%	<b>13.50%</b>	
Risk-free interest rates					
Zero-coupon Singapore Sovereign					
2 year Government Bond Yield	3.11%	2.27%	2.10%	<b>0.99%</b>	
3 year Government Bond Yield	3.20%	2.34%	2.16%	<b>1.18%</b>	
4 year Government Bond Yield	3.28%	2.41%	2.22%	<b>1.48%</b>	

The fair value of the shares is estimated using a Monte-Carlo simulation methodology at the measurement dates, which are grant dates of the share awards. The 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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 20 Operating Expenses (continued)

### 20.3 Other expenses

Included in other expenses are the following:

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fees paid to auditors of the Company:				
– Audit	323	303	129	123
– Non-audit	233	255	118	107
Exchange loss/(gain)	664	(3,704)	(622)	(1,528)
Changes in fair value of financial instruments	1,274	1,409	1,149	1,409
Gain on disposal of property, plant and equipment and intangible assets	(121)	(415)	(42)	(138)
Property, plant and equipment and intangible assets written-off	1,577	906	9	511

## 21 Other Income

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Corporate recharges to subsidiaries	–	–	137,387	122,642
Dividend income from subsidiaries	–	–	126,000	295,000
	–	–	263,387	417,642

## 22 Finance Income and Expense

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Interest income:				
– Bank deposits	844	3,026	795	2,650
– Subsidiaries	–	–	15,279	21,730
Finance income	844	3,026	16,074	24,380
Interest on bank borrowings	27,303	26,248	26,371	27,121
Finance expense	27,303	26,248	26,371	27,121
Net finance costs	(26,459)	(23,222)	(10,297)	(2,741)

## 23 Taxation

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Current tax</b>				
Over provision in prior year	(269)	–	(269)	–
	(269)	–	(269)	–
<b>Deferred tax</b>				
Origination and reversal of temporary differences	82,670	82,730	42,352	24,383
Effect of changes in Singapore corporate tax rate	–	12,118	–	9,932
Over/(Under) provision of tax assets in prior year	1,056	1,249	1,056	(1,002)
Recognition/Utilisation of deferred tax assets	(11,978)	(32,956)	40,896	8,855
	71,748	63,141	84,304	42,168
Total income tax in profit and loss statement	71,479	63,141	84,035	42,168

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit before taxation	382,798	393,480	354,973	424,522
Income tax using Singapore tax rate of 18%	68,904	70,826	63,895	76,414
Effect of changes in Singapore corporate tax rate	–	12,118	–	9,932
Income not subject to tax	(1,269)	(1,182)	(22,680)	(53,100)
Non-deductible expenses	3,087	1,086	1,137	1,069
Deferred tax assets not recognised	11,948	12,000	–	–
Under/(Over) provision in prior year, net	787	1,249	787	(1,002)
Recognition/Utilisation of deferred tax assets	(11,978)	(32,956)	40,896	8,855
Total income tax in profit and loss statement	71,479	63,141	84,035	42,168

# Notes to the Financial Statements

Year ended 31 December 2008

## 24 Earnings Per Share

	GROUP	
	2008 \$'000	2007 \$'000
Profit attributable to equity holders	<b>311,319</b>	330,339
	Number of shares ('000)	
	2008	2007
Weighted average number of ordinary shares (basic)	<b>1,703,304</b>	1,764,313
Potential ordinary shares issued under		
– StarHub Share Option Plans	<b>5,369</b>	10,422
– contingently issuable shares	<b>5,407</b>	7,432
Weighted average number of ordinary shares (diluted)	<b>1,714,080</b>	1,782,167

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the 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	
	2008 \$'000	2007 \$'000
Profit before taxation	<b>382,798</b>	393,480
Adjustments for:		
Depreciation and amortisation	<b>235,125</b>	226,120
Interest income	<b>(844)</b>	(3,026)
Interest on borrowings	<b>27,303</b>	26,248
EBITDA	<b>644,382</b>	642,822

## 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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Ultimate holding company</b>				
Sales	1,197	1,074	533	538
<b>Subsidiaries</b>				
Sales	-	-	633,509	533,074
Rental expenses	-	-	2	4
Purchase of services	-	-	14,344	12,896
Purchase of inventories	-	-	-	1
<b>Related corporations</b>				
Sales	81,965	83,402	32,375	36,749
Purchase of property, plant and equipment	29,211	31,845	27,350	29,529
Rental expenses	89,553	93,030	48,132	50,501
Purchase of services	104,093	107,301	41,551	43,548
Purchase of inventories	173,515	158,783	173,033	158,783

## 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.

# Notes to the Financial Statements

Year ended 31 December 2008

## 27 Segment Reporting (continued)

2008	Tele-communications \$'000	Cable TV and Broadband \$'000	Others \$'000	Elimination \$'000	Total \$'000
External revenue	1,469,387	657,476	745	-	2,127,608
Inter-segment revenue	105,167	3,018	8	(108,193)	-
<b>Operating revenue</b>	<b>1,574,554</b>	<b>660,494</b>	<b>753</b>	<b>(108,193)</b>	<b>2,127,608</b>
Segment results	441,947	(2,977)	257	(29,960)	409,257
Interest income					844
Interest on borrowings					(27,303)
<b>Profit before taxation</b>					<b>382,798</b>
Taxation					(71,479)
<b>Profit for the year</b>					<b>311,319</b>
<b>Assets and liabilities</b>					
Segment assets	1,181,776	382,916	11,145	(159,958)	1,415,879
Loans receivable	504,000	-	24,000	(528,000)	-
Allocated assets					1,415,879
Unallocated assets					245,390
<b>Total assets</b>					<b>1,661,269</b>
Segment liabilities	476,703	281,979	2,002	(159,958)	600,726
Loans	913,679	528,000	-	(528,000)	913,679
Allocated liabilities					1,514,405
Unallocated liabilities					38,811
<b>Total liabilities</b>					<b>1,553,216</b>
<b>Other segment information</b>					
Capital expenditure	163,941	57,932	-	(298)	221,575
Depreciation (net of asset grants)	135,761	80,219	11	-	215,991
Amortisation	14,762	4,367	5	-	19,134
Provisions	8,521	8,935	8	-	17,464

27 **Segment Reporting** (continued)

2007	Tele-communications \$'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)	–
<b>Operating revenue</b>	<b>1,483,929</b>	<b>604,420</b>	<b>1,673</b>	<b>(76,334)</b>	<b>2,013,688</b>
Segment results	427,623	54,170	(47)	(65,044)	416,702
Interest income					3,026
Interest on borrowings					(26,248)
<b>Profit before taxation</b>					<b>393,480</b>
Taxation					(63,141)
<b>Profit for the year</b>					<b>330,339</b>
<b>Assets and liabilities</b>					
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
<b>Total assets</b>					<b>1,719,490</b>
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
<b>Total liabilities</b>					<b>1,611,833</b>
<b>Other segment information</b>					
Capital expenditure	172,729	46,954	–	(230)	219,453
Depreciation (net of asset grants)	130,976	75,903	109	–	206,988
Amortisation	13,415	5,710	7	–	19,132
Provisions	8,014	5,756	15	–	13,785

# Notes to the Financial Statements

Year ended 31 December 2008

## 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.

### 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.

28 **Financial Risk Management** (continued)

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

	2008			2007		
	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
<b>GROUP</b>						
<b>Non-derivative financial liabilities</b>						
Bank loans	217,892	695,787	913,679	124,320	843,680	968,000
Trade payables and accruals	339,031	-	339,031	351,525	-	351,525
Other payables	187,910	-	187,910	167,686	-	167,686
Balances with related parties	40,088	-	40,088	64,944	-	64,944
<b>Derivative financial liabilities</b>						
Interest rate swaps used for hedging – Outflow	-	12,372	12,372	-	2,262	2,262
Forward exchange contracts used for hedging – Outflow	2,734	-	2,734	1,460	-	1,460
	<b>787,655</b>	<b>708,159</b>	<b>1,495,814</b>	<b>709,935</b>	<b>845,942</b>	<b>1,555,877</b>
<b>COMPANY</b>						
<b>Non-derivative financial liabilities</b>						
Bank loans	217,892	695,787	913,679	124,320	843,680	968,000
Trade payables and accruals	204,002	-	204,002	222,489	-	222,489
Other payables	47,980	-	47,980	54,867	-	54,867
Balances with related parties	207,797	-	207,797	98,476	-	98,476
<b>Derivative financial liabilities</b>						
Interest rate swaps used for hedging – Outflow	-	11,287	11,287	-	942	942
Forward exchange contracts used for hedging – Outflow	2,609	-	2,609	1,460	-	1,460
	<b>680,280</b>	<b>707,074</b>	<b>1,387,354</b>	<b>501,612</b>	<b>844,622</b>	<b>1,346,234</b>

# Notes to the Financial Statements

Year ended 31 December 2008

## 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:

	2008			2007		
	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
<b>GROUP</b>						
Interest rate swaps – Liabilities	–	12,372	12,372	–	2,262	2,262
<b>COMPANY</b>						
Interest rate swaps – Liabilities	–	11,287	11,287	–	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 2008, the Group had outstanding interest rate swap agreements in cash flow hedges against borrowings with notional principal amounts totalling \$430 million (2007: \$460 million). These interest rate swaps will mature over the remaining term ranging from 1 year to 3.5 years (2007: one month to 5 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 2.20% to 4.96% per annum (2007: 1.85% 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 \$4.8 million (2007: \$5.1 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.

	2008		2007	
	Effective interest rate % per annum	Repricing periods within 1 year \$'000	Effective interest rate % per annum	Repricing periods within 1 year \$'000
<b>GROUP</b>				
<b>Financial assets</b>				
Fixed deposits	0.53	91,353	0.90	99,068
<b>Financial liabilities</b>				
Floating rate bank loans (unsecured) <sup>(i)</sup>	2.65	913,679	3.14	968,000
<b>COMPANY</b>				
<b>Financial assets</b>				
Loans to subsidiaries	1.82	674,000	3.21	674,000
Fixed deposits	0.53	91,353	0.98	87,068
		<b>765,353</b>		<b>761,068</b>
<b>Financial liabilities</b>				
Floating rate bank loans (unsecured) <sup>(i)</sup>	2.65	913,679	3.14	968,000

<sup>(i)</sup> 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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade and other receivables	19,379	10,546	2,313	3,682
Cash and cash equivalents	22,254	4,678	20,200	4,210
Trade payables, accruals and other payables	(110,873)	(94,818)	(66,588)	(48,999)
	<b>(69,240)</b>	<b>(79,594)</b>	<b>(44,075)</b>	<b>(41,107)</b>

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 2008, the Group had outstanding forward exchange contracts with notional principal amounts totalling \$81.4 million (2007: \$49.5 million).

# Notes to the Financial Statements

Year ended 31 December 2008

## 28 Financial Risk Management (continued)

### Sensitivity analysis

At 31 December 2008, a 1% (2007: 2%) strengthening/ weakening of Singapore dollar against the US dollar would increase/ decrease profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit before taxation	564	1,690	359	873

### 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 2008 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2008 % per annum	2007 % per annum
Derivatives	2.20 – 4.96	1.85 – 4.96

## 29 Capital Management

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

From time to time, the Group may purchase its own shares on the market; the timing of these purchases depend on market prices. Such share purchases are intended to be used for issuing shares under the StarHub Share Option Plan, StarHub Performance Share Plan and StarHub Restricted Stock Plan programmes. Other than for such specific purposes, the Group does not have a defined share buy-back plan.

## 29 Capital Management (continued)

The Group manages the use of capital centrally and all borrowings to fund the operations of the subsidiaries are managed by the Company. The capital employed by the Company consists of equity attributable to shareholders and bank borrowings from financial institutions.

The Group is not subject to any externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

## 30 Commitments

### (a) Capital and other financial commitments

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Contracted and not provided for in the financial statements:				
– Capital expenditure	184,347	144,491	160,798	129,042
– Other operating expenditure	321,215	389,796	–	–
	505,562	534,287	160,798	129,042

Included in the capital expenditure contracted by the Company is an amount of approximately \$39.4 million (2007: \$36.4 million) which has been entered into on behalf of a subsidiary.

### (b) Operating leases

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

	GROUP		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Payable:				
– Within 1 year	91,718	85,669	47,639	43,094
– Within 2 to 5 years	278,815	282,700	148,194	153,355
– After 5 years	196,812	261,019	101,971	137,558
	567,345	629,388	297,804	334,007

Included in the operating lease commitment of the Company is \$4.2 million (2007: \$2.7 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 month to 12 years, with an option to renew the lease after that date.

## 31 Subsequent Event

The directors have proposed a final dividend of \$0.045 (2007: \$0.045) per share, tax exempt (one tier), totalling \$76.9 million (2007: \$76.5 million) in respect of the financial year ended 31 December 2008. 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 2009.

# Shareholding Information

As at 28 February 2009

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of Issued shares excluding treasury shares	: 1,710,392,389
Total number of treasury shares held	: 1,727,100
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: 0.1%

## Distribution of shareholdings

Size of holdings	No. of shareholders	%	No. of shares	%
1 – 999	1,186	15.30	713,336	0.04
1,000 – 10,000	5,435	70.12	19,691,566	1.15
10,001 – 1,000,000	1,114	14.37	39,369,773	2.30
1,000,001 and above	16	0.21	1,652,344,814	96.51
Total	7,751	100.00	1,712,119,489	100.00

## Substantial shareholders

Name	Number of shares		% <sup>(5)</sup>
	Direct interest	Deemed interest	
Temasek Holdings (Private) Limited	–	976,040,760 <sup>(1)</sup>	57.07
Singapore Technologies Telemedia Pte Ltd	–	840,834,890 <sup>(2)</sup>	49.16
STT Communications Ltd	–	840,834,890 <sup>(2)</sup>	49.16
Asia Mobile Holding Company Pte. Ltd.	–	840,834,890 <sup>(2)</sup>	49.16
Asia Mobile Holdings Pte. Ltd.	840,834,890	–	49.16
Qatar Telecom (Qtel) Q.S.C.	–	840,834,890 <sup>(3)</sup>	49.16
Qtel Investment Holdings BSC	–	840,834,890 <sup>(3)</sup>	49.16
MediaCorp Pte. Ltd.	127,867,100	–	7.48
Nippon Telegraph and Telephone Corporation	–	171,490,520 <sup>(4)</sup>	10.03
NTT Communications Corporation	171,490,520	–	10.03

### Notes:

- (1) Temasek Holdings (Private) Limited is deemed to have an interest in 976,040,760 shares of StarHub held by Fullerton Fund Management Company Ltd, DBS Group Holdings Limited, MediaCorp Pte. Ltd. and Singapore Technologies Telemedia Pte Ltd (ST Telemedia) group of companies.
- (2) ST Telemedia is deemed to have an interest in 840,834,890 shares of StarHub held by Asia Mobile Holdings Pte. Ltd. (AMH), a subsidiary of Asia Mobile Holding Company Pte. Ltd. (AMHC), which is in turn a wholly-owned subsidiary of STT Communications Ltd, a wholly-owned subsidiary of ST Telemedia. AMHC holds approximately 75% of the total issued share capital of AMH.
- (3) Qtel Investment Holdings 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 of the Company excluding treasury shares.

## Twenty largest shareholders

No.	Name of shareholders	Number of shares held	% <sup>(2)</sup>
1	Asia Mobile Holdings Pte Ltd	840,834,890	49.16
2	NTT Communications Corporation	171,490,520	10.03
3	DBSN Services Pte Ltd	149,653,165	8.75
4	DBS Nominees Pte Ltd	137,629,381	8.05
5	MediaCorp Pte. Ltd.	127,867,100	7.48
6	HSBC (Singapore) Nominees Pte Ltd	94,834,789	5.55
7	Citibank Nominees Singapore Pte Ltd	54,791,918	3.20
8	Raffles Nominees Pte Ltd	25,296,534	1.48
9	United Overseas Bank Nominees Pte Ltd	21,876,858	1.28
10	Singapore Press Holdings Limited	12,911,230	0.75
11	DB Nominees (Singapore) Pte Ltd	5,032,646	0.29
12	Morgan Stanley Asia (Singapore) Pte Ltd	4,327,123	0.25
13	Steven Terrell Clontz	1,524,560 <sup>(1)</sup>	0.09
14	Royal Bank of Canada (Asia) Ltd	1,447,000	0.09
15	TM Asia Life Singapore Ltd-Par Fund	1,100,000	0.06
16	Phillip Securities Pte Ltd	902,884	0.05
17	David William Storrie	734,890	0.04
18	Wong Yoke Kheng	719,570	0.04
19	Merrill Lynch (Singapore) Pte Ltd	705,140	0.04
20	OCBC Nominees Singapore Pte Ltd	483,600	0.03
<b>Total</b>		<b>1,655,890,898</b>	<b>96.81</b>

<sup>(1)</sup> Mr Steven Terrell Clontz holds a total of 6,846,010 shares in StarHub, of which 1,524,560 shares are held in his own name and the remaining 5,321,450 shares are held by a nominee on his behalf.

<sup>(2)</sup> The shareholding percentage is based on the number of issued shares of the Company excluding treasury shares.

## Shareholding held in hands of the public

Based on the information available to StarHub as at 28 February 2009, approximately 32.45% 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 Eleventh Annual General Meeting

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held at Ballroom III, Level 3, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865 on 16 April 2009 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 2008 and the Auditors' Report therein.  | <b>Resolution 1</b>  |
| 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. | <b>Resolution 2</b>  |
| 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 Kua Hong Pak (Independent Member of Audit Committee)  | <b>Resolution 3</b>  |
|   | (b) Mr Lee Theng Kiat  | <b>Resolution 4</b>  |
|   | (c) Mr Lim Ming Seong  | <b>Resolution 5</b>  |
|   | (d) Mr Robert J. Sachs   | <b>Resolution 6</b>  |
| 4 | To re-elect Mr Sadao Maki, who will retire pursuant to Article 99 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.  | <b>Resolution 7</b>  |
| 5 | To approve the sum of \$1,078,000 as Directors' Fees for the year ended 31 December 2008 (2007: \$950,066).  | <b>Resolution 8</b>  |
| 6 | To declare a final dividend of 4.5 cents per ordinary share for the financial year ended 31 December 2008.   | <b>Resolution 9</b>  |
| 7 | To re-appoint KPMG LLP as Auditors of the Company and authorise the Directors to fix their remuneration.   | <b>Resolution 10</b> |

### 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:  | <b>Resolution 11</b> |
|   | (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 <i>pro rata</i> basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 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, 23 March 2009

# StarHub Ltd

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

## Notice of Eleventh 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, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 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 options 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 Eleventh Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 23 April 2009 ("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 22 April 2009 ("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 7 May 2009.

# StarHub Ltd

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

## Proxy Form

Eleventh Annual General Meeting

**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.

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 16 April 2009 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
<b>Ordinary Business</b>			
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 Kua Hong Pak as Director		
4	To re-elect Mr Lee Theng Kiat as Director		
5	To re-elect Mr Lim Ming Seong as Director		
6	To re-elect Mr Robert J. Sachs as Director		
7	To re-elect Mr Sadao Maki as Director		
8	To approve Directors' Fees		
9	To declare Final Dividend		
10	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
<b>Special Business</b>			
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 \_\_\_\_\_ 2009.

**Total Number of  
Shares Held**

\_\_\_\_\_  
Signature(s) or Common Seal of members

3rd fold here & fold flap

Affix  
Postage  
Stamp

**STARHUB LTD**  
51 Cuppage Road  
#07-00 StarHub Centre  
Singapore 229469  
Attn: Company Secretary

2nd fold here

**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  
Sadao MAKI  
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)  
Masakazu INORI (Alternate to Sadao MAKI)

## Audit Committee

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

## Executive Resource and Compensation Committee

Peter SEAH Lim Huat (Chairman)  
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 LLP  
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  
Foosti Pte. Ltd.

## Investor Relations

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

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**strategic communicator and visual creator**  
greymatter williams and phoa (asia)

**StarHub Ltd**

Reg. No: 199802208C

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Singapore 229469

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