

Smarter Hubbing Trusted Business

Annual Report 2010



Hubbing has been the heart of StarHub's strategy since 2002. It encompasses what the Company does with its products and services, its innovation, its bundling and its technology. It is the engine that has driven StarHub's success so far, and it will continue to be enhanced to deliver the next generation of info-communications and entertainment services.

Where customers will have the ability to connect and control all their info-communications devices in the home quickly and easily.

Where they will enjoy always on, advanced multimedia services while on the move.

And where businesses can rely on StarHub to deliver the best quality connectivity into and out of Singapore.

We call this Smarter Hubbing with the Trusted Business.

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Key Figures for FY2010

\$2,238^m

Revenue increased 4% to \$2,238 million.

\$263^m

Profit attributable to shareholders recorded a respectable level of \$263 million.

\$398^m

Free cash flow still at a strong \$398 million.

20.0[¢]

Dividend per share increased 5% to 20 cents.

15.3[¢]

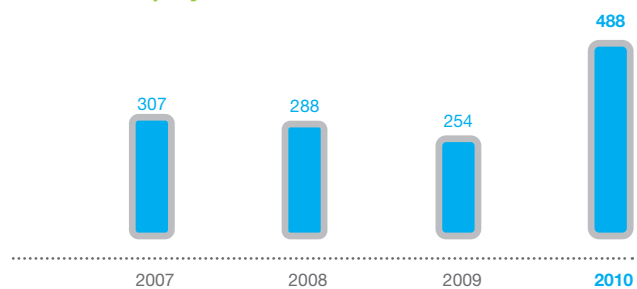
Earnings per share registered 15.3 cents.

\$1,793^m

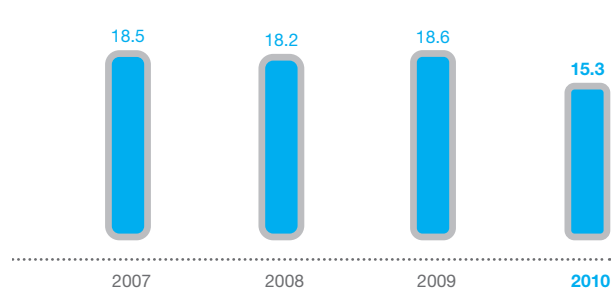
Total assets increased 4% to \$1,793 million.

Creating shareholder value

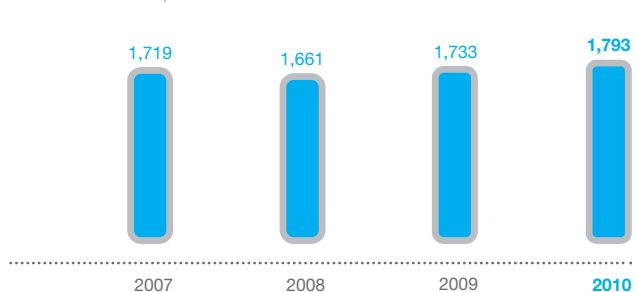
Return on equity %



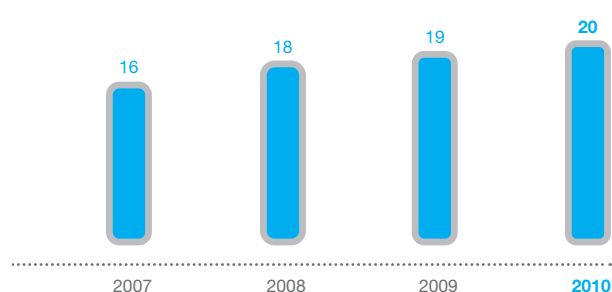
EPS cents



Total assets \$ million

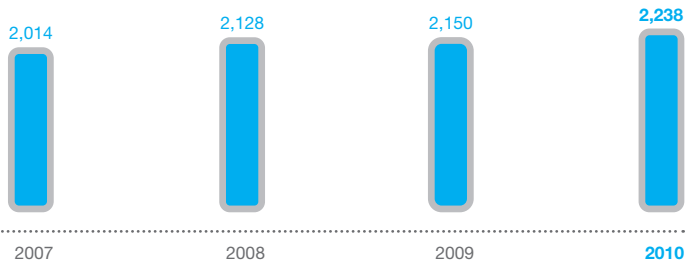


Dividend cents

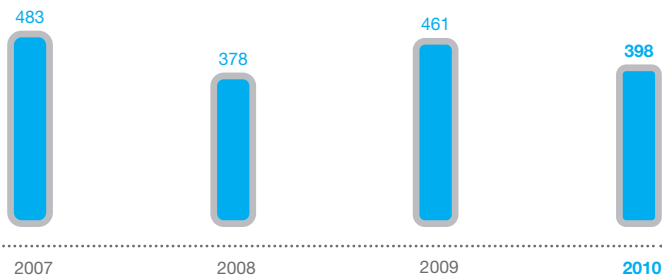


Financial Highlights

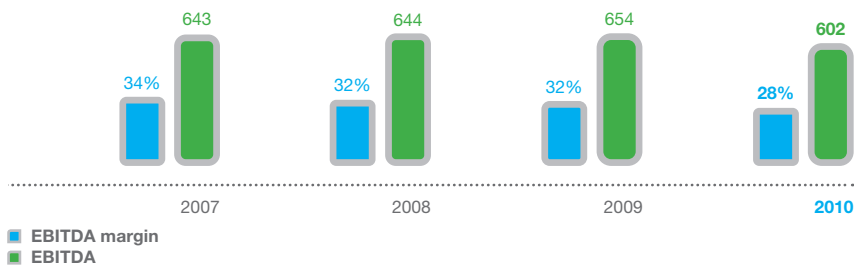
Revenue \$ million



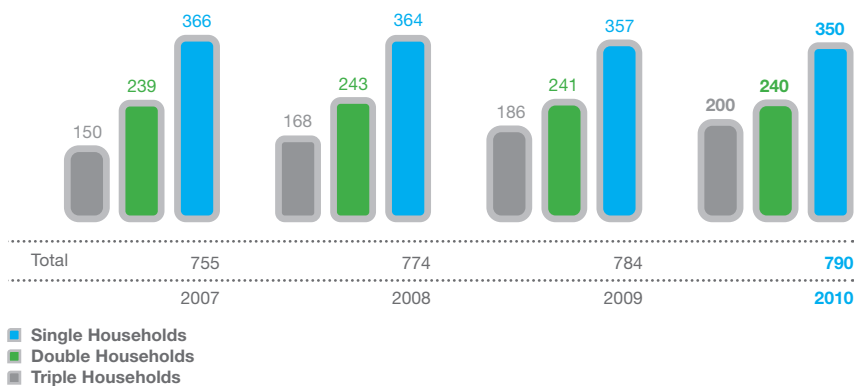
Free cash flow \$ million



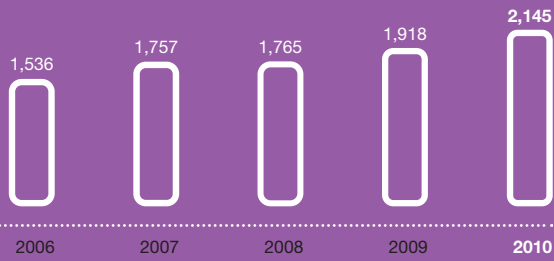
EBITDA margin/EBITDA \$ million



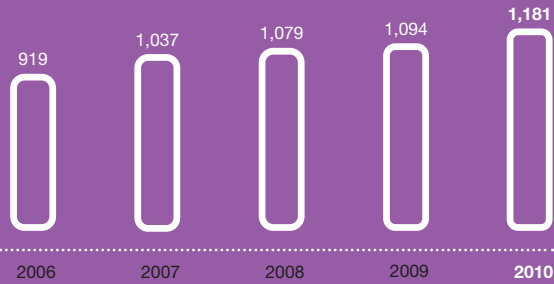
Hubbing index (Households) '000



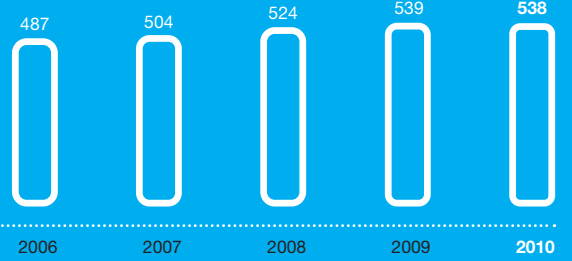
Mobile customer base '000



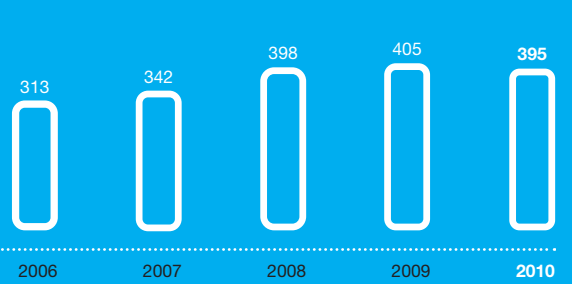
Mobile revenue \$ million



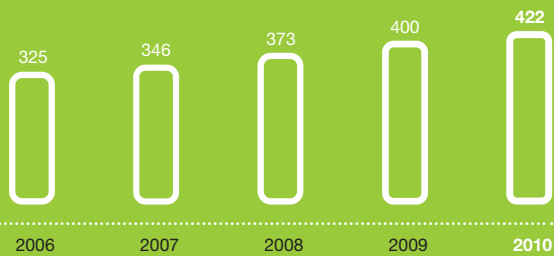
Pay TV customer base '000



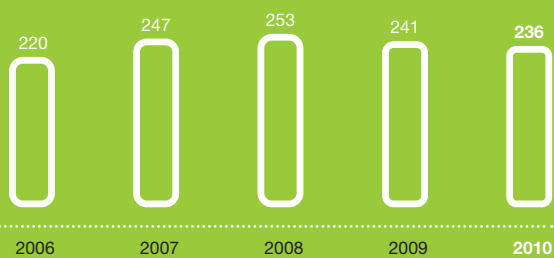
Pay TV revenue \$ million



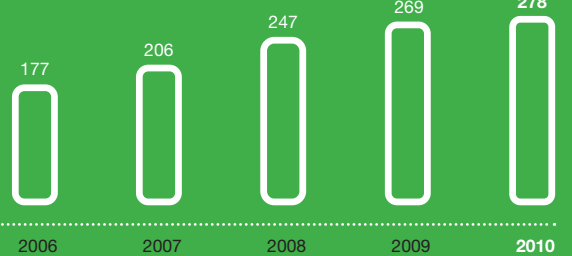
Broadband customer base '000



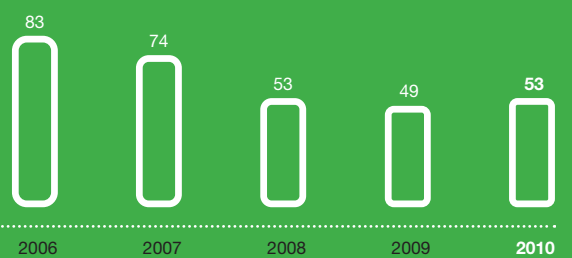
Broadband revenue \$ million



Fixed network revenue for data & internet \$ million



Fixed network revenue for voice \$ million





\$2.24^b

StarHub's operating revenue increased 4% from \$2.15 billion in the previous year.

Dear Shareholders

The past year was a period with both opportunities and challenges. It was a year when Singapore's gross domestic product registered a strong 14.5% growth, according to the latest statistics provided by the Ministry of Trade and Industry. It was also the year when the Next Generation Nationwide Broadband Network (Next Gen NBN) was commercially launched, with retail service providers (RSPs) including StarHub finally able to offer Next Gen broadband services to both consumers and businesses. 2010 could also be seen as the tipping point of the smartphone revolution, with almost 50 different handset manufacturers making their way into consumers' hands, with more to come in 2011. Finally, it was the year in which the local pay TV industry underwent a change with the introduction of the Media Development Authority of Singapore's (MDA) new policy positions on Cross Carriage Measures.

Most of all, 2010 marked the 10th year of operations for StarHub, and we continue to put in a resilient performance. For the sixth year running, we maintained our

track record of growth with our operating revenue increasing 4% over the previous year to \$2.24 billion, and two of our four lines of business registering overall revenue growth. However, our EBITDA did contract 8% over 2009 to \$602 million, mainly due to increased competition in the market and more particularly because of a number of important investments we made in 2010. These investments would lay the groundwork for our focused strategy going into 2011. While more details of our overall performance and the performance of individual lines of business can be found in the message from our CEO Neil Montefiore on Page 8, I would like to outline some of the key investments we made in 2010.

Investment in the Smartphone Revolution

As you may be aware, demand for smartphones increased significantly in 2010, especially with the introduction of the iPhone the previous year. At the close of last year, we estimated that 60% of our post-paid mobile customer base is using smartphones for their daily communications. This came as no surprise to us, given the advancements

“For the sixth year running, we maintained our track record of growth with our operating revenue increasing 4% over the previous year to \$2.24 billion, and two of our four lines of business registering overall revenue growth.”

Tan Guong Ching, Chairman

made in the smartphones' form factor, user interface and attractive price points. StarHub's strategic decision to invest significantly in handset subsidies had encouraged more customers to use our mobile data services; mobile data being one of the key growth factors in this segment. This resulted in higher acquisition costs. The cost of equipment sold went up 36% year-on-year (YoY), the bulk of which came from smartphone subsidies, and the average blended acquisition costs for 2010 were 43% higher YoY.

In addition, as a consequence of higher mobile data demands, we upgraded our network to support larger volumes of data traffic. In March 2010, we also added a 'Dual Carriage' frequency technology to our High-Speed Packet Access Plus (HSPA+) mobile broadband network, which effectively doubled our maximum downlink speed of 21Mbps to 42.2Mbps. This means that StarHub continues to have the highest HSPA speeds available in Singapore to meet the growing demand for broadband access on the move.

The upsides of our investment in this area include the good growth of StarHub's mobile data traffic, overall customer base and overall revenue. Post-paid mobile data traffic went up 78% in 2010, with non-voice services as a percentage of post-paid ARPU (Average Revenue Per User) being higher at 35.5%, compared to 30.8% in 2009. There was also an uplift of \$10 in ARPU from our post-paid smartphone users. We also expanded our post-paid mobile customer base by 10% to 1.04 million. We will continue to monitor this market segment closely in 2011, to ensure that we maintain a strong performance in our mobile line of business going forward.

Investment in Singapore's Next Gen NBN

The year also marked the commercial launch of Nucleus Connect (NC), StarHub's wholly-owned subsidiary that was appointed by the Infocomm Development Authority of Singapore (IDA) in 2009 to design, build and operate the active infrastructure of the Next Gen NBN. When completed in 2015, this new pervasive ultra-high speed, all-fibre broadband network will link all homes as well as over 20,000 other locations such as schools,

“The StarHub Board and Management will remain committed to building value in the Company for you, while positioning ourselves as the most forward-looking and innovative info-communications and entertainment provider in Singapore.”

government buildings, businesses and hospitals. As a result, Singapore consumers and businesses now have the ability to subscribe to and access high broadband speeds from 100Mbps to 1Gbps and beyond. At launch, NC began offering commercial wholesale broadband connectivity to other operating companies and downstream operators, in particular, RSPs through a competitive regulated Interconnection Offer (ICO). StarHub was one of the initial five RSPs that have signed up with NC, to provide Next Gen NBN services to its customers. NC expects to spend about \$1 billion for the management of the active network over the 25-year period of the licence, and StarHub's investment in NC is estimated to be around \$100 million over a three-year period.

It should be noted that NC will be eligible for a grant of up to \$250 million from IDA. In addition, the Next Gen NBN allows StarHub to service businesses outside of the 800 commercial buildings currently linked to our existing fibre-optic network. This gives us excellent growth opportunities in Business Solutions, especially with the rapidly growing small-medium business (SMB) market.

Investment in Information Services (IS) Infrastructure

In 2002, StarHub merged with the then-Singapore Cable Vision to form Singapore's first integrated info-communications company. Following the merger, we had sought to rationalise our various back-end business support systems into a single architecture that would equip us with an integrated suite of systems supporting all of StarHub's business functions. This consolidation would allow us to have a more detailed and comprehensive view of our customer base across our various lines of business, so that every time our customers interact with us, we would have an immediate and up-to-date picture of all the services they have with us. The ultimate aim of this project is to improve our responsiveness to our customers' demands, and allow us greater flexibility in creating new services that meet the lifestyle needs of our customers.

This project began in earnest in 2007. We invested about \$100 million over a three-and-a-half year period to build the back-end system, which includes our billing and customer relationship management (CRM) functions. The

migration to the new system started in the third quarter of 2010. We expect to reap the benefits in 2011.

Investment in Content

There were also new developments in our TV content platform. We made further investments in our pay TV content, so as to offer our customers a rich and compelling suite of content. In 2010, we launched a total of 27 new pay TV channels, nine of which are in high-definition (HD). They range from popular ethnic channels such as COLORS, to enhanced channels of premium standards such as STAR Movies HD and Nat Geo Wild HD. We also had the privilege to broadcast the 2010 FIFA World Cup™ over June and July last year, and the inaugural Youth Olympic Games (YOG) in August. In November, StarHub was the official broadcaster of the 16th Asian Games Guangzhou 2010, where we offered the widest 'live' coverage of the Games free on our TV, mobile and broadband platforms to all StarHub TV customers.

But we are ever mindful of the fact that we need to balance the demands of our customers for new and enriching content with our ability to acquire this content, and the rapidly changing competitive pay TV market. Our overall aim has always been to enhance the value proposition of our pay TV services to our customers, and at the same time ensure that it adds significant shareholder value to the Company. Our decade-long experience in the pay TV industry has shown that customers are more likely to be attracted to the operator with the

higher number of eyeballs and with the better user experience. We will continue to enhance our service offerings along these lines, and provide additional innovations to build up our viewership.

Going Forward

We expect our investments in 2010 will begin to bear fruit in 2011 and Neil will outline some of our expectations later in this report.

I would like to thank all of you, our shareholders, for your support and confidence in StarHub. I would also like to thank all staff, customers, business partners and associates for their continued commitment and support. I believe that 2011 will be a good year for us and we have all the elements in place to see us through the year and beyond. The StarHub Board and Management will remain committed to building value in the Company for you, while positioning ourselves as the most forward-looking and innovative info-communications and entertainment provider in Singapore.

As always, I look forward to meeting you at our upcoming Annual General Meeting.



Tan Guong Ching
Chairman



A Challenging Yet Rewarding Year

2010 has been an interesting year for the telecoms industry.

The commercial launch of the Next Gen NBN and the regulatory changes in the Media Code had undoubtedly made significant changes to how the industry operate locally, and how international partners and players view Singapore as a regional hub for info-communications and media content. In addition, the iPhone becoming available to all mobile operators in Singapore triggered a 'smartphone revolution', which resulted in margin pressures on our operations in the first half of the year, even though the benefits would come through towards the end of the year.

What this meant was that we had to stay nimble and adjust our business plans appropriately, in order to meet these industry changes while at the same time satisfy our customers' needs on a daily basis. We also had to reorganise ourselves so that we remain lean and efficient, and keep our costs in line with our revenue streams. All this occurred during a crucial phase in the integration of our back-end systems that will provide

us with the ability to be more flexible in our product and service development once completed.

Against the background of these challenges, we have reason to be pleased with our overall performance. We have shown that the Company remains resilient, and our Hubbing strategy continues to work well. Here is a breakdown of our individual Lines of Business:

Performance for our Lines of Business

Mobile service revenue was up 8% YoY to \$1.18 billion, given our expanded post-paid and pre-paid customer bases. Our pre-paid mobile service revenue grew 2% to \$264 million, accounting for 22% of our mobile revenue mix. Post-paid service revenue also grew 10% to \$917 million. In 2010, we achieved two milestones by having both our pre-paid and post-paid customer bases cross the one million mark – our pre-paid base was up 13% to 1.11 million and our post-paid base posted positive growth with a 10% increase to 1.04 million. Mobile continues to be the largest revenue contributor to StarHub, standing at 53% of total operating revenue.

“Against the background of these challenges, we have reason to be pleased with our overall performance. We have shown that the Company remains resilient, and our Hubbing strategy continues to work well.”

Neil Montefiore, CEO

Fixed Network services continued to grow in 2010, as revenue increased 4% to \$332 million from \$318 million previously. Data & Internet services revenue, which made up 84% of Fixed Network revenue, grew 3% to \$278 million from the previous year on the back of higher subscriptions of leased circuits and backhaul services. Fixed Network services is the third largest revenue contributor, making up 15% of total operating revenue, so we expect good upside for this line of business as the Next Gen NBN gets into full swing in 2H2011.

Pay TV revenue for 2010 contracted \$10 million or 2% to \$395 million. ARPU was also down \$4 to \$52. The decrease in pay TV revenue was contributed by the downward subscription price revision for the Sports Group package in June 2010, as well as changes to the subscription mix towards more value-pack bundles that offer higher package discounts. For the year, our pay TV ARPU hit a high of \$56 in 2Q2010, but this was mainly due to the screening of the FIFA World Cup™ matches over June and July.

Broadband customers can now look forward to our newly-launched fibre broadband services over Next Gen NBN. The business does face some challenges as new players come into the market with early adopter pricing packages and commercial trials. As a result, broadband revenue was lower 2% at \$236 million. With more subscribers opting for lower-speed price plans and promotional discounts on our home hubbing packs, this resulted in lower overall broadband ARPU which ended the year \$4 lower to \$47, or down 8%.

Our Hubbing strategy continues to stand us in good stead, with the percentage of Hubbing households subscribing to two or more StarHub services remaining dominant at 56%. Triple-service households also went up by 8%. In terms of our Hubbing ARPU for households, there was an increase of 3% to \$142.90. We are pleased that our customers have responded positively to our multi-service bundling including our Home Hubbing Packs, and we expect to continue developing new offers and promotions in the coming years.

Message from the CEO

“2011 will be the year of the smart tablet. It will also continue to be driven by smartphones. We see continued growth in mobile data as more and more smart devices enter the market.”

Challenges in the Pay TV Industry

In 2010, the MDA announced its Cross Carriage Measures that impose an obligation for pay TV operators to make available channels/content which they have acquired on an exclusive basis for carriage on other specific pay TV licensees in Singapore.

We understand MDA's intent on Cross Carriage measures. It is certainly one way to discourage the signing of exclusive deals. While details of the measures are currently being worked out with the relevant parties, we will continue to work hard to ensure that we maintain our leadership position in the local pay TV market. We will also continue to innovate, as can be seen in our Interactive TV and on-demand offerings in order to further differentiate ourselves in the market. Next, we will see IPTV and Internet TV innovations.

IDA and MDA announced its Project NIMS (Next Generation Interactive Multimedia Applications and Services), a joint initiative where multiple parties are working together to look into developing a standard for a common-feature set-top box. Our view is that we would support

this idea since it gives consumers greater convenience, cost savings and quality assurance. It is a good idea to let consumers decide what type of device they want in the home separate from the content, just as one can purchase a phone and the service separately. IDA and MDA have issued an Industry Dialogue to seek various views of the project at the end of November 2010. Accordingly, we have submitted our comments to IDA and MDA.

Challenges in the Next Gen NBN Environment

There have been indications in the market that NC would face competition from other OpCos in the foreseeable future. We remain confident that NC will be a good business investment for the StarHub Group. It is the only OpCo officially appointed by the regulator to operate and manage the active network of the Next Gen NBN, and is the only party that will be eligible for funding by them for up to \$250 million. In addition, NC's offering is particularly compelling. The new greenfield network built by NC will utilise the very latest IP and Fibre-To-The-Home (FTTH) technologies and advanced Operational Support and

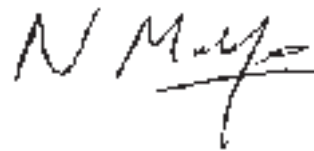
Business Support Systems (OSS/BSS) to put Singapore at the leading edge of multimedia innovation. The new Next Gen NBN will also be accessible to any RSP at a regulated price. It brings significant value, even to incumbents, to use the new network infrastructure for bandwidth hungry service offerings, without the need to incur significant capital expenses or spend money for asset renewal. NC offers an attractive business model and ease of use for RSPs to purchase and operate their services over the new network. Finally, we believe NC has a comprehensive and flexible range of services available to RSPs as it adopts a modular, building block approach to designing services.

On the services front, StarHub has launched a new range of Next Gen NBN service plans for both businesses and consumers. Previously, StarHub has only been able to serve businesses directly on our own fibre-optic network which is linked to about 800 commercial buildings in Singapore. With the availability of services over the Next Gen NBN, the Company's reach has effectively expanded to 20,000 locations. For businesses, this means that for the first time, they will have true infrastructure competition. For StarHub, it means that we are the only other service provider in Singapore able to provide a complete end-to-end solution that combines domestic and international data access, top-line value-added services and comprehensive premium branded content. On the consumer front, the Next Gen NBN serves as a strong complement to Singapore's first 100Mbps home broadband service which we introduced as MaxOnline Ultimate since 2006. StarHub has been spearheading the digital revolution in the home for many years, by providing a complementary range of value-added content services such as StarHub TV Online, StarHub TV on Mobile, StarHub Music Store, interactive digital television and so on. Now with the Next Gen NBN, it gives us more opportunities to extend our leadership in both technology and content, both in the home and beyond.


Expectations in 2011

2011 will be the year of the smart tablet. It will also continue to be driven by smartphones. We see continued growth in mobile data as more and more smart devices with the capability to access the Internet wirelessly, enter the market. We expect to enhance our mobile offerings to meet the demand by offering more compelling mobile content and value-added services. Competition will, of course, continue to be intense, given the high mobile penetration rate of over 143% in Singapore. Pay TV will be an interesting area to watch, given the implementation of Cross Carriage Measures by MDA which will take effect in 2011. There are certain technical, contractual and procedural issues that need to be resolved, and we will be working closely with the relevant parties to ensure that this new policy is fair and effective for all parties. Finally, through the Next Gen NBN, we will be actively involved in leveraging the new network to both corporate and consumer markets. Our focus this year will be to drive the take-up of services through the Next Gen NBN and expand our portfolio of business services for our customers. We will also continue to expand our content line-up across all platforms, so that our customers can further experience the benefits and value of 'Hubbing' through convergent and innovative services.

Given the above developments, we expect that for 2011, the revenue growth will be in the single-digit range. Our EBITDA margin on service revenue to be about 30% and our cash CAPEX is expected not to exceed 13% of operating revenue. We intend to pay the cash dividend of 5.0 cents per ordinary share per quarter for FY2011.



Neil Montefiore
CEO



Smarter Pick Trusted Dividend Returns

We take a projected three-year view of dividend payouts, reviewing quarterly to provide attractive and sustainable dividends to shareholders.

20 cents

Up from 19 cents in FY2009



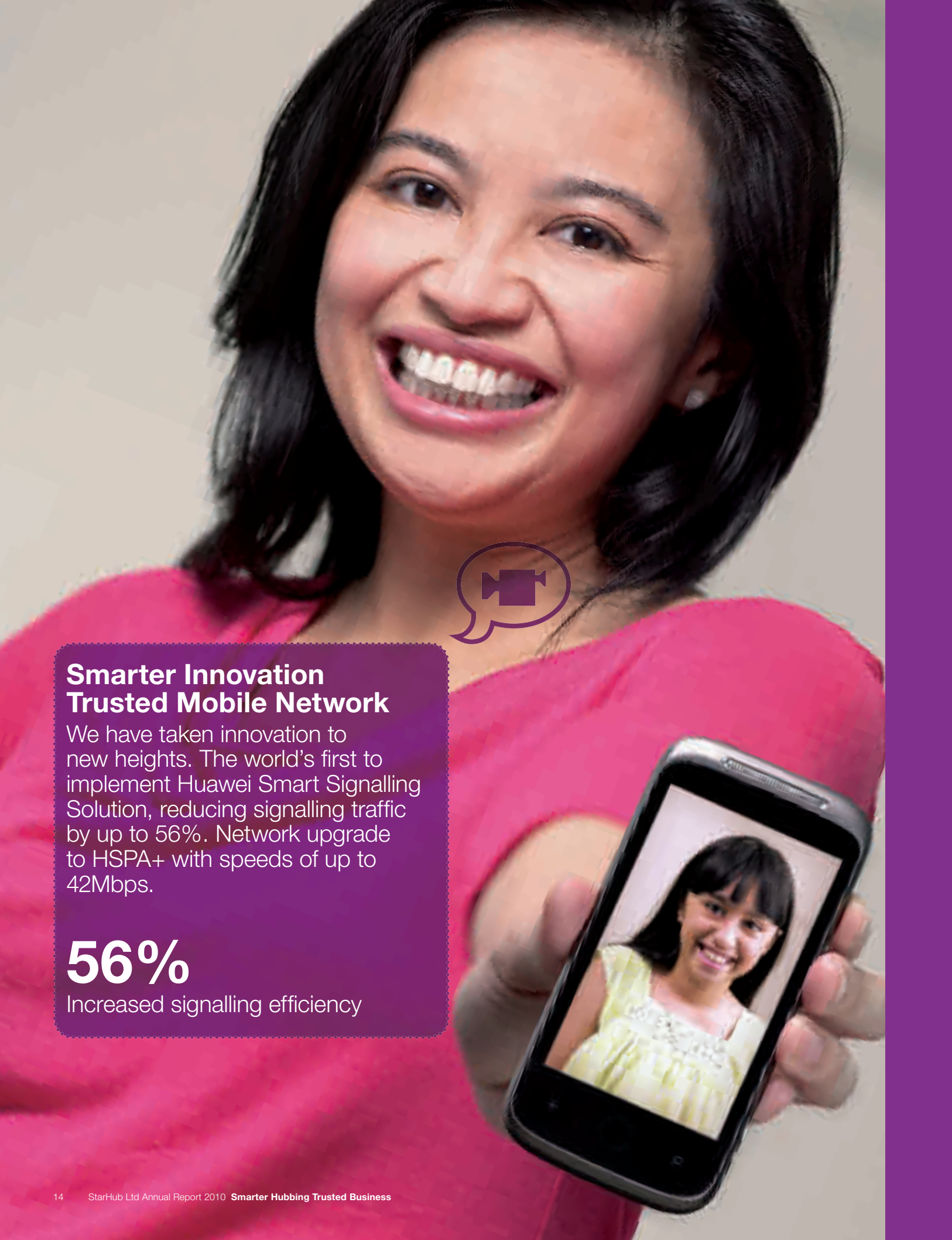


Smarter Investments Trusted Business Service

We invested for future growth, by launching Nucleus Connect which utilises the latest IP and FTTH technologies, and implementing a new OSS/BSS to be more responsive to customer needs.

\$200m

Invested for greater returns



Smarter Innovation Trusted Mobile Network

We have taken innovation to new heights. The world's first to implement Huawei Smart Signalling Solution, reducing signalling traffic by up to 56%. Network upgrade to HSPA+ with speeds of up to 42Mbps.

56%

Increased signalling efficiency



Smarter Choices Trusted Pay TV

StarHub continues to innovate, as can be seen in our Interactive TV and on-demand offerings in order to further differentiate ourselves in the market.

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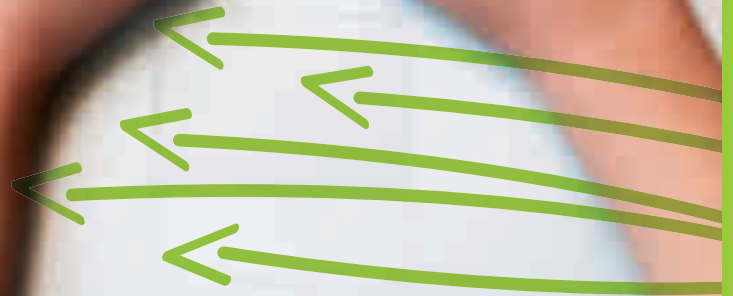
Channels, including 15 HD channels

Smarter Broadband Trusted Connectivity

Enabling superior Internet connection through a new Fibre 100Mbps (Next Gen) service, StarHub is seeding potential customer upgrades in the dial-up and low-end broadband markets.

100Mbps

Symmetrical uplink and
downlink speeds





Smarter Access Trusted Business Partner

We have established a resilient domestic network with increased diversity, and built a comprehensive international network that includes undersea cable systems, to bring trusted solutions to more businesses.

>20,000

From over 800 commercial buildings





Smarter Homes Trusted Lifestyle Leader

With the StarHub Wireless Home Gateway providing wireless connectivity for all Internet devices at home, and HubTroopers setting everything up, enjoying the latest digital lifestyle is a breeze.

360°

Wireless home solutions



Smarter Interaction Trusted Customer Service

Providing the best customer experience is paramount. We launched an integrated OSS/BSS for smarter CRM, and tap social media tools like FaceBook and Twitter to engage customers.

First

In customer satisfaction

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 16 April 2010. He is also the Chairman of Singapore Technologies Telemedia Pte Ltd, STT Communications Ltd, Asia Mobile Holdings Pte. Ltd, Singapore Technologies Aerospace Ltd., Temasek Life Sciences Laboratory Limited and IP Academy. He was formerly the CEO of the Housing & Development Board, the Principal Private Secretary to the Prime Minister and the Permanent Secretary of the Ministry of Home Affairs, the Ministry of the Environment and the then Ministry of Communications & Information. Mr Tan initiated several major projects during his career, such as neighbourhood policing, civil defence, commissioning of the mass rapid transit system, the corporatisation of Singapore Telecommunications Ltd and the re-organisation of the then Telecommunication Authority of Singapore. Mr Tan holds a Bachelor and a Master of Engineering (Chemical) from the McMaster University, Canada.



Neil Montefiore
Executive Director

Mr Neil Montefiore joined StarHub on 1 January 2010 as its CEO and Executive Director. He was last re-elected as an Executive Director on 16 April 2010. Mr Montefiore has over 34 years of experience in the telecommunications industry. Prior to joining StarHub, he was the CEO of M1 Limited (M1) in Singapore since 1 April 1996. He was appointed as a Director of M1 in 2002. From 1991 through 1996, Mr Montefiore was Managing Director of Chevalier (Telepoint) Ltd and Director, Mobile Services of Hong Kong Telecom CSL Limited. Prior to that, he held the senior position of Managing Director of PakNet Ltd in the United Kingdom. Mr Montefiore joined The Cable and Wireless group in 1976 and held various marketing and engineering management positions in Hong Kong, Bahrain, Saudi Arabia and the United Kingdom before being appointed as CEO of Cable and Wireless Systems Ltd in Hong Kong. Mr Montefiore is a Fellow of the Institution of Engineering and Technology and a Fellow of the Chartered Institute of Marketing.



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 16 April 2009. 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 DBS Bank Ltd, DBS Group Holdings Limited and Singapore Technologies Engineering Ltd. 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 16 April 2009. 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.

Board of Directors



Steven Terrell Clontz
Non-Executive Director

Mr Steven Terrell Clontz was appointed to the Board on 8 December 1999 and was last re-elected as a Director on 16 April 2010. He is the Chairman of InterDigital, Inc. Prior to this, he served as CEO of StarHub for 11 years before retiring on 1 January 2010. 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.



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 16 April 2009. 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.



Sadao Maki
Non-Executive Director

Mr Sadao Maki was appointed to the Board on 6 August 2008 and was last re-elected as a Director on 16 April 2009. He is a Director and the Senior 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 16 April 2010. 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). Mr Teo held senior executive positions within the Morgan Grenfell Asia group and was the Regional Managing Director of BNP Prime Peregrine (Singapore) Ltd. He holds a Bachelor of Arts (Honours), with a major in Business Administration from the University of Western Ontario, Canada.



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 16 April 2010. He 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. Mr Liu holds a Bachelor of Business Administration from the former University of Singapore.

Board of Directors



Robert J. Sachs
Independent Director

Mr Robert J. Sachs was appointed to the Board on 29 April 2005 and was last re-elected on 16 April 2009. 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 to March 2005. From 1979 to 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 George Washington University, USA.

In Discussion with StarHub's Management



Tan Tong Hai
COO

Q: Have there been any organisational changes in 2010?

Tong Hai: In order to service our customers better, we have unified our Sales and Marketing functions. Ng Long Shyang now heads the newly integrated Sales & Marketing Division. He oversees Corporate Sales, Commercial Sales and Consumer Sales, Marketing Communications, Brand Management, Consumer and Business Marketing.

Chan Kin Hung will continue to lead the overall Product and Solutions Division, overseeing Personal Solutions, Business Solutions, Home Solutions, Customer Lifecycle Management, Integrated Applications, and Business Planning and Analysis. We have also integrated the Content team into our Home Solutions division. Iris Wee, who was in Marketing previously, now oversees the expanded Home Solutions department. These changes will further strengthen our Hubbing strategy and enhance our customer insight and help create even more innovative applications and price plans to excite and delight our customers.

Q: Given the increase in smartphones and tablets in the local market, will your mobile network be able to cope with the increase in mobile data traffic?

Tong Hai: Our network is certainly capable of supporting the greater number of users using mobile broadband concurrently. In March 2010, we started upgrading our mobile broadband network to support Dual Carrier frequency technology that is able to achieve a peak data downlink speed of up to 42.2Mbps. In addition, we adopted the world's first smartphone signaling solution (from Huawei) to further enhance network performance. The solution optimises StarHub's smart phone mobile data service signaling process by reducing the redundant signaling loads by 56% as well as significantly enhancing smart phone performance and improving mobile broadband connectivity. With regard to Long Term Evolution (LTE) technology which allows wireless downlink speeds of up to 100Mbps, we have conducted technical trials. We do not expect LTE services to be rolled out in 2011, however; given the handset roadmaps of most manufacturers, we think 2012 would be a more likely target.

Q: What about your international bandwidth capacity?

Tong Hai: The Asia-America Gateway (AAG) was successfully launched in 2009, which allowed us to increase our international bandwidth significantly to the US as well as such countries like Hong Kong, Thailand and Vietnam. Not only does it support the demands in data traffic due to the growth of the smartphone industry in Singapore, and the commercial availability of the Next Gen NBN, the AAG has also given us much needed diversity and resiliency. For instance, in March 2010, an earthquake off Taiwan affected a number of key undersea cable systems but the

AAG, designed to avoid earthquake-prone regions, was unaffected and we were able to restore our customers' data traffic shortly after the incident.

We are always future-planning our networks, and making sure that we have sufficient international bandwidth capacity to support any future demands in data traffic. One recent development was our participation in a new Consortium to build and operate the Asia Submarine-Cable Express (ASE) system. This system is a 7,200 kilometre undersea cable system linking Singapore directly to Hong Kong, Japan and the Philippines, and will boast a total bandwidth carrying capacity in excess of 15 terabits per second. Once again, it is specifically designed to avoid earthquake and typhoon-prone regions while at the same time covers the shortest possible distance between Hong Kong, Japan and Singapore, in order to ensure maximum reliability and minimum latency. We expect the ASE to launch by mid-2012.

In Discussion with StarHub's Management



Kwek Buck Chye
CFO

Q: Given the pressures on your margins, increasing CAPEX and intense competition in the Next Gen NBN and pay TV fronts, how sustainable is your dividend payout?

Buck Chye: StarHub generates a healthy and sustainable free cash flow. In setting our dividend policy, the Board takes a projected three-year view of the Company's earnings performance, the Company's reserves and free cash flows, to ensure there is more than adequate to cover the funding for its dividend payments requirements. Besides that, as at end 2010, at the Company level, our total shareholders' reserves stand at \$947.5 million, which can be applied to cover any dividends declared in excess of any earnings for the current year.

Q: So, can we look forward to a capital reduction exercise in 2011?

Buck Chye: Our stated long-term target for net debt to EBITDA has always been 1.5 – 2 times. We are currently at 0.94 times, so there is sufficient financial gearing ability. There is still industry and economic market uncertainties, so currently, there are no plans for a capital reduction exercise in 2011. However, our shareholders can continue to look forward to our quarterly dividends of 5.0 cents per share.

Q: Are you looking to refinance your loans?

Buck Chye: We already have banking facilities in place for our refinancing needs. From our balance sheet, you will see that we have \$330.4 million of short-term loans and \$475.0 million of long-term loans as at end 2010. With good cash flow generation from our operations and existing available bank facilities, these are more than adequate to meet our funding needs. In fact, in 2010, we repaid about \$290.4 million of our loans with our operational cash surpluses and new bank loans. This resulted in the Group's gross bank loan at \$805.4 million to be \$90.4 million lower than the previous year. After netting off the cash balance of \$237.5 million, net debt as at end 2010 amounted to \$567.9 million, 14% lower compared to end 2009.

Q: On CAPEX, you are guiding as not exceeding 13% of sales in 2011. What additional investments are you making in 2011?

Buck Chye: Our CAPEX spending in 2010 at \$272.1 million was lower than what we had guided for the year. This was due to the delayed commercial launch of the Next Gen NBN, which in turn meant that some CAPEX payments for NC, will spill over to early 2011. However, our new commitment in CAPEX for 2011 is lower since the major OSS/BSS project was completed in late 2010. CAPEX spending in 2011 will be for increasing our international capacity to support data traffic growth and for our expansion in Mobile services in tandem with our expanded subscriber base. We feel confident of our guidance of CAPEX spending not exceeding 13% for 2011.



Chan Kin Hung
Head, Products and Solutions

Q: Fixed Network Services has continued to do well. How are you planning to grow your business?

Kin Hung: With the commercial launch of Next Gen NBN, StarHub introduced a new range of business connectivity solutions and valued added services (VAS) for business customers. As the trusted service provider for businesses over the last ten years, the Next Gen NBN has extended our fixed network coverage to over 20,000 locations islandwide instead of the existing 800 commercial buildings on our current fibre-optic network. Our new range of connectivity solutions: Fibre 100Mbps (NextGen), Ethernet Local Link (NextGen) and Switched Ethernet (NextGen) services can now provide reliable and cost effective alternatives for our customers in these new locations. We have also partnered with best-of-breed industry players to offer a new range of Internet-based value-added solutions that come bundled with our connectivity solutions. For 2011, we will expand our product and service offerings to deliver new valued-added solutions and cost-effective services to our business customers, especially the fast-growing SMB market. We also aim to be the preferred provider for reliable and cost-effective fixed network services to multinational organisations and banks in Singapore.

Q: How is your residential broadband performance impacted in 2010?

Kin Hung: We had a good take up of our Home Hubbing packs and the lower-speed plans in 2010. This resulted in lower overall broadband ARPU at \$47 for 2010. With the launch of the Next Gen NBN, there was also an expected fall in the retail pricing. We believe this business will continue to face pricing pressures and challenges.

The key to maintaining our ARPU while increasing our broadband penetration is to understand the evolving needs of our existing residential broadband customers and offering them quality broadband services and home solutions to meet their needs. This was foremost in our minds when we announced four new home broadband plans over the Next Gen NBN under the 'MaxInfinity' brand that focuses on offering quality broadband services and smart home solutions. MaxInfinity will provide customers with local broadband speeds ranging from 100Mbps to 1Gbps bundled with an intelligent home gateway to simplify home network setups and support for our customers. Furthermore, our Hubtroopers, an elite group of home solutions specialists, can assist our customers in setting up their home surveillance cameras and home networks when using our Next Gen NBN services.

One major feature of our plans is the good level of international bandwidth provided, including up to 100Mbps for MaxInfinity Supreme, the highest international broadband capacity on offer than any other local operator in Singapore. In addition, all MaxInfinity plans come bundled with a 2Mbps mobile broadband access. As usual, we are also offering a comprehensive series of Hubbing packs which bundles three basic pay TV groups.

Now that high-speed broadband access has become a reality, content will become a key differentiator for us. With our leadership in offering 170 pay TV channels ranging from news to entertainment, kids and lifestyle genres, we also aim to provide unique value-

added entertainment content over multiple platforms to all homes in Singapore. This includes Internet TV and a comprehensive music and online gaming portals.

We believe these efforts will help stabilise our residential broadband performance in 2011.

Q: With competition in the pay TV arena intensifying, what strategies are you employing to maintain your success in this area?

Kin Hung: We will continue to maintain our content leadership by providing the most comprehensive range of branded quality content to our customers. In 2010, we launched 27 new channels, including nine HD channels such as Star Movies HD, Food Network Asia HD and AXN HD. In the area of sports content, we broadcasted the 2010 FIFA World Cup™, the Youth Olympics Games in Singapore, the 16th Asian Games Guangzhou 2010 and 'live' NBA games. We also acquired the rights to the Brazilian League, Spanish La Liga, and the Italian Serie A. Finally, we reaffirmed our commitment to the development of local sporting talent by investing in the Singapore National Olympic Council (SNOC) Official Partnership Programme.

We are of course mindful that we no longer have the Barclays Premier League (BPL) on our programme line-up. As such, we introduced many new exciting sports programmes such as NBA and Spanish La Liga. We also re-priced the remaining sports content to ensure that sports enthusiasts have a good reason to stay on with the added bonus of attracting new customers to our Sports group. We have lowered the pricing of our Sports Group by more than 50 percent to \$12. At the end of the year, with our comprehensive range of branded quality content appealing to different audience in the family and Hubbing strategy still strong, our pay TV churn rate remains a low 1.1%, above what most market speculators had predicted.

In Discussion with StarHub's Management

Q: How are you enhancing your content for the other platforms (mobile/broadband)?

Kin Hung: Content has always been a key differentiator for StarHub – not only in pay TV, but also for our mobile and online platforms. StarHub certainly aims to provide unique value-added entertainment content over multiple platforms to all homes in Singapore.

Last year, we launched our StarHub TV on Mobile application on iPhone and Android smartphones with more than 30 branded channels and special programmes such as the 2010 FIFA World Cup™. We also hosted 3D 'live' World Cup matches for both Quarter-Final and Final games at Marina Bay Sands where our customers experienced the realism of watching the most exciting football matches 'live' on a big screen in 3D. In addition, we launched both our StarHub Music Store and our StarHub Games Store in 2010. StarHub Music Store is the first and only full DRM-free unified digital music download service in Singapore. You can find your favourite music in five different choices – ring tone, connecting tones, mobile full song, PC full song or PC full album. And, without limitations on the usage of the digital music files and devices, you can enjoy the best music entertainment content wherever you happen to be at home or on the go.

Our StarHub Game Store is a comprehensive online gaming portal for all broadband customers in Singapore, whether they are casual gamers or competitive ones. The online games portal allows users to play selected online games for free as well as purchase many game titles on mobile and on PCs.

In 2011, we expect to launch our Internet TV service with TV-quality video content and a multitude of English and ethnic channels from StarHub's comprehensive suite of pay TV content. Together with our StarHub TV on Mobile service, our customers can enjoy all of StarHub's exciting content everywhere – at home on their TV, on their PCs, tablets and laptops, and on their smartphones.



Alex Siow
Head, Business Excellence
and Systems Technology

Q: Any updates on the consolidation of StarHub's IS and CRM systems?

Alex: The decision to consolidate our disparate IS and CRM systems took place shortly after the merger. Ultimately, the OSS/BSS transformation programme was perhaps one of the most complex programmes undertaken in Singapore, where it literally involved all parts of the StarHub organisation and requires careful planning and coordination to make the cut over successful.

However, this transformation was necessary as it allowed StarHub to have a consolidated customer view of all accounts and services and it provided us with the capability of offering a single bill to our customers with standardised handling of processes across different suite of product and services. It also provided a solid customer analytics platform giving us greater insight into our customer base and usage patterns that can feed into future product and service development. Finally, it provided an end-to-end automation for service delivery

from the time a customer walks into our stores to the time the service is delivered. It enhances our customer's experience and benefits they enjoy through our Hubbing capability.

The project started in 2007, and the migration to the new system took place in September 2010. As usual, there were challenges that were expected when integrating the various systems but we believe we have done much to overcome them. We look forward to 2011, when we will have a solid foundation to continue as the leader of many innovative products/services in the coming months and years ahead.



Ng Long Shyang
Head, Sales and Marketing

Q: YoY, total cost of sales increased \$83 million or 10% to \$913 million. What contributed to the jump?

Long Shyang: In 2010, the cost of equipment sold increased 36% YoY to \$312 million. The introduction of the iPhone in December 2009, its popularity and the availability of many other newer smartphone devices in the market have generally driven up costs. The year's higher costs of equipment sold were a result of a higher mix of costlier iPhone models compared to other smartphones. The YoY increase was also on the back of higher handsets sales and higher average cost per unit, which was partially mitigated by lower cost of services.

Q: Are there upsides to offering higher handset subsidies for smartphones?

Long Shyang: There is no doubt that the iPhone and other smartphones in the market are attractive products. We had conducted a detailed study on whether we would have a business case in selling these smartphones with higher handset subsidies. We concluded that by offering attractive mobile data subscriptions, we

can ensure that smartphone users can generate a positive cash flow for us. Typically, it takes about six to seven months to recover the handset subsidy cost for the iPhone, while other smartphones take between four to five months to recover.

Q: Are you planning to bring in smart tablets as well?

Long Shyang: We are very excited about this new category of mobile devices. We certainly look forward to launching and retailing both smartphones and smart tablets in 2011.

Q: With the launch of Next Gen NBN, how will you be boosting your sales in the business segment?

Long Shyang: We see vast potential in the Next Gen NBN. Over the last few months, we have been driving Next Gen NBN awareness to SMBs and gathering feedback on the ground. Our first priority is to focus on our core competence and build a comprehensive suite of network services customised for SMBs. We are also keen to partner best-of-breed industry leaders to deliver the best solutions that can meet the needs of SMBs. Our role is to work hand in hand with our partners to gain a competitive advantage on the Next Gen NBN.

Q: What is your overall sales strategy?

Long Shyang: With the inception of Commercial Sales as an independent business unit in 2009, our core strategy is to focus on customer-centricity. To make this happen, we have made significant investment in manpower, skills enablement and building new touch points to enhance the overall customer experience. One of the first things we have done is to launch our Top SMB Account Programme where we have a dedicated team of highly qualified account managers to service our premier customers directly. This provides us with the opportunity to build trusted relationships

with them and explore new ways to serve them better. In our effort to develop new touch points, we have created 'BizShop', which is a 24 X 7 online portal where customers can perform self-service to procure new mobile services or re-contract their existing services with us. This reduces the need to call SMB Business Hotline or visit our retail outlets to perform routine transactions thereby saving time and boosting productivity.

In our long-term commitment to customer-centricity, we have also set up a customer service excellence panel comprising leaders from lines of business (products, marketing and customer care) to analyse the pulse of SMB customers and provide strategic guidance. With these solid platforms in place, we are confident to deliver a differentiated customer experience and achieve our goal to be the one stop info-communications partner of choice for SMB.

Finally, our strategy to use appointed partners channel have started to bear fruit and is now contributing a significant 70% of all new business sales. The Master Resellers we have chosen tend to have deep roots in the SMB community and we believe they will be able to reach this segment quickly and effectively.

On the consumer front, we have expanded our reach and doubled the number of shops around Singapore. Four new shops opened towards the end of 2010; they are located at NEX Shopping Mall in Serangoon, Bugis Junction, Parkway Parade and Marina Bay Link Mall. These shops have incorporated several customer-centric features into their designs. The shop floors are divided into different zones such as Personal Solutions and Home Solutions. Through the zoning concept and by building a showcase around the customer's needs, we aim to help browsing customers improve their navigability and shopping experience.

In Discussion with StarHub's Management

We have also combined our sales outlets and service centres at selected shops to bring customers one-stop service and even greater convenience.

Q: What were the key marketing efforts in 2010?

Long Shyang: With the launch of the Next Gen NBN, we took the opportunity to refresh our overall branding pillars that we have used over the years. In the consumer space, our main branding message is our ability to enrich the homes through the delivery of smart solutions, over a smart network, and by offering smart value to customers. We want our customers to know that when it comes to home solutions, we have the best entertainment offerings, running across our intelligent network, and with superior home office capability and better security. Our home broadband solutions also give our customers the best of both worlds – a high-speed cable broadband system as well as the Next Gen NBN.

For businesses, our key brand message is trust. We have been the trusted service provider for businesses over the last decade. Our performance in the business segment is a demonstration of that trust. Now that we can reach more companies across Singapore through the Next Gen NBN, we want the business community to know how and why we have been so successful in this space. For companies that are looking for a trusted industry leader to help them expand their operations seamlessly and cost-effectively, there is really only one alternative, and that is StarHub.

You can find both these themes running across this Annual Report.

A final note is the fact that we have been actively engaging our customers more in 2010, through the use of various social media tools such as Twitter and Facebook. I think the ability for our customers to interact with us directly – both good and bad – is a positive one overall, demonstrating our responsiveness and sincerity in listening to them. We are proud to say that on Facebook itself, we are nearing 40,000 fans!



Diana Lee
Head, Customer Service



Jeannie Ong
Head, Corporate Communications
and Investor Relations



Chan Hoi San
Head, Human Resource



Veronica Lai
Head, Legal & Secretariat



Tim Goodchild
Head, Government and Strategic
Affairs

Senior Management

Neil Montefiore

CEO

(Neil's profile can be found on page 20 of this report.)

Tan Tong Hai

COO

Tong Hai oversees the day-to-day operations and has direct responsibility of Sales & Marketing, Products & Solutions, Content, Business Excellence & Systems Technology, Customer Service, Integrated Network Engineering, and Government & Strategic Affairs.

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 was an Honours graduate in Electrical Engineering 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 Risk Management, Corporate Administration, Business Performance and Purchasing & Logistics. He received the prestigious Singapore Corporate Award for Best CFO (Market Capitalisation of \$500m or more) in 2008.

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

Chan Kin Hung

Head, Products & Solutions

Kin Hung is responsible for the strategic planning, development and management of all products, services and content that are provided on StarHub's multiple platforms. These offerings which include mobile, pay TV, broadband and fixed services, are targeted at consumers, households and businesses. He is also in charge of customer lifecycle management and business planning and analysis.

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, Business Excellence and Systems Technology

Alex leads the Business Excellence and Systems Technology division. He is responsible for the strategic implementation of information systems such as the OSS/BSS systems, order management, and billing systems. He also oversees the day-to-day operations of the data centre, business continuity and overall information security at StarHub. Alex also steers the business excellence function which looks into business process improvements, process quality and corporate security management. He also supervises the company's network convergence and operational support, and looks into the integration of network services and IT. Prior to the present role, Alex was Head of StarHub's Corporate Sales Division.

Alex joined StarHub in March 2003. Prior to this new appointment, he had a distinguished career spanning 23 years at the Housing & Development Board,

Senior Management

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. Today, the single virtual call centre provides enhanced customer experience and convenience through a single hotline number and common technology. 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.

Ng Long Shyang

Head, Sales & Marketing

Long Shyang heads up the integrated Sales & Marketing Division. He is in charge of business development, sales and marketing for the company's products and services targeted at the consumer, corporate and SMB segments. In addition, within the consumer sales segment, he is responsible for managing StarHub's distribution channels as well as mobile device merchandising. Within Marketing, Long Shyang also oversees brand management and marketing communications.

Long Shyang brings with him 20 years of diverse working experience in the wireless communications and consumer electronics industry, having held key positions at Samsung Asia Pte Ltd and Motorola Electronics Pte Ltd. Long Shyang graduated with a Bachelor of Science from the National University of Singapore.

Jeannie Ong

Head, Corporate Communications and Investor Relations

Jeannie is responsible for building StarHub's profile and its corporate reputation. She is instrumental in providing strategic counsel in the areas of corporate communications, corporate positioning, investor relations (IR) and community relations. Jeannie received the Best IR Officer in Singapore award twice by Asiamoney magazine in its annual Asiamoney Corporate Governance Poll in 2007 and 2010. She and her team clinched the Best IR award (Gold) at the Singapore Corporate Awards 2010, as well as Best IR award (Bronze) and Best IR award (Silver) at the same awards in 2009 and 2008 respectively. They also won the Gold award for IR in Telecom in Singapore at the Triple A Asset Asian Awards 2009.

Jeannie joined StarHub in April 2001 and was involved in bringing the company public in October 2004. She has more than 18 years of experience in corporate, financial, marketing and community communications across different industries. She first commenced her career with the Civil Aviation Authority of Singapore. Jeannie holds an honours degree from the University of London, where she majored in Economics and Financial Management.

Chan Hoi San

Head, Human Resource

Hoi San is responsible for the overall direction of all human resource (HR) services in the company. She is also responsible for formulating, developing

and ensuring consistent implementation of the company's strategic HR policies and procedures. Hoi San has been credited for building a strong groundwork in StarHub's HR division prior to the company's official launch in April 2000. She also played an integral part in the merger of StarHub and SCV by aligning and integrating the various business functions and resources, HR policies and procedures.

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

Veronica Lai
Head, Legal & Secretariat

Veronica embarked on her career with StarHub in 1999, as part of the team establishing the legal structure to support StarHub in its official launch in April 2000 and thereafter into full operations. Veronica played a pivotal role in the merger of StarHub and SCV in 2002, and StarHub's IPO in 2004. Veronica's portfolio of responsibilities includes the management of the Legal department of the StarHub Group. In addition, she serves as Company Secretary and provides Corporate Secretariat support for the StarHub Group.

In 2005, she and her team were recognised with the award of the Singapore M&A Deal of the Year, for the category of Best Domestic Equity Deal in Singapore, and Best Deal for Singapore, for their role in the StarHub IPO. Veronica

received the 2007 AsiaLaw Singapore In-house Counsel Award by Asia Law and Practice. She and her team won the IT/Telco In-house Team of the Year Award at the ALB Southeast Asia Law Awards 2007. In 2008, she was recognised as runner-up by the Global Law Office for the General Commercial Individual of the Year Award at the International Legal Office Global Counsel Awards. In 2010, she was recognised as one of Asia's top 25 In-House Corporate Counsel in the Asia Legal Business Survey. Prior to joining StarHub, Veronica spent six years in practice with Rajah and Tann, specialising in banking, corporate and commercial transactions.

Veronica graduated with an honours degree from the National University of Singapore as an OCBC Bank scholar, and was awarded the Law Society Advocacy Book Prize for 1993 at the Postgraduate Practical Law Course.

Tim Goodchild
Head, Government and Strategic Affairs

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

Tim joined StarHub in 2004, and has 20 years of experience in telecommunications regulatory issues. His working career has included time with Telecom New Zealand, the Telecommunications Authority of Singapore (now the Info-communications Development Authority of Singapore); Millicom International Cellular; and Equant Singapore. His career has given him exposure to regulatory regimes throughout the Asia-Pacific region.

Tim holds an honours degree in Economics from Victoria University.

Smarter Hubbing at a Glance



The Group Today

The Group operating revenue for the year was up \$88 million or 4% to \$2.24 billion as a result of the higher service revenue. Group EBITDA was 8% lower at \$602 million, primarily due to higher cost of sales and staff costs. 2010 EBITDA margin was at 28.1% of service revenue. NPAT for the year was 18% lower at \$263 million.

The breakdown of operating revenue by lines of business is tabulated across:

\$2.2^b

Robust revenue

Revenue mix



- 1_Mobile 53%
- 2_Pay TV 18%
- 3_Fixed Network 15%
- 4_Broadband 10%
- 5_Sale of Equipment 4%



Mobile

We achieved two milestones by having both our pre-paid and post-paid customer bases cross the one million mark. Pre-paid base expanded 13% to 1.11 million while our post-paid base increased 10% to 1.04 million.

\$1.2^b

Total mobile service revenue

8%

Year-on-year revenue growth

Revenue mix



- 1_Post-paid 78%
- 2_Pre-paid 22%



Pay TV

We continue to expand our range of branded content to customers subscribing to our Pay TV services. Our Pay TV revenue for the year was steady at \$395 million, contributed by a strong customer base of 538,000 households.

\$395^m

Pay TV service revenue

-2%

Year-on-year revenue growth

Customer mix



1_Digital 100%



Broadband

We introduced a range of MaxInfinity broadband plans following the launch of the Next Gen NBN. For the year, the service revenue continues to hold steady at \$236 million.

\$236^m

Broadband service revenue

-2%

Year-on-year revenue growth

Residential broadband



1_StarHub 46%*
2_Others 54%

*Estimated



Fixed Network

Fixed Network services is the third largest revenue contributor and we expect good upside for this line of business as the Next Gen NBN gets into full swing in 2H2011.

\$332^m

Fixed Network services revenue

4%

Year-on-year revenue growth

Revenue mix



1_Data & Internet 84%
2_Voice 16%

The Nucleus Connect Conversation

Nucleus Connect (NC), StarHub's wholly-owned subsidiary was appointed by IDA to design, build and operate the active infrastructure of the Next Gen NBN in 2009. In 2010, NC achieved a number of milestones that resulted in the long-awaited commercial launch of the new ultra-high speed, all-fibre broadband network.

In May 2010, NC launched its two central offices which housed highly advanced optical network equipment that will empower the Next Gen NBN based on Gigabit Passive Optical Network (GPON) and Optical Ethernet (OE) access technologies. Located at Tai Seng Drive and Yishun, they also house a state-of-the-art OSS/BSS system that will function as the heartbeat of the Next Gen NBN.

At the same time, NC also unveiled its IDA-approved competitive wholesale interconnection offer (ICO) pricing for Retail Service Providers (RSPs). RSPs can expect co-location, patching and interoperability testing (IOT) services from NC. The IOT service allows RSPs to test and validate their services over a simulated Next Gen NBN environment as it verifies all network and connectivity tests to ensure proper interconnection between the RSPs' and NC's network.

Finally, NC has also established a Network Operations Centre (NOC) to monitor its entire network operations from one central surveillance point.

The NOC houses the world's best networking equipment and surveillance systems, all designed to ensure seamless management of NC's Next Gen NBN.

On 31 August 2010, NC officially announced that it has commenced commercial operations for the Next Gen NBN. It also revealed that five RSPs, including StarHub, have signed up to the master ICO with NC. As a result, NC has been working with all of them to set up connectivity to NC's network and complete the required IOT so that they can provide services over the Next Gen NBN to their business and residential customers upon launch. At launch, businesses and home owners will have pervasive, competitively-priced, ultra-high broadband speeds of up to 1 Gbps. Some of the possible Next Generation services include high-speed Internet access, IPTV, High Definition Video Surveillance, Digital Signage and Wide Area Networks to support cloud computing type services.

David Storrie, CEO of NC, was appointed by StarHub to take the reins of the company in 2009. Named as one of the 100 most powerful people in the telecoms industry worldwide by Global Telecoms Business, he shares his vision and challenges of the Next Gen NBN.



On 31 August 2010, NC officially announced that it has commenced commercial operations.

nucleus
connect

Q: Five RSPs have signed up at launch. Are there any other RSPs signing up in the near future? What's your strategy to get more RSPs to sign up with NC?

David: We started with five RSPs at launch in August 2010 and since then we have added two more RSPs. We are also currently in talks with several other interested parties, many of whom are developing their own business plans for the Next Gen NBN. We are always keen to have more RSPs on board the Next Gen NBN through NC, so we are working closely with them to help them understand what opportunities there are in the new network, and what solutions we can offer them that will be beneficial to their businesses and eventually their end customers.

Q: The take-up of Next Gen NBN services has been somewhat slower than expected. How will it impact your business?

David: As with the introduction of any new leading-edge technology, there will always be initial teething issues that need to be addressed. In spite of this, the interest amongst RSPs for the Next Gen NBN has continued to be very positive, and we expect RSP sign-ons to follow in tandem. While the initial rollout challenges are getting addressed at different industry layers, we are in the meantime gearing ourselves to actively prepare the market to either switch their legacy networks to the all-fibre Next Gen NBN, or to serve as an enhancement of their current ones. We are encouraged with the take-up rate of the Next Gen NBN since launch,

and we will continue to monitor and maintain it at a healthy level. NC has been working closely with RSPs to jointly develop their go-to-market strategies in both the short and long terms.

Q: There has been some talks of other Operating Companies (OpCos) in the market. How will you compete with them effectively?

David: We have always been aware of the likelihood that additional OpCos will be launched in the market and this has been factored into our business plans at the initial stage. We have an active pipeline of new service development, and packages to meet the requirements of the RSPs and their end customers, especially services that adds value for customers beyond just bandwidth. Furthermore, NC's key positioning is that of being a dedicated wholesale provider to RSPs, and not compete at the same time with them in the broadband space.

Q: Are there any plans to expand NC's operations in 2011?

David: Yes, there are plans to expand NC's operations in many areas in tandem with the growth of the Next Gen NBN. These include additional features and capabilities on the OSS/BSS systems to improve functionalities for RSPs, added expansion on network capacity, enhanced coverage of OE sites in response to customer requirements, and further enhancements in traffic management.

Smarter Hubbing in Review – Personal Solutions

As a result of the smartphone revolution, we undertook to enhance our network to support higher throughputs and more efficient management of our HSPA+ network.



Significant achievements

January

Launched new mobile TV client to enhance TV viewing on smartphones.

April

Pre-paid mobile customer base crossed the million mark.

May

Made available Singapore's first microSIM card to support compatible mobile devices.

July

Launched Singapore's first full DRM-free unified music store.

Post-paid mobile customer base crossed the million mark.

September

Launched StarHub Games Store - a comprehensive game store targeted at casual and competitive digital gamers.

Personal Solutions

The mobile industry continues to grow in 2010, with Singapore's mobile penetration rate exceeding 143% by end of 2010. This growth is primarily fueled by the smartphone boom, which saw over 50 new handsets made available through all the leading manufacturers in the market, and the introduction of more competitive pricing plans in the market.

StarHub, however, did more than this. In anticipation of the increase in mobile data traffic as a result of the smartphone revolution, we undertook to enhance our network to support higher throughputs and more efficient management of our HSPA+ network. We also sought to enhance our value-added services (VAS) by rolling out a full suite of entertainment services encompassing StarHub Mobile on TV, music and games.

The year ended with two major milestones. It was the first time StarHub had surpassed the one million mark for its post-paid and pre-paid customers respectively. Post-paid mobile data traffic was up 78% to 13.2 million Gb YoY. ARPU on post-paid was also up to \$72, while pre-paid ARPU slipped \$2 to \$21 for the year.

Enhancing Our Partnerships

Throughout the year, StarHub has partnered with a number of leading mobile handset manufacturers touting the most innovative smartphones in the market. In March 2010, StarHub joined hands with Motorola to launch its MILESTONE™. Three months later, we continued to strengthen our partnership with Motorola through the exclusive launch of MOTOROLA MILESTONE™ XT. Its 720p HD camcorder lets users capture videos in HD and, for the first time on an Android-powered device, play them directly on their HD television.

In July 2010, StarHub partnered Samsung to launch the world's first smart projector phone, Samsung Galaxy Beam. StarHub was the first in the world to introduce the Galaxy Beam which comes with a built-in projector capable of projecting the mobile screen onto a flat surface ranging in size from five to fifty inches.

At the end of July, StarHub made available the iPhone 4, the newest iPhone which features FaceTime for video calling and Apple's new Retina display. The iPhone 4 became StarHub's best-selling smartphone of 2010.

Recognising the needs of the older demographic, StarHub partnered Foresight Technologies and leading navigation and location-based services company AGIS to launch Singapore's first elderly friendly mobile phone built with an innovative location-based solution. The introduction of iNO Mobile SOS F12 is an immediate response to the increasing need for Singapore's elderly population to be better cared for and fully assisted in times of emergency. With its key practical functions and low cost of acquisition, the phone is specially created for the elderly and the children of the elderly.

Finally, in December, StarHub together with Dell, jointly announced the launch of the much-awaited Dell Streak tablet, an all-in-one ultra-portable five-inch Android™-based Pocket Tablet. The Streak is pre-installed with customised StarHub applications to offer more entertainment on-the-go.



Post-paid mobile data traffic was up 78% to 13.2 million Gb YoY.



We have expanded our range of mobile TV channels from 24 to 31 channels.

StarHub deployed the world's first smartphone signalling solution from Huawei that enhances network performance and improves smartphone user-experience. This solution optimises smartphone mobile data service signalling process by reducing 56% of the redundant signalling loads.



Our HSPA+ network uses Dual Carrier technology which increases downlink speed of up to 42.2Mbps.

Enhancing Our Mobile Network and Access

At the start of 2010, we had commenced our upgrade of our HSPA+ network to use Dual Carrier technology which increases the peak mobile broadband downlink speed of up to 42.2Mbps. This is a first in Southeast Asia. With this upgrade, we are able to manage even larger volumes of data traffic and continue to support the highest HSPA speeds available in Singapore so as to meet the growing demand for broadband access on the move.

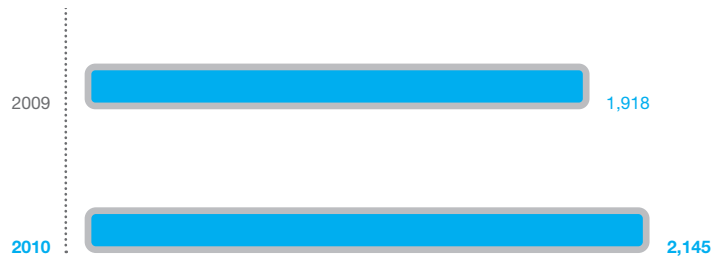
StarHub also deployed the world's first smartphone signalling solution from Huawei that further enhances network performance and improves smartphone user-experience. The popularity of smartphones in Singapore and the increased number of data users in the market have led to higher data traffic and signal loads on mobile networks. This could potentially slow mobile broadband access down significantly. This solution optimises our smartphone mobile data service signalling process by reducing

56% of the redundant signalling loads as well as significantly enhancing smartphone performance and improving mobile broadband connectivity.

StarHub made further mobile network improvements by upgrading its 3G radio network to be more energy-efficient. This upgrade, which utilises the latest fourth-generation base station technologies from Huawei, allows the mobile base station power consumption to be cut by more than 10%. StarHub has also enhanced its mobile core network with the latest technologies from Nokia Siemens Networks, resulting in a reduction in power consumption of at least 40% in this area.

Following the launch of Singapore's first solar-powered mobile base station (BTS) in 2009, StarHub launched a second BTS on the IKEA Building at Alexandra Road. The latest BTS system will support all mobile voice and data traffic in and around the Queensway/Jalan Bukit Merah/Alexandra road junction, which includes Anchor Point and Queensway Shopping Centre.

Mobile customer base '000



Mobile revenue \$ million



Separately, StarHub introduced Singapore's first solar-powered cellular BTS-enabled vehicle, the Mobile 'Greenery' vehicle. The Mobile 'Greenery' van is in fact a transportable cellular BTS that is used to provide temporary coverage in areas affected by BTS failure or to provide additional capacity in areas where the number of mobile users has increased dramatically. The van can also be used as a rapid emergency deployment asset, on occasions where accidents and disasters could affect the current mobile communications infrastructure within an area. The cellular BTS in the van is entirely self-sustaining, powered by four solar-panels and a bank of rechargeable batteries, which allows it to power up mobile communications within an area of 500m for at least eight hours, reducing its reliance on the main utility grid or from external generators.

Finally, StarHub has also commenced technical trials of LTE technology that will boost mobile broadband speeds further to up to 100Mbps. As handsets that utilise LTE technology will not be widely available until 2012, we do not expect to launch LTE services in 2011.

Enhancing Our Mobile Service Plans

In our continuous effort to offer great value to the customers, we launched HappyTalk, a new benefit that gives mobile customers an extra 300 minutes of talktime every month to make local outgoing calls. Available to all customers on any 3G SmartSurf or PowerValue plan, HappyTalk minutes are on top of the bundled local minutes that the respective mobile packages offer with no additional monthly charges.

With HappyTalk, customers can utilise the additional free local minutes to enjoy MyZone, MyCircle or MyTime services, based on their lifestyle preference. With MyZone, customers can make free local calls to phone numbers on any network at 37 campuses, 11 military camps and four popular shopping malls, namely ION Orchard, Plaza Singapura, Raffles City Shopping Centre and Bugis Junction. With MyCircle, customers can make free local outgoing calls to three of their favourite StarHub Mobile or fixed-line numbers. They also enjoy additional free 500 outgoing SMS/MMS to these selected numbers, in excess of the bundled SMS/MMS on their mobile

Smarter Hubbing in Review – Personal Solutions

packages. Finally, with MyTime, customers can dial any StarHub phone number and chat with their friends for free between 12 midnight and 7am daily.

StarHub also introduced the Happy Stars Top-up Card, which is a new top-up card targeted at students. The \$17 Happy Stars card comes bundled with Free Incoming Calls, 50MB of local mobile data, 120 minutes of local outgoing calls and 500 local SMS.

Enhancing Our Mobile Content

With smartphones now capable of playing streamed content over StarHub's advanced high-speed mobile broadband network, StarHub has expanded its range of mobile TV channels from 24 to 31 channels. They span a whole suite of genres such as News (CNBC, CNN, Bloomberg Television, BBC World News), Sports (Football Channel, Racquet Channel, WWE Series), Ethnic (ZEE TV, MNC – The Indonesian Channel, Vannathirai, Channel i), International (DW Asia+, KBS World), Entertainment (Animax, Asian Food Channel, E! Entertainment, WOW TV, Food Network Asia), Education/Lifestyle (National Geographic Channel, Nat Geo Adventure, Fashion TV, History Channel) Chinese (CTI TV, CCTV 4, TVBS News, TVBJ, Asia Travel) and so on.

To make accessing these channels easy and convenient, StarHub also launched a new mobile TV client which features greater interactivity, a compelling user experience and more control. The client is compatible with most of the newer smartphones in the market and can be downloaded from StarHub's mobile content portal as well as the various online application stores.

The main features of the mobile TV client include an integrated TV guide for the current day and for the next six days of any channel; on-screen controls giving instant access to regular TV features such as backlight and volume; and a unique TV browser which offers fast channel launches and rapid channel switching, allowing the customer to quickly scan through the different TV channels they can watch. The user can also preview another channel while watching the main channel by using the picture-to-picture mode; he can quickly toggle between these channels without exiting full screen mode.

Apart from StarHub TV on Mobile StarHub had launched two new mobile content portals encompassing music and online games. More details of these services can be found on page 47. Together with StarHub TV on Mobile, we now offer a full suite of entertainment services for customers to enjoy over their mobile phone, while being supported by very competitive mobile pricing plans.



We commenced technical trials of LTE technology that boost mobile broadband speeds up to 100Mbps.

Smarter Hubbing in Review – Home Solutions

Our primary aim is to equip all homes with smart solutions that enrich their lifestyle needs and ensure that they remain long-term customers of StarHub.



Significant achievements

January

Partnered Golden Village and launched Singapore's first movie-ticketing service on television.

May

Scored broadcast rights to the 2010 FIFA World Cup™.

July

StarHub and Marina Bay Sands showed the final match of the 2010 FIFA World Cup South Africa™ between Netherlands and Spain in 3D.

August

StarHub and The Fullerton Bay Hotel Singapore launched Singapore's first true IPTV in-room entertainment solution.

September

Introduced a broad range of home broadband plans along with a host of advanced media-rich value-added services over Singapore's fibre-based Next Gen NBN.

Smarter Hubbing in Review – Home Solutions

Home Solutions

The home is where StarHub remains focused in 2010. From broadband to pay TV to fixed line voice services, StarHub's strength in Hubbing has proven that our Hubbing strategy works well, even in a highly competitive market. While the pay TV and residential broadband business took slight dips in 2010, we have strengthened our service offerings and laid the groundwork for new content and services to roll out in 2011. Our primary aim is to equip all homes in Singapore with smart solutions that enrich the lifestyles of our customers and ensure that they remain long-term customers of StarHub.

Smarter Channel Groupings

In 2010, StarHub launched 27 new channels on its pay TV platform, nine of which are broadcast in HD. With 170 channels spanning a myriad of genres, StarHub continues to offer something for everyone in the home.

Given the sometimes overwhelming number of channels now on our platform, we had decided to regroup our channels into specific genres for easy reference. A new three-digit numbering system was introduced so that viewers can have greater convenience in locating channels of their favourite content genres. It also allows viewers to quickly sample other channels of genres they are most interested in.

Smarter Content

StarHub continues to enhance its programme line-up in 2010, especially in the sports genre. We also launched a number of premium channels from leading content providers across various genres. These include Chinese infotainment channels (e.g. Asia Travel), education (e.g. National Geographic Music), entertainment (e.g. FOX, KIX, tvN, Warner TV), ethnic channels (e.g. Channel-i and COLORS), lifestyle (e.g. Food Network Asia, NHK World TV, truTV) and movies (e.g. FOX Family Movies, STAR Movies On Demand and Thrill).

StarHub TV customers can also view new HD channels such as AXN HD, Food Network Asia HD, FOX HD, FoxCrime HD, FX HD, Nat Geo Adventure HD, Nat Geo Wild HD, STAR Movies HD and STAR World HD. We offer a total of 15 HD channels, making StarHub truly the home of HD viewing.

Smarter Sports Action

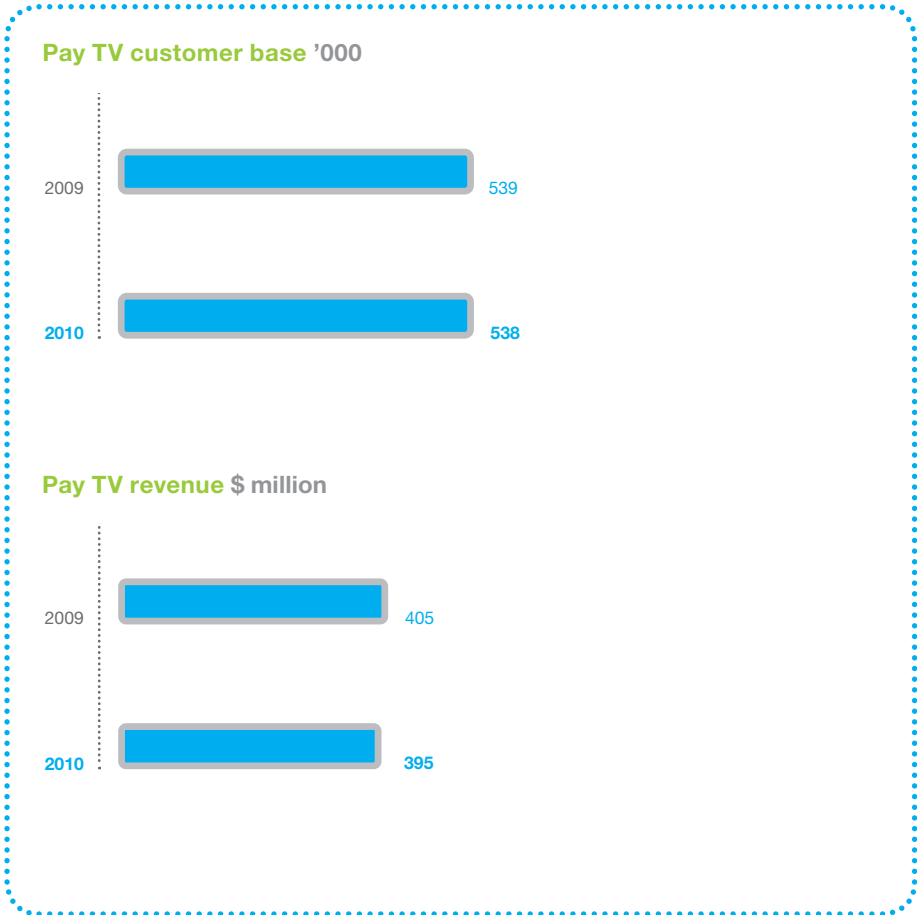
The end of the BPL 2009/2010 season also saw the end of StarHub's broadcast of the tournament. In spite of this, we saw our churn rate for pay TV maintain a low 1.1% for the year, indicating that our customers will continue to demand for more than just the BPL for their pay TV entertainment. As such, we undertook to beef up our sports line-up in 2010.

But first, as promised in 2009, StarHub lowered the pricing of the Sports Group by more than 50% to \$12, starting June 2010. StarHub also unveiled a whole suite of new sporting content for StarHub TV customers. These included:

- A new free 24-hour sports channel – SuperSports Arena (Channel 201) that was made available to all StarHub TV customers from February 2010. The channel offers exciting local sports programming as well as a plethora of international sports including football, tennis, golf and wrestling. StarHub TV customers could also look forward to their favourite local football action and other popular local sports programming on SuperSports Arena following a contract signing between Football Association of Singapore and StarHub to broadcast a total of 54 S.League matches, and a Memorandum of Understanding between Singapore Sports Council and StarHub with the intent for content collaboration on selected local sporting events production. SuperSports Arena also served up a mix of international sports events. Sports fans can enjoy selected matches of premium football leagues that will be aired on a delayed basis, including football matches from the Spanish La Liga and German Bundesliga; 'live' telecasts of selected tennis and hockey tournaments such as the ATP World Tour 250 series and International Hockey Federation events; other exciting sporting genres



StarHub launched 27 new channels, nine of which are broadcast in HD.



like golf – Asian Tour and PGA Europro Tour, wrestling – WWE Superstars, bowling – Ten Pin Bowl: Weber Cup Highlights; and special interest sports such as US Bass Fishing and Pro Bull Riding – Built Ford Tough Series.

- We had also obtained the rights to the Brazilian League (São Paulo Championship and Brazilian National Championship). StarHub aired a total of 82 'live' Brazilian League 2010 matches.
- We reached a new multi-year partnership with the National Basketball Association (NBA) to bring 'live' NBA games, including NBA Pre-season, NBA Regular Season, NBA Playoffs, NBA All-Star Weekend and NBA Finals to StarHub's in-house channel SuperSports for the first-time ever.
- StarHub also developed the Racquet Channel where we aggregated a few racquet sports events (such as tennis, badminton, table tennis and squash). Throughout the year, StarHub also screened the French Open, US Open, ATP World Tour, All England Open Badminton, Asia Badminton Championship, European Badminton Championship, BWF Super Series Grand Finals, World Badminton Championships, BWF Thomas &

Uber Cup, World Team Table Tennis Championship, ATTU Table Tennis Championship, ITTF Pro Tour Table Tennis and PSA (Men's Squash).

- Finally, we reached an agreement with Taj Entertainment Network to offer Ten Cricket on StarHub TV. Cricket fans will enjoy 'live' cricket matches from close to half of the world's cricket boards including Pakistan, Sri Lanka, West Indies, South Africa, Zimbabwe. With the addition of Ten Cricket, StarHub's Cricket Group will comprise Ten Cricket, Neo Cricket and Cricket Extra.

In terms of worldwide sporting events, fans had a wide buffet of choices, starting with the 2010 FIFA World Cup™. After extensive negotiations with the broadcast rights holder, we finally announced that we had secured the broadcast rights to this quadrennial event. We screened all 64 matches 'live' across all three of our platforms – cable TV, online and mobile. In addition, StarHub also made available all matches in HD. For the finals between Netherlands and Spain, we organised a special 3D screening at Marina Bay Sands. This is the first time in the history

of the FIFA World Cup that the tournament is being broadcast using next-generation 3D technology. Beyond this, we had partnered with five Community Development Councils and People's Association (PA) Community Clubs to screen the 'live' matches at 16 locations. This was done to enable people who share the love of football, regardless of race or social background, to come together to interact and collectively celebrate the joy of football.

As the official broadcaster of the Singapore 2010 Youth Olympic Games (YOG), StarHub offered the widest 'live' coverage of the event free on our TV, mobile and broadband platforms. This includes a 24-hour Youth Olympic News Channel via StarHub's Preview Channel (Channel 101), accessible by all viewers in Singapore; three StarHub TV channels dedicated to 'live' YOG event coverage in HD; three channels on StarHub TV on Mobile and two channels on StarHub TV Online dedicated to 'live' YOG event coverage.

Smarter Hubbing in Review – Home Solutions



StarHub Wireless Home Gateway allows home users to seamlessly connect a multitude of devices.

StarHub was the Official Broadcaster for the 16th Asian Games Guangzhou 2010 in November. We offered the widest and most comprehensive 'live' coverage of the Asian Games free on TV, mobile and broadband platforms to all our StarHub TV customers. The Asian Games coverage includes six StarHub TV channels dedicated to 'live' Asian Games coverage; two channels on StarHub TV on Mobile and StarHub TV Online available to all StarHub Mobile or MaxOnline Express and above customers; and programme highlights can be seen on StarHub TV's complimentary sports channel SuperSports Arena.

By the end of 2010, StarHub was offering sports fans the widest sports coverage in Singapore, being the operator offering the largest number of channels dedicated to sports.

Smarter TV

StarHub launched its own Karaoke service featuring an extensive library of up to 30,000 titles in a variety of languages. While the service offers more than 10 song categories such as 'Latest Songs' and 'Cantonese Songs', StarHub's KaraOK! also features the ability for users to repeat, forward or rewind their chosen songs. This gives them greater freedom and convenience to practice their favourite songs for as long as they desire. Users can also set their own playlists easily with the use of the remote control, as well as toggle between audio and karaoke modes with just a simple press of a button to enjoy the option of singing with or without the original vocals. StarHub TV customers must have either the HubStation, HubStation HD or HD Interactive set-top box, in order to enjoy the KaraOK! service. To promote the new service, StarHub partnered with PA Active Ageing Council to launch one of the biggest karaoke competitions in Singapore. KaraOK! K-Battle was held at selected Community Centres and attracted over 300 participants, ranging from youths to elderly singers.

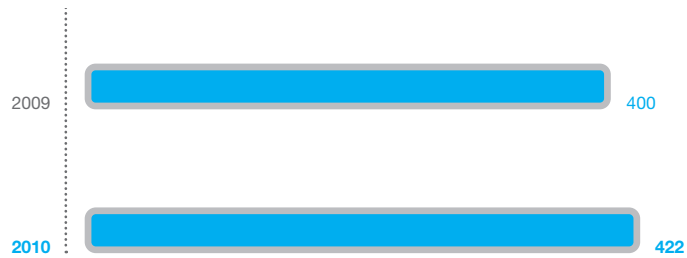
StarHub was the first pay TV provider in Southeast Asia to introduce the innovative 'catch up' concept in 2009, as part of our ongoing efforts to offer more interactive features to benefit our customers. The Catch Up feature allows viewers to catch up on the programmes they have missed via two services - On Demand Channels for catching up on shows after their telecast, and a 'Start Over' feature that allows the restart of a programme during its first telecast.

In 2010, seven new Catch Up channels were launched - BBC Lifestyle, BBC Knowledge, CTI TV, La Liga On Demand, PGA Tour On Demand, Sensasi and TVBS Asia. This brought the total number of Catch Up channels to 11, and gave viewers more convenience as they could tune in to selected programmes from the corresponding linear channels any time they wished, within a specific time period.

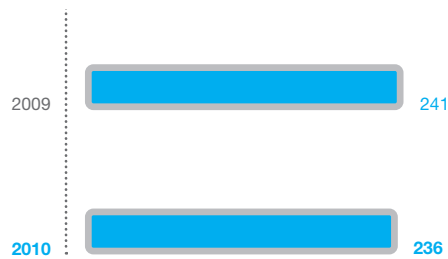
StarHub also enhanced its video-on-demand (VOD) service with its acquisition of a wide variety of new content which includes exciting and popular movies and series from Hollywood, Hong Kong, Japan, Korea and Indonesia. StarHub sealed a deal with Paramount Pictures to make the studio's releases available on a transactional VOD platform as well as on StarHub TV Online. In addition, StarHub teamed up with three leading content providers in Asia - TVB, Celestial Movies and MD Entertainment, to offer new content on its VOD platform.

To give fans of TVB dramas the ultimate TVB entertainment experience, StarHub started offering TVB content sooner so customers now enjoy fresh TVB content on StarHub TV's VOD and VV Drama as early as one month (for VOD) and six months (for VV Drama) from their debuts in Hong Kong and local video rental releases. This is a substantial change from the previous telecast window period of a year from video releases. An additional primetime belt has also been introduced during the weekend so that viewers can enjoy first-run TVB dramas every day of the week. To complete the viewing experience, StarHub also launched on-demand TVB content on TV on Mobile to cater to viewers on the move.

Broadband customer base '000



Broadband revenue \$ million



Finally, StarHub partnered with Golden Village to launch an interactive TV movie ticketing service directly over the StarHub TV platform. All StarHub TV customers using the HubStation, HubStation HD and HD Interactive set-top boxes have the ability to book and purchase movie tickets through these devices.

Residential Broadband

StarHub residential broadband customer base was affected by the tough competitive environment in 2010, and by the launch of the Next Gen NBN. Nevertheless, we continued to develop our broadband business by introducing new service plans in 2010. We expect our home broadband business to largely stabilise in 2011.

Smarter Broadband Plans

The commercial launch of Nucleus Connect signalled the ability for RSPs to introduce their own Next Gen broadband plans to Singapore online users. As a result, StarHub introduced a new range of Next Gen services for the smarter home, under the 'MaxInfinity' brand. These plans range in local broadband speeds from 100Mbps to 1Gbps as well as a good level of international bandwidth ranging from 15Mbps to 100Mbps. StarHub also

introduced a range of 'MaxInfinity Plus' plans which come bundled with a 2Mbps mobile broadband access. MaxInfinity Plus gives customers a complete in-and-out-of-home broadband solution, so that they can stay connected anywhere anytime. In addition, there are also MaxInfinity entertainment home hubbing packs which includes pay TV services so that customers can enjoy the best hubbing value from StarHub.

To ensure that StarHub customers can enjoy our full suite of services for the home, StarHub introduced a new integrated intelligent device called the StarHub Wireless Home Gateway at launch of our Next Gen NBN initiative. This device seamlessly connects a multitude of wired and wireless devices including fixed line phones, web cameras, surveillance equipment, smart mobile devices and network-enabled television sets. This will empower users to easily set-up a home network for more effective sharing of resources (such as broadband access) and multimedia content. It also comes with value-added features such as automatic firmware upgrade, parental control and in-built firewall.

Interactive Solutions

As an organisation that encourages hubbing, StarHub has committed to offering a comprehensive suite of entertainment content that spans multiple platforms. The online content offering will appeal to not only StarHub customers, but to all online customers that enjoy a healthy digital lifestyle in Singapore. These initiatives form part of StarHub's overall strategy to provide compelling value-added content to all our customers.

In July, we launched Singapore's first full Digital-Rights-Management (DRM) free unified music store. Any mobile or online users in Singapore can buy digital music content as a gift for friends (or vice versa), as well as enjoy legal music downloads and other exciting features. All music downloads on StarHub Music Store are available in DRM-free formats, so customers can transfer the songs or albums to CD, play them on their computer, mobile phone and other music playback devices, and even share them with their friends.

Smarter Hubbing in Review – Home Solutions

The music catalogue consists of more than 20 record labels, including Sony BMG, EMI and Warner Music, offering over 20 music genres in several different languages, including ethnic languages such as Bangla, Hindi, Indonesian, Japanese, Korean, Malay, Tagalog, Tamil and Thai.

In December, StarHub also introduced its comprehensive games store targeted at casual and competitive digital gamers. StarHub Games Store will serve as the central point of access for all new digital gaming content that we will launch over the next few years, ranging from mobile games, casual PC games and competitive multi-player PC games. At launch, StarHub made available over 2,000 mobile and casual PC games as well as a select number of premium multi-player PC game titles for StarHub customers to purchase, download and enjoy.

StarHub is currently collaborating with TQ Global to launch Singapore's first locally-developed 3D racing game *Torque Racing 3D*. Capitalising on advances in 3D technology, *Torque Racing 3D* was first showcased at the Singapore Pavilion at the Shanghai Expo. The well-received game puts up to eight players in the driver seat as they compete for bragging rights to become the first player to pass

the chequered flag, over several race courses including one spanning Singapore's skyline. *Torque Racing 3D* is expected to be available to gamers in Singapore in 2011.

One future initiative for StarHub is the intention to launch Internet TV with over 1,000hrs of TV-quality paid video content and a multitude of English and ethnic channels from StarHub's comprehensive suite of pay TV content. Users will soon be able to choose the movie or TV series they most want to watch easily and quickly from a central library of video content. The service will soon be available to all broadband customers in 2011, and will feature both free and paid video content. It is accessible from any local Internet connection in and out of the home, and will support a variety of video formats.

With these offerings, customers can enjoy a combination of competitive price plans and high-quality premium content across multiple platforms for the best value in hubbing.



StarHub intends to launch Internet TV with TV-quality video content soon.

Smarter Hubbing in Review – Business Solutions

The launch of the Next Gen NBN signals the next evolution in StarHub's Business Solution, as the trusted service provider for info-communications services in Singapore.



Significant achievements

July

Selected by Park Regis Singapore to deploy a comprehensive IT and info-communications infrastructure system.

September

Introduced a broad range of business broadband plans along with a host of advanced media-rich value-added services over Singapore's fibre-based Next Gen NBN.

November

Partnered Global Yellow Pages to offer a new range of ultra-high speed broadband services over the Next Gen NBN to the SMB market.

December

Marina Bay Sands selected StarHub to power its telecommunications and entertainment services at both the Sands Expo and Convention Centre and its luxury hotel rooms and suites.



StarHub has partnered with industry leaders to expand our business reach for SMBs and MNCs.

Business Solutions

With the commercial launch of NC this year, StarHub as an RSP was able to roll out a new suite of next generation services.

Previously, StarHub has already established a strong, resilient domestic network infrastructure for increased diversity, and built a comprehensive international network that includes the Asia-America Gateway amongst other overseas undersea cable consortium networks. We have also partnered a broad range of industry-leading organisations and are currently delivering the widest range of pay TV content in the market. Given our leadership in these areas, StarHub is clearly positioned as the only service provider in Singapore able to provide a complete end-to-end solution that combines domestic and international data access, top-line VAS and comprehensive premium branded content.

The launch of the Next Gen NBN signals the next evolution in StarHub's Business Solution, as the trusted service provider for info-communications services in Singapore.

Launching Trusted Services

At the start of September 2010, StarHub launched its NextGen services for SMBs and MNCs in Singapore. This includes a new Fibre 100Mbps (NextGen) service, which provides superior Internet broadband connectivity with symmetrical uplink and downlink speeds at a suggested monthly subscription charge of \$268. We also introduced Ethernet Local Link (NextGen) as well as Switched Ethernet (NextGen) services which help businesses connect to multiple sites in Singapore using Layer 2 and Layer 3 technologies, and serves as a potential replacement for traditional leased line services. StarHub would deliver speeds ranging from 2Mbps to 1Gbps for either of the latter two services.

In addition, StarHub has partnered with a number of best-of-breed industry players to offer a new range of cloud computing value-added solutions for businesses. StarHub and its partners will now be able to provide a bundled solution over a cloud computing platform that is

specifically customised to the requirements of the business. These solutions, available both on StarHub fixed network and on Next Gen NBN, include StarHub Backup and Storage, StarHub e-HR Management, StarHub IP Video Surveillance, StarHub Point-of-Sales Solution and StarHub Web Security. These are in partnership with Hitachi Data Systems, Justlogin, KAI Square, Wincor-Nixdorf and Zscaler, respectively.

Working with Trusted Partners

Apart from these cloud-computing services, StarHub has partnered with a number of industry leaders in order to expand our business reach for SMBs and multinationals. In November 2010, StarHub partnered with Global Yellow Pages (GYP) to offer these new Business Solutions to the SMB market. This is the first time GYP is offering such info-communications services to their customers.

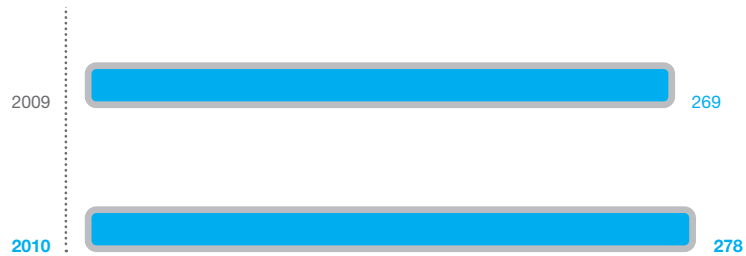
Besides offering StarHub's Fibre 100Mbps (NextGen), Ethernet Local Link (NextGen) and Switched Ethernet (NextGen) services, GYP will also bundle these offerings with other StarHub VAS such as mobile voice and O.N.E. Phone services. O.N.E. Phone is StarHub's intelligent virtual call management system that integrates all of a company's communications systems such as fixed line phones, mobile phones and Internet Calls (VoIP) so that they all work as one.

In late 2010, StarHub began offering full info-communications and entertainment services for the Japanese at the new DOCOMO Support Desk at Liang Court. Japanese customers who moved to Singapore will now be able to subscribe to a full range of mobile, residential broadband and pay TV services from StarHub, at one convenient location specifically customised to meet their needs. There are about 20,000 Japanese citizens and their families working in Singapore at present.

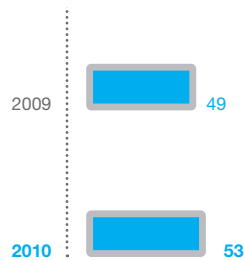
Winning the Trust of New Customers

Finally, to demonstrate StarHub's trusted leadership in the business segment, we were pleased to secure new customers in the hospitality sector throughout the year.

Fixed network revenue for data & internet \$ million



Fixed network revenue for voice \$ million



In July 2010, StarHub was selected by Park Regis Singapore to deploy a comprehensive IT and info-communications infrastructure system that will enable hotel guests to experience the next generation in information, communications and entertainment services throughout the property. The 203-room Park Regis Singapore is the first hotel to open in Singapore under the well-known Park Regis brand. Under the multi-year, million-dollar deal, StarHub will not only provide structured cabling, network infrastructure and unified communications system to all hotel rooms and backend operational facilities, we will also provide a sophisticated in-room IPTV system where guests will be able to access a wide range of Movie-on-Demand services and StarHub TV channels with a comprehensive electronic programme guide. In addition to the above services, StarHub will supply Park Regis Singapore with full high-quality Internet broadband and IDD services.

The following month, The Fullerton Bay Hotel Singapore appointed StarHub as the trusted service provider offering enhanced IPTV services, HD pay TV channels, full Internet, mobile and IDD services to the state-of-the-art luxury hotel built on the waters of Marina Bay.

Guests will be able to access a wide range of VOD services, easily and intuitively obtain key travel information such as Real-Time Flight information, Weather and World Time via the HDTV. They will also be able to obtain information and highlights of the dining services and facilities of The Fullerton Bay Hotel and The Fullerton Hotel, as well as information on the dining destinations of all properties of The Fullerton Heritage precinct, which include One Fullerton, The Fullerton Waterboat House, Clifford Pier and Customs House. The Fullerton Bay Hotel will also offer, via StarHub, native-quality HD pay TV channels, the first hotel in Singapore to offer crystal clear image and sound on HD television sets in all guest rooms, with no video and sound compression.

Finally, at the end of the year, Marina Bay Sands (MBS) selected StarHub as the integrated info-communications provider to power its telecommunications and entertainment services at both the Sands Expo and Convention Centre and its luxury hotel rooms and suites. Under this multi-year, multi-million dollar deal, we will provide MBS with mobile voice and data services, high-speed broadband and Internet lines, Enterprise Message and Webs service to power its operations. In addition, a comprehensive range of StarHub premium-branded pay TV services will be available in all of its more than 2,500 guest rooms. StarHub will also be screening its pay TV channels on all 75 public screens around the resort including the casino area.

As part of the agreement, StarHub and MBS have partnered to offer an exclusive co-branded pre-paid mobile SIM card only available at the resort itself. Visitors to the resort can purchase the MBS-branded mobile pre-paid SIM card for \$15 and the top-up card for \$30.

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Group's operating revenue was up 4% to \$2.24 billion. Mobile services revenue, driven by higher post-paid revenue, was 8% higher YoY. Fixed Network services revenue was 4% higher contributed by both Data & Internet and Voice services growth.

1.1 Operating revenue

	Year ended 31 December				
	2010 \$m	2010 %	2009 \$m	2009 %	Incr/(Decr) %
Mobile revenue	1,181.3	52.8	1,094.0	50.9	8.0
Pay TV revenue	395.4	17.7	405.4	18.9	(2.5)
Broadband revenue	236.0	10.5	240.5	11.2	(1.9)
Fixed Network services revenue	331.7	14.8	317.5	14.8	4.5
Total service revenue	2,144.4	95.8	2,057.4	95.7	4.2
Sales of equipment	93.3	4.2	92.6	4.3	0.8
Total	2,237.7	100.0	2,150.0	100.0	4.1

For the year, the Group's total operating revenue was up \$87.7 million or 4% totaling \$2,237.7 million as a result of higher service revenue, which was up by 4% to amount to \$2,144.4 million. Mobile services revenue was 8% higher year-on-year at \$1,181.3 million driven by higher post-paid mobile services revenue, while Fixed Network services revenue was 4% higher at \$331.7 million due to higher revenue from both Data & Internet and Voice services. For the year, Pay TV revenue was lower due to the lowering of Sports Group monthly subscription price from \$25 to \$12 per month from June 2010 and a lower subscriber base in the 2nd half of the year as some BPL sports subscribers churn out of our network. As a result, Pay TV revenue for the year decreased 2% year-on-year to \$395.4 million. Compared to last year, Broadband services revenue was 2% lower year-on-year at \$236.0 million.

Against 2009, revenue from sales of equipment was 1% higher at \$93.3 million driven by higher quantities of handsets sold but at lower average blended unit price for the year.

1.2 Operating expenses

	Year ended 31 December				
	2010 \$m	2010 %	2009 \$m	2009 %	Incr/(Decr) %
Cost of sales	912.8	48.0	829.7	47.6	10.0
Other operating expenses	988.6	52.0	911.9	52.4	8.4
Total	1,901.4	100.0	1,741.6	100.0	9.2

Total operating expenses for the year was 9% higher at \$1,901.4 million when compared to last year. The increase was attributable to 10% higher cost of sales and 8% higher other operating expenses. As a percentage of operating revenue, total operating expenses was higher at 85.0% in 2010 as against 81.0% in 2009.

The breakdown of the total operating expenses is as follows:

(A) Cost of sales

	Year ended 31 December				
	2010 \$m	2010 %	2009 \$m	2009 %	Incr/(Decr) %
Cost of equipment sold	312.3	34.2	230.4	27.8	35.6
Cost of services	338.8	37.1	333.4	40.2	1.6
Traffic expenses	261.7	28.7	265.9	32.0	(1.6)
Total	912.8	100.0	829.7	100.0	10.0

For the year, total cost of sales was higher by 10% at \$912.8 million, with increase attributed to the 35.6% increase in cost of equipment sold. As a percentage of operating revenue, total cost of sales ratio was higher at 40.8% in 2010 as compared to 38.6% in 2009.

Cost of equipment for the year was \$81.9 million higher at \$312.3 million, up from \$230.4 million last year. The increase in cost of equipment sold was largely attributed to higher quantity of smartphones sold and at higher average unit costs. Average handset cost was higher due mainly to the costlier iPhones introduced since December 2009 and a higher mix of more expensive smartphones sold. As a percentage of operating revenue, cost of equipment sold was 14.0% in 2010 as compared to 10.7% recorded last year.

Cost of services was up by 2% to \$338.8 million in 2010 as compared to \$333.4 million last year. The 2010 World Cup content costs and increased costs from new and renewed programming contracts more than offset the costs from the non-carriage of BPL in 2nd half of 2010. Cost of services as a percentage of operating revenue was 15.1% in 2010 when compared to 15.5% in 2009.

For the year, traffic expenses decreased by \$4.2 million or 2% to \$261.7 million. The lower traffic expenses year-on-year were mainly attributed to lower interconnection rates with our carrier partners to deliver the higher traffic volume over the fixed and mobile networks. As a percentage of operating revenue, traffic expenses ratio was 11.7% in 2010, down from 12.4% last year.

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(B) Other operating expenses

	Year ended 31 December				
	2010 \$m	2010 %	2009 \$m	2009 %	Incr/(Decr) %
Staff costs	249.9	25.3	201.5	22.1	24.0
Operating lease	146.2	14.8	144.8	15.9	0.9
Marketing and promotion	156.3	15.8	154.9	17.0	0.9
Allowance for doubtful receivables	18.4	1.9	13.1	1.4	41.0
Repair and maintenance	73.3	7.4	66.4	7.3	10.4
Other expenses	85.0	8.6	86.1	9.4	(1.2)
Sub total	729.1	73.8	666.8	73.1	9.3
Depreciation and amortisation	259.5	26.2	245.1	26.9	5.9
Total	988.6	100.0	911.9	100.0	8.4

Total other operating expenses for the year increased 8% to \$988.6 million as compared to 2009. As a ratio of operating revenue, total other operating expenses ratio was higher at 44.2% in 2010 as compared to 42.4% last year.

Staff costs

Staff costs for the year increased by 24% year-on-year to \$249.9 million. Included in 2010 staff costs was an additional charge of \$12 million for 2009 bonuses paid in March 2010. Excluding this charge, 2010 staff costs would have increased by 18% when compared to 2009 due to higher staff count, higher salaries increment in the year as the economy recovers and lower Government job credits received in the 1st half of the year and none thereafter. Consequently, as a percentage of operating revenue, 2010 staff costs ratio trended higher at 11.2%, up from 9.4% last year.

Operating lease

2010 operating lease at \$146.2 million was \$1.4 million or 1% higher when compared to 2009. The increase was attributed to higher international capacity leases and higher site rental costs for the expanded footprint of the fixed and mobile networks. The 2009 operating lease expenses included additional short term office lease extensions as the Group relocated to a new centralised location. As a percentage of operating revenue, operating lease ratio was 6.5% in 2010.

Marketing and promotion

Marketing and promotion expenses rose by \$1.4 million or 1% to \$156.3 million in 2010 when compared to 2009. The increase was attributed to marketing promotions for 2010 FIFA World Cup™, in addition to more road-shows, marketing and promotional activities in the year to drive take-up of our multi-services, hubbing packs. As a percentage of operating revenue, marketing and promotion was 7.0% for 2010, down from 7.2% last year.

Allowance for doubtful receivables

For the year ended 31 December 2010, allowance for doubtful receivables amounted to \$18.4 million, a year-on-year increase of 41%. As a percentage of service revenue, allowance for doubtful receivables was 0.9% in 2010, up from 0.6% last year. The higher general provision in the current year was in line with the higher receivables balance as a consequence of late billings and delay in dunning as we migrated to a new business support system in the year.

Repair and maintenance

Repair and maintenance increased by 10% to \$73.3 million in 2010 as against \$66.4 million in 2009. The higher expenses year-on-year was due to increased maintenance costs to maintain the enlarged fixed asset base of our network infrastructure and information systems. As a ratio of operating revenue, repair and maintenance trended higher at 3.3% in 2010 when compared to 3.1% last year.

Other expenses

Other expenses in 2010 decreased by 1% year-on-year to \$85.0 million on account of higher network construction and cost recoveries, lower license fees and fixed assets written off, offset by higher exchange loss on foreign exchange forward contracts, and increases in professional fees and occupancy costs. As a percentage of operating revenue, other expenses decreased from 4.0% in 2009 to 3.8% this year.

Depreciation and amortisation

Depreciation and amortisation expenses were up by 6% to \$259.5 million in 2010 as compared to last year, due to the expanded fixed asset base. As a percentage of operating revenue, depreciation and amortisation was 11.6% in 2010 as against 11.4% last year.

1.3 Profitability

	Year ended 31 December		
	2010 \$m	2009 \$m	Incr/(Decr) %
Operating revenue	2,237.7	2,150.0	4.1
Operating expenses	(1,901.4)	(1,741.6)	9.2
Other income	6.0	—	—
Profit from operations	342.3	408.4	(16.2)
Finance income	1.8	0.8	128.7
Finance expenses	(26.6)	(24.0)	10.9
Profit before taxation	317.5	385.2	(17.6)
Taxation	(54.3)	(65.5)	(17.1)
Profit for the year	263.2	319.7	(17.7)
EBITDA	601.8	653.5	(7.9)
Service revenue	2,144.4	2,057.4	4.2
EBITDA as a % of service revenue	28.1%	31.8%	(3.7)% pts

Profit from operations in 2010 was 16% lower year-on-year at \$342.3 million. The Group's results was impacted by high operating expenses which increased 9% year-on-year while operating revenue only increased 4% from last year. The current year's operating expenses increased to \$1,901.4 million, as compared to \$1,741.6 million last year. The increase was attributable to higher cost of sales and other operating expenses. Cost of sales for the year was 10% higher at \$912.8 million, mainly due to a 36% increase in cost of equipment which resulted from rising demand for mobile data smartphones, especially the iPhone. Also, higher programming costs for new and renewed content were incurred to mitigate the impact of the loss of the BPL broadcasting rights. This and the costs for the 2010 World Cup event offset any costs savings from the BPL cessation in the 2nd half of the year, which led to cost of services to increase 2% for the year when compared to 2009. Other operating expenses in 2010 amounted to \$988.6 million, a year-on-year increase of \$76.7 million or 8%, from higher staff costs, depreciation and amortisation, repair and maintenance and allowance for doubtful receivables.

Group EBITDA was consequently lower by 8% year-on-year totaling \$601.8 million for year 2010, primarily due to higher cost of sales and staff costs. 2010 EBITDA margin was at 28.1% of service revenue as compared to 31.8% last year.

Other income, which comprised the accretion of government grants received for the Next Gen NBN project, amounted to \$6.0 million for the year ended 31 December 2010.

Finance income grew from \$0.8 million in 2009 to \$1.8 million in 2010 from short-term time deposits placed with foreign banks. Finance expenses in 2010 were 11% higher than last year at \$26.6 million due mainly to upfront facility and commitment fees paid to secure new bank loan facilities this year.

As a result, total profit before taxation decreased by \$67.7 million or 18% to \$317.5 million in 2010 when compared to 2009, due to lower earnings in the 1st half of the year.

Against 2009, taxation for the year was down by \$11.2 million or 17% to \$54.3 million as a result of the lower profits generated this year.

The Group's profit after taxation was \$56.5 million or 18% lower year-on-year at \$263.2 million in 2010.

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1.4 Liquidity and resources

	Year ended 31 December	
	2010 \$m	2009 \$m
Profit before taxation	317.5	385.2
Non-cash items & net finance expense adjustments	288.6	274.6
Net change in working capital	63.5	32.6
Net cash from operating activities	669.6	692.4
Net cash used in investing activities	(268.2)	(229.9)
Net cash used in financing activities	(398.1)	(356.6)
Net change in cash and cash equivalents	3.3	105.9
Cash and cash equivalents at beginning of the year	234.2	128.3
Cash and cash equivalents at end of the year	237.5	234.2
Free Cash Flow ⁽¹⁾	397.5	461.0

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

Net cash from operating activities in 2010 was \$22.8 million lower at \$669.6 million, as a result of lower profits in the 1st half of the year. This was mitigated by a higher positive change in working capital of \$63.5 million due mainly to timing of payments and collections.

Total cash outflow for purchase of fixed assets in 2010 were \$272.1 million or 12.2% of overall operating revenue.

Free cash flow for the year was lower at \$397.5 million when compared to 2009 due to the lower profitability in the 1st half of the year.

As at 31 December 2010, the Group's total outstanding capital expenditure commitments amounted to \$137.4 million, down from \$219.5 million last year which had then included commitments for the customer management information system and network central offices for the Next Gen NBN. These were mostly completed during the year. The current outstanding capital expenditure commitments of \$137.4 million comprised principally capital expenditure commitments for the expansion and upgrades of our fixed and mobile network infrastructure, investment in set-tops, and Next Gen NBN infrastructure rollout by our subsidiary.

The total net cash outflow from financing activities was higher at \$398.1 million in 2010, which included higher loan repayments totaling \$290.4 million, dividends payments totaling \$343.1 million and grant receipts of \$60.0 million.

As at 31 December 2010, the Group's cash and cash equivalents was marginally higher at \$237.5 million compared to \$234.2 million in 2009.

1.5 Financial position

The Group's non-current assets was \$1,232.1 million, with increase due to higher net book values for fixed assets from assets additions, and lower deferred tax assets.

Total current assets increased to \$561.4 million due to higher trade receivables and inventory, offset by lower other receivables, deposits and prepayments, and balances from related parties. The higher trade receivables at \$173.9 million was due to late billings and delay in dunning as we migrate to a new business support system in 2010.

Total current liabilities was higher at \$1,073.1 million, with 41% of the increase attributed to higher trade payables and accruals. The balance increase was due to higher other payables, bank loans and provision for taxation.

Total non-current liabilities decreased to \$666.4 million. This comprised a lower balance of non-current bank loans, offset by higher deferred tax liabilities, deferred income and other payables.

As at 31 December 2010, the Group's net assets totaled \$54.0 million. During the year, the Company paid out a total of \$343.1 million of dividends on the back of total income of \$300.7 million generated in 2010.

Awards and Industry Honours

Below outlines some of the major awards and industry honours garnered throughout the year. It reflects the capabilities of our senior management team, our investor relations processes, our innovation in product and service delivery and our customer service.

Corporate and investor relations awards

Asiamoney 8th Annual Corporate Governance Poll –
Jeannie Ong: Best Investor Relations Officer in Singapore

Asia Legal Business Survey of Private Practice Lawyers across 10 Jurisdictions in Asia Pacific –
Veronica Lai: One of Asia's Top 25 In-House Corporate Counsel for 2010

Commsday Asia Awards –
StarHub, Best Value-Added Service Provider award

Customer Satisfaction Index of Singapore 2010 –
No. 1 in Mobile Telecoms and Internet Service Provider Sectors

SIAS Investor Choice Award 2010 –
Runner-up in the category of Transport/Storage/Communication for Most Transparent Award

Singapore Corporate Awards 2010 –
Gold for Best Investor Relations Award in the big caps category

Singapore 1000, SME 500 & Singapore International 100 Awards –
Return on Equity Excellence Award (Information and Communications)

Singapore Health Awards 2010 –
Awarded Bronze for Workplace Health Programmes

The Business Times' Governance and Transparency Index 2010 –
ranked 31st out of 681 companies

The Wall Street Journal's Asia 200 survey –
StarHub ranked ninth place as the most-admired Singapore company

Management awards
Commsday Asia Awards –
Neil Montefiore, Best Telecom Industry Executive award

GTB (Global Telecoms Business) Power100, 2010 –
Neil Montefiore: One of the most powerful people in the telecoms industry worldwide

GTB (Global Telecoms Business) Power 100, 2010 –
David Storrie (CEO, Nucleus Connect): One of the most powerful people in the telecoms industry worldwide

Technology award
Hitachi Data Systems –
Best Cloud Infrastructure Strategy – Gold Award

Brand and marketing awards
Effie Singapore 2010 Awards –
Bronze award for StarHub MaxOnline's 'The Great Singapore Treasure Hunt'

HWM (Hardware Magazine) and HMZ (HardwareZone.com) Tech Awards 2010 –
Best Pay TV service (Singapore) (Reader's Choice Category)

Singapore's Top Ten Favourite Brands 2010 –
StarHub ranked sixth

Since StarHub's official launch in April 2000, we have met with analysts and fund managers on a quarterly basis to update them on the progress of the Company.

The StarHub Investor Relations (IR) team, comprising not just IR professionals but the senior management team led by the CEO, has always had a long belief in effective and constant communications with its shareholders and the investment community. The Company's strong spirit of corporate governance and corporate transparency was demonstrated even before it was listed on the Main Board of SGX-ST in October 2004.

Since StarHub's official launch in April 2000, the Company has kept telecom analysts and fund managers updated on the Company's progress on a quarterly basis, either through press release dissemination, face-to-face meetings or email updates on new developments in the telecom industry. Round-the-clock access to the IR team on investor queries has become a hallmark tradition for StarHub.

These effective programmes continued after the listing on the Mainboard of SGX-ST. Quarterly meetings and briefing sessions have been arranged through conference call-ins and webcasts for numerous local/regional analysts and

fund managers. They also have access to frequent one-on-one sessions with the senior management team on subjects as wide-ranging as financial performance, technological developments, industry trends, content acquisition strategies and beyond.

StarHub has frequently been an active participant in regional equity conferences organised by the banks. The Company also goes on international roadshows at least once a quarter to cities in Asia, Europe and the USA, to meet with existing institutional shareholders as well as potential investors.

StarHub also maintains a dedicated IR section within our corporate website. Online IR is part of the Company's holistic approach to our IR endeavours, and this site has become the easiest and most cost-effective way to reach a wide audience, and providing investors and other interested parties with up-to-date information. Shareholders have an easy-to-use and accessible way to obtain information about StarHub's operations and financial performance. For a growing

number of stakeholders, it is the first and primary area of contact with the Company. Contact details of the IR team can also be found on our IR website.

Understanding Investors and Shareholders

In 2010, the IR team met over 250 institutional investors, across Asia, Europe and the USA.

In addition, the Company organised its 2nd StarHub Investors Technology Day, following its successful launch in 2009. The objective of the Technology Day was to showcase the latest technology available in our industry and to impress upon the investors that StarHub is always on the leading edge of the technology curve. Local and overseas investors could view a showcase of our solutions for the Consumer and Business that includes solutions delivered over the Next Gen NBN. Beyond this, StarHub had previously organised investor visits to our operational centres in order for them to understand how we operate on a daily basis. These visits include accessing our mobile, pay TV and broadband operational centres.

To get a better understanding of how effective our meetings with the analysts and fund managers are, as well as to improve our overall IR efforts, we engaged a third-party research firm to conduct extensive qualitative and quantitative interviews with targeted and critical fund managers and analysts. The research firm's approach is to elicit open and honest sharing with regard to respondents' views, comments, insights and criticism of the Company and its performance. Such results are then shared with the Board of Directors and Senior Management team.

Besides that, to get a clearer picture of our shareholders' profile, we commissioned a share registry analysis after every quarter's results. The last survey conducted was at end November 2010, in which it was revealed that out of the Group's free float of 32%, about 20% was held by institutional investors. Besides Singapore, the other top geographical regions where our investors are based in are, Asia (specifically Hong Kong and Japan), the UK and USA.

StarHub is a constituent of the Straits Times Index (STI). In terms of share price performance, the stock has appreciated 22% in 2010 to close at \$2.63 for the year, outperforming the STI's gain of 9% in the same period. Looking at the dividend yield, we have seen an increase since we first started paying dividend in 2005. We saw a 4.4% dividend yield then and this has increased to the current 7.6% in 2010. In setting our dividend policy, the Board takes a projected three-year view of the Company's earnings performance, the Company's reserves and free cash flows, to ensure there is more than adequate to cover the funding required for our dividend payments requirements.

As we have always advocated, the twin engines of communications and relationship building drive StarHub's IR strategy. Communications involves the regular two-way flow of information that gives investors, analysts and media a basis for evaluating StarHub. Relationship building requires the delivery of quality information in a timely fashion with complete honesty – this is the only way to build mutually beneficial relationships with investors, analysts and the financial/business media.

Awards

Our steadfast commitment to regular communication led StarHub to win the Gold award for Best Investor Relations Award in the big caps category in the 2010 Singapore Corporate Awards. We also won in the Singapore 1000, SME 500 & Singapore International 100 Awards for the Return on Equity Excellence Award (Information and Communications category).

In the Asiamoney Annual Corporate Governance Poll 2010, our IR Head, Jeannie Ong, walked away with the Best IR Officer in Singapore award.

Quick Guide

Below is a quick guide to the regular activities spearheaded by the StarHub IR team:

Investor Relations

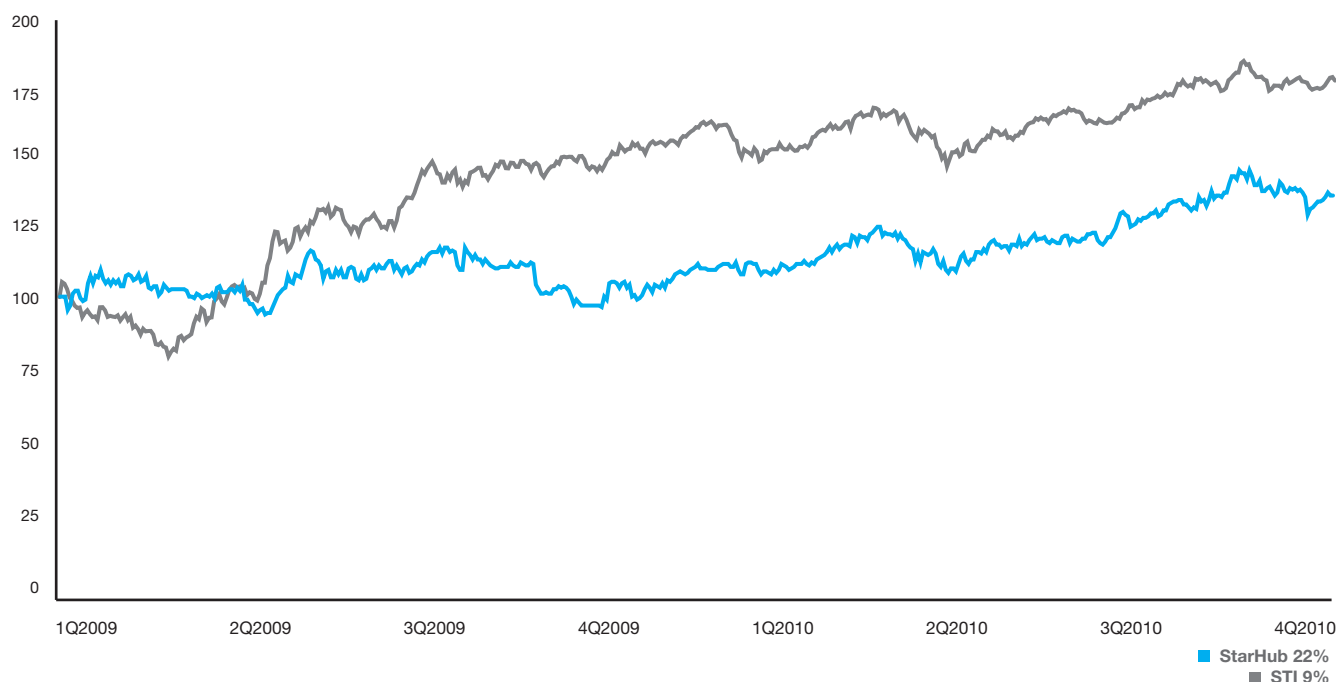
IR regular activities

Activities	Remarks
Institutional and Analysts Meeting	– Met over 250 analysts and investors
Investor Conferences	– Presented company's results at these conferences
IR Website and Electronic Communications	– The easiest and most cost-effective way of reaching out to a wide audience and providing investors and other interested parties with up-to-date information – Materials available on our IR website (www.starhub.com/ir) include earnings releases and other press announcements, analyst presentations, SGXnet announcements, archived web casts and conference calls, amongst others – Features available include an email alert service and a financial tear sheet
Quarterly Results Announcements	– Combined analyst/media conference calls are held for the 1Q – 3Q results announcements – For the FY results, the analysts/media are given a choice to attend the event via webcast, on-site or conference call
Annual Report	– Hard and soft copies made available to all
Annual General Meeting	– Shareholders have the opportunity to interact with the Board of Directors and the senior management team
Data Compilation	– We engage third-party vendors to regularly analyse our share registry and conduct research to evaluate our IR efforts – We have also signed up for third-party online resources which allows us to see the various analyst reports that were published



Our steadfast commitment to regular communication led StarHub to win the Singapore Corporate Awards Best IR (Gold) award.

StarHub share performance against STI 2009-2010 (%)



IR calendar of events

Date	Activities
1Q2010	<ul style="list-style-type: none"> – FY2009 results announcement – Singapore Investor Roadshows – Macquarie Emerging Leaders Conference, London & New York – Daiwa Investment Conference, Tokyo – CS Asian Investment Conference, Hong Kong
2Q2010	<ul style="list-style-type: none"> – 1Q2010 results announcement – Singapore Investor Roadshows – Deutsche Bank Access Asia Conference, Singapore – CLSA Corporate Access Forum, Singapore – UBS Pan-Asian Telco Conference, Singapore – Goldman Sachs Telco Corporate Day, Hong Kong
3Q2010	<ul style="list-style-type: none"> – 2Q2010 results announcement – Singapore Investor Roadshows – Citi ASEAN Conference, Singapore – UBS Asean & India Conference, Singapore – Morgan Stanley Asian Telecom Day, Singapore
4Q2010	<ul style="list-style-type: none"> – 3Q2010 results announcement – Morgan Stanley Annual APAC Summit, Singapore – 2nd StarHub Investors Technology Day (with JP Morgan), Singapore – Europe Investor Roadshows with UBS

Financial calendar for 2011/2012*

Date	Activities
11 February	– Webcast of FY2010 results for the analysts and media
15 April	– 13th Annual General Meeting
May	– 1Q2011 results announcement
August	– 1H2011 results announcement
November	– 3Q2011 results announcement
February 2012	– FY2011 results announcement

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

Sustainability Report

Good corporate citizenship has been one of the bedrock principles during the formative years of StarHub's development. We take serious efforts in inculcating and promoting it within the Company and without.



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As a leading info-communications provider in Singapore, we are aware of the importance of good corporate citizenship. It was one of the bedrock principles during the formative years of StarHub's development, and it has been one that we take serious efforts in inculcating and promoting within the company and without.

As such, we have focused on four main areas in the development of our corporate social responsibility (CSR) strategy. These areas are in Corporate Governance, Community Relations and Investments, Environmental Performance and Workplace Development.

In Corporate Governance, we strived to ensure that StarHub continues to provide timely disclosures, transparency and accountability to maintain our reputation as a well-managed organisation.

We have also been developing our Community Relations initiatives since launch with our Sparks Fund project, which is in its tenth year. We have also expanded our various touch-points in helping the less fortunate and

underprivileged not only in sponsorships and donations but also in terms of active participation by employees on the various activities.

In a similar vein, we have recently started focusing on limiting our Environmental footprint in all our operations so that we can minimise our impact on the Earth. Our Green initiatives, have been received positively by our shareholders, our customers and our employees. We expect to expand this area significantly in the near future to encourage greater Green activism amongst the young.

Finally, the workplace environment is always a key concern for us. As StarHub expands, workplace culture, health benefits, employee engagement and staff retention are important aspects that will attract talented individuals and potential leaders to the company. In this section, we have outlined some of the methods we have incorporated into the organisation.

This section briefly outlines StarHub's policies in all these areas.

The JP Morgan Run saw over 1,000 StarHub employees participating and fostering a deeper sense of camaraderie.

Integrity, transparency and accountability

Corporate governance framework founded on timely disclosures, transparency, accountability, integrity and trust.

Corporate Governance Statement

StarHub firmly believes that good corporate governance is the anchor of a well-managed and respected organisation. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain value for shareholders, safeguard stakeholders' interests and justify investor confidence. We also believe that professionalism and integrity are essential in building a company that our shareholders, business partners, employees and other stakeholders can trust and be proud of. It is on this basis that we have founded our corporate governance framework on timely disclosures, transparency, accountability, integrity and trust. Further, we have a Board of Directors with diversified and balanced skills, experience and independence, a dependable Management with integrity and professionalism, and comprehensive risk management and compliance procedures.

Corporate Governance Report 2010

This Report sets out the Company's corporate governance framework with specific reference to the principles of the Code of Corporate Governance issued by the Ministry of Finance on 14 July 2005 (Code). The Company has substantially complied with the Code and, where the Company has deviated from the Code, the deviation is duly disclosed.

1. BOARD MATTERS

Board's Conduct of Affairs

The Board's Responsibilities

The Board is collectively responsible for monitoring the Group's overall corporate strategy and direction, and providing entrepreneurial leadership and guidance to the Group. The key roles of the Board include:

- overseeing and monitoring the management of the Group's business and affairs;
- charting and reviewing the Group's operating and financial performance;
- assessing and approving key operational and business initiatives, major funding and investment proposals and other corporate actions, including the determination of the Group's budget and capital and the release of the Group's quarterly and year-end financial results;
- ensuring the Group's compliance with all relevant laws and regulations;
- formulating major corporate policies and internal controls to ensure that corporate governance best practices are employed; and
- implementing effective human resource management policies and engaging leadership of the highest quality and reliability to attain the Company's objectives.

Every Director is required to act objectively, in good faith and in the best interests of the Company and all shareholders at all times. Each Director is also required to ensure his compliance with all applicable laws and regulations, and promptly disclose to the Board any new information relating to his financial or other interests and relationships which may affect his independence, including any related-party transactions with the Group. While this is not required under the Code, each Director formally declares his independence from all other stakeholders of the Company on an annual basis, in order to avoid any potential conflicts of interests.

All newly-appointed Directors are briefed by Management on the Group's strategies, business activities and performance. They are also provided with manuals to familiarise themselves with the Company's business and governance practices, including information about their statutory and other responsibilities as Directors, and the Company's insider trading policy. This facilitates a smooth transition into their new roles and enables them to understand the Group's direction better.

The Directors are updated regularly on key legal, regulatory and accounting changes, which have an important impact on their obligations and on the Group. In addition, the Directors are informed of and encouraged to attend any seminars or training courses relevant to their responsibilities as Directors and the Group's business, in particular, those organised by the Singapore Institute of Directors and the SGX-ST.

Board and Board Committees

The Board complies with internal controls that set out 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 are also provided at various Management levels to optimise operational efficiency.

The Board is supported in its tasks by the delegation of responsibilities to its Audit Committee (AC), Nominating Committee (NC), Executive Resource and Compensation Committee (ERCC) and Strategy Committee (SC). These Board Committees recommend the course of action for the Board's consideration and make decisions on matters within its terms of reference and applicable limits of authority. Additional Board Committees may be formed to provide independent oversight of specific areas of Management.

The composition of the Board Committees is set out in Table 1 below:

Table 1

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
Teo Ek Tor	Teo Ek Tor	Lim Ming Seong	Steven Terrell Clontz
Lim Ming Seong			Lim Ming Seong
			Liu Chee Ming
			Robert J. Sachs
			Stephen Geoffrey Miller (co-opted)
			Yong Lum Sung (co-opted)

Note: The above disclosure excludes Mr Lim Chin Beng, a Director and an ERCC member, who had retired on 15 April 2010.

The Chairman and all members of the AC, NC, ERCC and SC are non-executive Directors independent of Management. While the Chairman of the ERCC and NC may not be considered independent within the meaning of 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 with a view to the best interests of the Company in carrying out his duties.

Corporate Governance

Board Meetings

The Board meets regularly, with at least five scheduled Board meetings in each financial year. Additional meetings may be convened on an ad-hoc basis, as may be deemed appropriate by the Board. The Company's Articles of Association provide for meetings to be held via tele-conference and video-conference. Every year, the Board holds a full day special meeting for the purpose of reviewing the annual budget and business strategies of the Group.

A total of five Board meetings were held in the financial year ended 31 December 2010. A matrix showing the Board members' participation and attendance at the Board and Board Committee meetings held in the financial year ended 31 December 2010 is set out in Table 2 below.

Table 2

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

⁽¹⁾ The AC held four meetings during the financial year ended 31 December 2010.

⁽²⁾ The ERCC held two meetings during the financial year ended 31 December 2010.

⁽³⁾ The NC held one meeting during the financial year ended 31 December 2010.

⁽⁴⁾ The SC held four meetings during the financial year ended 31 December 2010.

⁽⁵⁾ Mr Neil Montefiore was appointed as Director on 1 January 2010.

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

Note: The above disclosure excludes Mr Lim Chin Beng, a Director and an ERCC member, who had retired on 15 April 2010.

Board Composition and Guidance

The Board comprises 13 Directors, 12 of whom are non-executive and independent of Management. The sole executive Director is Mr Neil Montefiore, who is also the Chief Executive Officer (CEO). Mr Neil Montefiore was appointed as CEO and executive Director on 1 January 2010.

One-third of the Board consists of independent Directors, in compliance with the minimum requirement of the Code. The five Directors who are considered non-executive independent Directors within the meaning of the Code, are Mr Kua Hong Pak, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Teo Ek Tor, Mr Liu Chee Ming and Mr Robert J. Sachs.

The Directors are business leaders and professionals with vast expertise and experience in the areas of financial, accounting, banking, business, management, industry, legal and strategic planning. Each Director brings indispensable insights and objective perspectives to the Board to facilitate constructive and robust discussions to help shape the Group's strategic directions and to make well-considered and balanced decisions. The profiles of each of the Directors are set out at the beginning of this Annual Report. The size and composition of the Board are reviewed from time to time by the NC to ensure that the Board is adequately comprised of independent Directors and appropriately balanced with the requisite accounting, financial, business and management expertise, industry knowledge, strategic planning experience and customer knowledge. The responsibilities of the NC are detailed under "Board Membership and Board Performance".

The Board and Management are also supported and advised by the SC in the formulation, review and implementation process of the Group's growth strategies. The SC also identifies and assesses opportunities and risks in the relevant areas of business, operations and the industry which may have significant intermediate and long-term impacts on the Group. The SC provides an independent and objective view.

Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the CEO are clearly separated. The Chairman is a non-executive Director and unrelated to the CEO. He leads the Board and facilitates constructive and comprehensive Board discussions on matters brought to the Board, including strategic and operational issues. He oversees the translation of the Board's decisions into executive action. Assisted by the Company Secretary, the Chairman ensures the quality and timeliness of information flow between the Board and Management, effective shareholder communications and high standards of corporate transparency.

The CEO on the other hand, manages the day-to-day running of the Group's business. He makes operational decisions for the Group and implements the Group's business directions, decisions and policies.

Further, to ensure an enhanced separation of powers and roles, the Board's agenda at each meeting is not determined solely by the CEO. Instead, the CEO proposes the Board agenda which is in turn reviewed, revised and approved by the Chairman.

This clear division of roles ensures that the Company maintains an effective balance of power, authority and responsibility within the Company, and to ensure accountability and Board independence.

Board Membership and Board Performance

Board renewal is an ongoing process, to ensure good governance and that the Board is relevant to the constantly evolving needs of the Company and business. On this note, the NC performs the function of reviewing the Board composition on a regular basis and identifying and selecting suitable candidates for the Board.

The NC reviews and assesses the nominations for the appointment, and re-appointment or re-election, of Directors before making recommendations to the Board, based on the candidates' experience, skills and qualities. The NC also considers whether the candidates will be able to complement the composition and contribute to the independence of the Board. The NC places importance on the ability of each Director to devote sufficient time and attention to fulfill their roles on the Board. All new appointments of Directors are subject to the approval of the Company's regulators, the Info-communications Development Authority of Singapore and the Media Development Authority of Singapore.

The independence of Directors is assessed by the NC annually. No Director can stay in office beyond three years without being subject to re-election by shareholders. At each Annual General Meeting (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). A retiring Director is eligible for re-election by shareholders at the AGM. Newly-appointed Directors are also required to submit themselves for retirement and re-election at the next AGM immediately following his appointment, thereafter he is subject to the one-third rotation rule.

The NC also conducts periodic reviews to ensure that the Board is of an appropriate size and composition that will contribute to effective decision-making. In so doing, the NC assesses the contribution of each Director to the effectiveness of the Board as a whole, based on the Board's ability to support, lead and communicate with Management, the conduct of its principal functions, and the participation and attendance of each Director at Board and Board Committee meetings. An annual Board performance evaluation is also conducted to solicit feedback from the Directors with a view to improve the performance of the Board. These reviews and evaluation ensure that the Board's performance of its responsibilities and the Company's standard of corporate governance, which will ultimately be reflected in the Group's performance, are of optimal level.

Access to Information

Management provides pertinent and complete information about the Group, its financials and other matters for decision, to the Board, prior to each Board meeting and whenever appropriate. The Board also receives monthly management reports providing updates on key performance indicators and financial analysis on the Group, and regular analyst reports on the Company and the industry. This enables the Board to make informed and sound decisions, and keep abreast with key challenges and opportunities as well as developments for the Group.

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

Corporate Governance

The Board also has separate and independent access to the Company Secretary, who facilitates the flow of information within the Board and with the Board, the Board Committees and the Senior Management. The Secretary attends all Board meetings and advises the Board on Board procedures, the requirements of the Company's Memorandum and Articles of Association, the Companies Act and the SGX-ST Listing Manual.

Further, the Board has the option to seek independent professional advice at the Company's cost, when the need arises.

2. REMUNERATION MATTERS

ERCC's Role in Developing Remuneration Policies

The remuneration policies for Directors and key executives are determined by the ERCC, based on (a) the performance of the Company, the Group and each individual; (b) industry practices and compensation norms; and (c) the need to retain and develop key executives to ensure the presence of sound and strong leadership for the continued success of the Company. Where necessary, the ERCC seeks advice from external professionals.

The ERCC also performs the following key roles:

- establish, review and approve competitive compensation policies for the Directors, CEO and key executives with focus on long-term sustainability of the Group's business and shareholders' return;
- oversee management development and succession planning for the CEO and key officers including the Chief Operating Officer (COO) and Chief Financial Officer (CFO). The ERCC also identifies potential candidates to meet the Company's immediate, medium and long-term needs each year;
- assess and approve proposed candidates for key appointments; and
- assess and approve share incentives, including conditional performance share awards and restricted stock awards under the Company's approved share plans.

Procedures adopted by ERCC

The ERCC held 2 meetings in 2010. All decisions by the ERCC are made by a majority of votes of the ERCC member who are present and voting. The ERCC's decisions exclude the vote, approval or recommendation of any members with a conflict of interest in relation to the subject matter under consideration. The CEO is not present at any ERCC discussions relating to his own compensation, terms and conditions of service and the review of his performance. He is, however, in attendance when the compensation and incentive policies of key staff of the Company are discussed.

Level and Mix of Remuneration and Disclosure on Remuneration

The CEO, as the executive Director, is remunerated as a member of the Senior Management, and does not receive Director's fees for his directorship with the Company. His compensation consists of a base salary, allowances, performance-related bonuses/ payments, benefits-in-kind and share awards. With regard to the share awards, the vesting of the conditional share awards granted to the CEO under the StarHub Performance Share Plan is subject to the CEO achieving performance targets over the relevant performance period. These performance targets are (a) measurement of the Company's Total Shareholders' Return (TSR) against the MSCI Asia-Pacific Telecommunications Index (including Japan) over the performance period; and (b) measurement of the investment performance in terms of the Company's TSR (Wealth Added) against shareholders' expected returns using the cost of equity. If the threshold performance targets are not met, the CEO will not receive any shares. On the other hand, if the performance targets are met or exceeded, up to twice the number of shares that are the subject of the award will be granted to the CEO. Similarly, the CEO's bonus is dependent on his achievement of his prescribed performance targets.

Non-executive Directors' remuneration consists of Directors' fees and share awards. The StarHub Directors' Fee policy divides the fees into basic retainer fees, attendance fees and additional fees for serving on Board Committees. Directors' fees for non-executive Directors are subject to the shareholders' approval at each AGM.

The annual remuneration of the non-executive Directors of the Company are set out in Table 3 below for the financial year ended 31 December 2010 (excluding Directors' share awards granted during the year, details of which are set out in the Directors' Report).

Table 3

Number of Non-Executive Directors in Each Remuneration Band	2010	2009
\$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	\$93,000
Peter Seah Lim Huat	Director ERCC & NC Chairman	\$99,000
Nihal Vijaya Devadas Kaviratne CBE	Director SC Chairman AC Member	\$100,000
Lee Theng Kiat ⁽¹⁾	Director ERCC & NC Member	\$86,000
Steven Terrell Clontz ⁽¹⁾	Director SC Member	\$118,000
Lim Ming Seong	Director AC, ERCC & SC Member	\$106,000
Sadao Maki ⁽¹⁾	Director	\$60,000
Teo Ek Tor	Director AC & NC Member	\$93,000
Liu Chee Ming	Director SC Member	\$73,000
Robert J. Sachs	Director SC Member	\$98,000
Nasser Marafih	Director	\$96,000

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

Note: The above disclosure excludes Mr Lim Chin Beng, a Director and an ERCC member, who had retired on 15 April 2010.

During the year ended 31 December 2010, none of the Directors' immediate family members were employees of the Group whose remuneration exceeded \$150,000 per annum.

As a long term incentive to motivate senior executives and Directors to strive for superior personal and Group performance, the Company adopts the StarHub Performance Share Plan and the StarHub Restricted Stock Plan (Share Plans). Under the Share Plans, the interests of senior executives and Directors are aligned with the interests of shareholders. Share awards under the StarHub Performance Share Plan are conditional on the prescribed targets for the relevant performance period (currently set at 3 years) being met, while the length of that vesting period for each award under the StarHub Restricted Stock Plan is determined at date of each grant. Details of the Share Plans are contained in the Directors' Report.

Corporate Governance

The aggregate annual compensation paid and accruing within bands of S\$250,000 (including any benefits-in-kind and share awards) for the financial year ended 31 December 2010 of 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, is set out in Table 4 below.

Table 4

	Fixed ⁽¹⁾ (%)	Variable ⁽²⁾ (%)	Benefits-in-kind ⁽³⁾ (%)	Remuneration bands ⁽⁴⁾ (%)	Share Awards granted in 2010 under StarHub Performance Share Plan ⁽⁵⁾	Share Awards granted in 2010 under StarHub Restricted Stock Plan ⁽⁶⁾
CEO and Executive Director						
Neil Montefiore	45%	34%	21%	D	Refer to details in Directors' Report	Refer to details in Directors' Report
Senior Executives						
Tan Tong Hai	56%	39%	5%	C	Up to 243,800 shares	Up to 106,500 shares
Kwek Buck Chye	56%	38%	6%	B	Up to 184,000 shares	Up to 88,500 shares
Chan Kin Hung	68%	27%	5%	A	Up to 103,500 shares	Up to 48,000 shares
Alex Siow Yuen Khong	70%	24%	6%	A	Up to 103,500 shares	Up to 48,000 shares
Diana Lee	66%	28%	6%	A	Up to 103,500 shares	Up to 48,000 shares

(1) Fixed refers to base salary, Annual Wage Supplement and fixed allowances earned for the year ended 31 December 2010.

(2) Variable refers to incentives paid and accrued for the year pursuant to the Company's performance bonus scheme and Economic Value Added (EVA) scheme for the year ended 31 December 2010. The Company's performance bonus scheme is the "balanced scorecard" scheme used to determine the annual performance bonuses payable to 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 is set up for each senior executive, into which the annual EVA performance bonus earned by him each year is credited. One third of the total amount in his EVA bank account is payable annually at a later date in the following financial year, and the remaining balance in his EVA bank account is payable to him upon his resignation or termination of employment (other than for cause), subject to certain conditions being met. The balance in the EVA bank account will increase or decrease depending on the Company's EVA performance in subsequent years.

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

(4) Remuneration bands:

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

"B" refers to remuneration between S\$750,001 and S\$1,000,000 p.a.

"C" refers to remuneration between S\$1,000,001 and S\$1,250,000 p.a.

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

(5) A share award was granted under the StarHub Performance Share Plan on 17 May 2010. 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 2010 to 31 December 2012. 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.

(6) A share award was granted under the StarHub Restricted Stock Plan on 17 May 2010. 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 2010 to 31 December 2011. The actual number of shares delivered will depend on the level of attainment of the performance targets. Shares will be delivered in phases according to the stipulated vesting periods.

3. ACCOUNTABILITY AND AUDIT

Accountability

The Board has overall accountability to the shareholders for the Group's performance and for ensuring that the Group is well managed and guided by its strategic objectives. To provide shareholders with a balanced and accurate assessment of the Group's performance, financial position and prospects, the Group reports its operating performance and financial results on a quarterly basis via SGXNET. An accompanying negative assurance is also issued by the Board to confirm that nothing has come to its attention that may render the results false or misleading. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining shareholder confidence and trust.

In addition, the Board members are given monthly business and financial reports which present a balanced and understandable assessment of the Company's performance (in comparison with its forecasted performance and budget), financial position and prospects. Management also gives the Board business reports on a timely and regular basis. These reports and updates provide the Board with up-to-date information and facilitate effective decision-making.

Under the Group's policy, the Company, all Directors and employees of the Group are prohibited from dealing in the securities of the Company one month before the announcement of the Group's quarterly and full year results. All Directors, Management and employees are notified by email prior to the start of each trading blackout period and restrictions are lifted only after the announcement of the respective results. The Company, all Directors and employees of the Group are also required to observe insider trading laws at all times. This policy is more stringent than the SGX-ST Listing Manual requirements.

Further, the Company has adopted a policy not to make any purchase or acquisition of shares pursuant to its Share Purchase Mandate where a price sensitive development has occurred or has been the subject of a decision, until the price sensitive information has been publicly announced. To raise the bar on governance, the Board has also voluntarily undertaken to reduce the amount of its shares it may issue and allot pursuant to the general authority granted by the Company's shareholders to the Board, from 20% to 15% of the Company's total issued share capital.

The Company has not only exceeded the requirements of the Code and the SGX-ST Listing Manual, but also industry best practices.

Audit Committee

All the members of the AC are non-executive Directors. The majority of the AC, including the Chairman, are independent Directors. The AC members have invaluable accounting and financial management expertise.

The AC performs the function of assisting the Board in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting matters and reporting practices of the Group. Management is required to co-operate fully with the AC. The AC has full discretion to invite any Director or officer to attend its meetings and to request the necessary resources to discharge its functions properly.

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;
- making recommendations to the Board on the appointment, re-appointment and removal of the Group's external auditors;
- reviewing Interested Persons Transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate that is renewable annually;
- reviewing and approving quarterly and full year financial statements; and
- conducting investigations into matters where there is suspected fraud or impropriety in financial matters, failure of internal controls or violation of any law or regulations likely to have a material impact on the Group's operating results.

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. Employees are encouraged to report such matters to their immediate supervisors, the relevant Heads of Department or the Head of Human Resource, depending on the circumstances. An Investigation Committee (comprising representatives from the Senior Management, Risk Management, Human Resource and Legal, who are not in a position of actual or potential conflict of interest) will be formed to investigate the reported wrongdoing and implement rectification and preventive measures. All reported wrongdoings will be escalated to the AC for review. The AC Chairman (or his nominee) will chair all Investigation Committees appointed to look into any cases of suspected wrongdoing involving the CEO, the COO and/or the CFO. The Investigation Committee retains the discretion on whether to circulate the results of any investigation of suspected wrongdoing to employees upon completing investigations, taking into account the interests of the Group and the consent of the whistle-blower.

The Group's whistle-blowing policy is easily accessible by all employees on the Company's intranet. The Company aims to provide all whistle-blowers with protection against reprisals, and will not hesitate to take disciplinary action against any party who victimises whistle-blowers. Further, the Company ensures that all its employees are aware of their duties under the Employee Code of Conduct and Ethics by making it readily available on the Company's intranet. A summary of the key requirements have also been uploaded on the Company's corporate website for greater transparency, notwithstanding this is not a requirement under the Code. In 2010, the AC met the Company's external and internal auditors, without Management, at least once. The AC has reviewed the

Corporate Governance

nature and extent of non-audit services provided by external auditors for the year and is satisfied 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. As a further safeguard of KPMG LLP's independence, the Company requires that the KPMG LLP partner in charge of auditing the Group be changed every 5 years in compliance with the Code.

Internal Controls and Audit

The AC also performs an oversight role in ensuring the effectiveness and adequacy of the Group's internal control policies and system for achieving the Company's goals and objectives. At least once a year, the AC conducts a review of the Group's key internal controls and risk management systems, which are supported by its policies on employee discipline and conduct. The AC reviews the external auditors' recommendations for addressing any material non-compliance and internal control weaknesses, taking Management's opinions into account. The AC then takes steps to correct such deficiencies with the assistance of internal auditors.

The key internal controls reviewed by the AC include the following:

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

The internal audit function of the Group is carried out by Ethos Advisory Pte. Ltd., an independent third party contracted internal audit service provider which fulfils 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 internal audit plan is developed by the internal auditors in consultation with, but independent of Management, and is subject to the AC's approval at the beginning of each financial year. Quarterly internal audit summary reports are also prepared and submitted to the AC on the status of audits carried out and any major audit findings and corrective actions taken by Management. The independence of the internal auditors' functions is ensured as the AC meets with them at least once a year without the presence of Management.

Based on the work performed by the internal auditors and the review undertaken by the external auditors, the Board is of the opinion that the Group's system of internal controls is adequate in meeting the needs of the Group and provides reasonable assurance against material financial misstatements or loss. The controls safeguard the Group's assets and ensures the reliability of financial and critical information. There is proper maintenance of accounting records. The Group complies with applicable regulations and best practices, and implements timely identification and containment of financial, operational and compliance risks. The AC is also satisfied that material internal control deficiencies were identified on a timely basis and remedy processes are put in place promptly, to minimise unnecessary lapses and business risks.

Enhancing Governance and Security

To enhance governance and security, the Company has implemented an employee intellectual property rights compliance policy. This policy is reviewed annually and requires all employees to undertake not to breach any intellectual property rights or software licences prior to commencing and during their employment with the Company. The Company has also implemented and disseminated an Information Classification policy to enhance security and handling of information. All laptops of senior management and key personnel are encrypted to safeguard the security of confidential and commercially sensitive information.

Further, to enhance the safeguards of the Group's business assets and provide greater assurance to shareholders, the Company has also implemented Business Continuity Management based on the Singapore Standard for Business Continuity Management SS540. This policy establishes the framework for the Company to analyse and implement strategies, processes and procedures which will enable continuity management and recovery of critical business functions of the Company in the event of emergency.

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, play a key role in keeping the Company's shareholders and investing public informed of major corporate and industry developments, the Group's financial performance and other relevant information regularly. Analyst and media briefings are conducted periodically throughout the year. The Company's Senior Management and Investor Relations team also meet with institutional investors regularly, through participation in international road shows and conferences organised by major brokerage firms.

All of the Group's media releases, financial results, presentation materials, annual reports, SGXNET announcements, archived webcasts and other corporate information can be easily accessed via the Company's regularly updated website at www.starhub.com/ir. Also, investors may sign up for an e-mail alert service to keep them up to date with all the latest announcements from the Company. To ensure fair and non-selective disclosure of information to investors, the Company will announce any new material or price-sensitive information (such as the quarterly and year-end financial results) through SGXNET first, before conducting any media or analyst conferences.

The Company's Investor Relations team is always ready to address shareholders' queries and they are accessible throughout the year. Their contact details can be found on the corporate website. The team also keeps Senior Management regularly updated on shareholder views, queries and concerns. This allows Senior Management to consider shareholders' feedback when formulating any corporate action that affects shareholders' rights.

Greater Shareholder Participation

The Company views the AGM and other general meetings as a good opportunity for investors to meet the Board and Senior Management. All registered shareholders are invited to attend and participate actively in such meetings and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed resolutions. The respective Chairmen of the AC, ERCC, NC and SC and the Senior Management team, together with the Board, are present at general meetings to address any queries regarding resolutions to be passed or the Group in general. External auditors are also present at these meetings to assist the Board in addressing shareholders' queries.

Shareholders can vote in person or by appointing one or two proxies to attend and vote on their behalf at such general meetings. The Company's Articles of Association do not allow shareholders to vote in absentia. However, they may delegate their voting instructions to the Chairman or CEO as their proxy. The Company's resolutions at general meetings are presented in separate resolutions in respect of each substantially separate issue at general meetings. Voting is carried out systemically with proper recording of the votes cast and the resolutions passed.

Beyond complying with the requirements of the Code and the Companies Act, the Company has also taken various additional measures to enhance corporate governance, such as:

- (i) The Company has taken steps to ensure that its notice of AGM is issued to shareholders at least 28 days before the AGM.
- (ii) The Company sends electronic annual reports (by way of a CD-ROM) to all shareholders (including foreign shareholders) at least 28 days before the AGM to ensure that all shareholders have adequate time to review the annual reports. Upon request, hardcopies will also be sent to shareholders.
- (iii) The Board has undertaken not to introduce new resolutions within one week of each general meeting. This would ensure that shareholders are given adequate opportunity to review the proposed resolutions prior to the general meeting.
- (iv) Electronic poll voting at general meetings will be introduced from the next AGM onwards. Chairman of the meeting will be exercising his right under Article 63(a) of the Articles of Association of the Company to demand a poll in respect of the resolutions to be put to the vote of members at the AGM and at any adjournment thereof. Accordingly, shareholders will be invited to vote on each of the resolutions by poll, using an electronic voting system (instead of by show of hands). This will allow all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all votes cast for, or against, each resolution will then be screened at the meeting and announced via the SGXNET after the meeting. The electronic poll voting will ensure greater transparency of the voting process and increase shareholder participation, thereby enhancing shareholder experience at general meetings.

Directors' Particulars

Director	Age in Year 2011	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 Dec 2010)	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2008 to 30 Dec 2010)
Tan Guong Ching	65	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 Pteris Global Limited Singapore Shipping Corporation Limited eircom Limited	Allco (Singapore) Limited Allco SIF Ltd Inter-Roller Engineering Limited
Neil Montefiore	59	StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Mobile Pte Ltd StarHub Online Pte Ltd NEILM (S) Pte Ltd Ruswarp Consultants (as Manager) Singapore Repertory Theatre Ltd Singapore National Employers Federation (as Council Member)	M1 Limited M1 Net Ltd. M1 Shop Pte Ltd KLIQ Pte. Ltd. Wireless Intellect Labs Pte Ltd
Kua Hong Pak	67	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)	
Peter Seah Lim Huat	65	DBS Bank Ltd DBS Group Holdings Ltd Singapore Technologies Engineering Ltd CapitaLand Limited Global Crossing Limited Government of Singapore Investment Corporation Private Limited STATS ChipPAC Ltd DBS (Hong Kong) Ltd	PT Indosat Tbk Singapore Computer Systems Limited The Siam Commercial Bank Public Company Limited, Singapore Branch Chartered Semiconductor Manufacturing Ltd SembCorp Industries Limited Alliance Bank Malaysia Berhad Singapore Technologies Telemedia Pte Ltd Bank of China Limited

Director	Age in Year 2011	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 Dec 2010)	Past Principal Directorships/ Chairmanships & Appointments (from 1 Jan 2008 to 30 Dec 2010)
Nihal Vijaya Devadas Kaviratne CBE	67	GlaxoSmithKline Pharmaceuticals Limited TVS Motor Company (Europe) BV PT TVS Motor Company Fullerton India Credit Company Limited Titan Industries Ltd Wildlife Reserves Singapore Pte Ltd Fullerton Securities and Wealth Advisors Limited Akzo Nobel India Limited Singapore Airport Terminal Services Ltd	Agro Tech Foods Limited ICI India Limited
Lee Theng Kiat	58	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 Limited
Steven Terrell Clontz	61	InterDigital, Inc. eircom Limited Nucleus Connect Pte. Ltd. Global Crossing Limited (as Executive Committee Member) Equinix, Inc.	LiveCargo Inc.
Lim Ming Seong	64	CSE Global Limited First Resources Ltd Singapore Technologies Kinetics Pte Ltd Singapore Technologies Telemedia Pte Ltd WhiteRock Partners Ltd Amplus Communications Pte Ltd	Genovate Solutions Pte Ltd Tuas Power Ltd Singapore Aerospace Manufacturing Pte Ltd Accuron Technologies Ltd United BMEC Pte Ltd WhiteRock Healthcare Pte Ltd

Directors' Particulars

Director	Age in Year 2011	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 Dec 2010)	Past Principal Directorships/Chairmanships & Appointments (from 1 Jan 2008 to 30 Dec 2010)
Sadao Maki	59	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	58	PrimePartners Group Pte Ltd PrimePartners Asset Management Pte Ltd Prime Partners Corporate Finance Pte Ltd PrimePartners Renewable Energy Inc ServTouch Holdings Pte Ltd WhiteRock Medical Company Pte Ltd	Nylex (Malaysia) Bhd Tamco Corporate Holdings Berhad PFA Malaysia Sdn. Bhd. United Pacific Industries Limited
Liu Chee Ming	60	Platinum Broking Company Limited Platinum Holdings Company Limited Platinum Securities Company Limited Platinum Securities Company Limited (Singapore) Access Investment Management (H.K.) Limited Brianne Investments Limited Kader Holdings Company Limited Keltynhill Incorporated Odlins Holdings Limited CIMC Raffles Offshore (Singapore) Limited (formerly known as Yantai Raffles Shipyard Limited) The Singapore International School Foundation Ltd	Robinson & Co. Ltd Rainbow City Limited

Director	Age in Year 2011	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 Dec 2010)	Past Principal Directorships/ Chairmanships & Appointments (from 1 Jan 2008 to 30 Dec 2010)
Robert J. Sachs	63	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	
Nasser Marafih	50	Asia Mobile Holdings Pte. Ltd. Asiacell Communications LLC National Mobile Telecommunications Company K.S.C. Omani Qatari Telecommunications Company S.A.O.C. 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	

StarHub's spirit of volunteering and serving is imbued in its culture and is practised by employees of all levels. In 2010, StarHub employees contributed close to a thousand volunteer hours in aid of the less fortunate.



StarHub and TVB artistes celebrated Lunar New Year with intellectually disabled youths at The Moral Home for the Disabled.

StarHub's strategy for community relations and investment serves to strengthen, streamline and improve the company's commitment to its stakeholders, as well as the communities and market where it operates. StarHub's contribution in the area of community relations and investment is embodied by the following principles:

1. To encourage equality and the social integration of the less fortunate by fulfilling basic needs and supporting opportunities to maximise human potential through training and skills enhancement;
2. Spark the next generation of young talents by empowering youths with the resources and platforms they require to uncover their talents and make a positive difference in their world; and
3. Contribute towards Singapore's quest for sporting excellence and promote a vibrant sporting culture.

To this end, StarHub has implemented a number of initiatives since 2000 and organised a series of activities throughout 2010 that benefit the less fortunate.

Sustainable programmes in corporate philanthropy

Sparks Fund

The Sparks Fund was a programme initiated in 2000, where we channelled 1% of all revenues from our IDD 008 and IDD 018 services to the Fund, as part of the Company's efforts to develop a sustainable mechanism that at once engages the customers and fulfils our corporate philanthropic aims. A total of \$7 million was contributed from the Sparks Fund to CSR activities since its inception, benefitting over 250 organisations and charities.

StarHub Rewards Redemption for Charity Programme

Since February 2009, StarHub customers had the option to redeem a donation to charity with their StarHub Rewards Monthly Points. When a customer redeems a donation through the 'StarHub Rewards Redemption for Charity' programme, StarHub will contribute a stipulated amount to a charity. One StarHub Rewards Monthly Point is earned by StarHub customers for every dollar spent on its services, and accumulated points may be used to redeem for vouchers,

gifts and StarHub services. StarHub customers can redeem a five-dollar donation for every 250 points. This donation is then made to the appointed charity; in the cases of 2009 and 2010, this was MINDS Towner Gardens School (MINDS TGS). Since its launch, some 10,000 StarHub customers redeemed over \$100,000 worth of cash donations to MINDS TGS.

StarHub Corporate Volunteerism Scheme

StarHub's spirit of volunteering and serving is imbued in its culture and is practised by employees of all levels. This volunteerism was formalised by the company at the end of 2006, in allowing employees to have two working days of paid volunteerism leave each year.

In 2010, StarHub employees contributed close to a thousand volunteer hours in aid of the less fortunate. Close to 400 employees also volunteered their time and personal contributions towards donation drives to raise food rations and gifts for the needy. Organisations that benefited from the donation drives include the Marine Parade Family Service Centre and underprivileged children

participating in the Central Singapore Community Development Council Nurture Programme.

StarHub beneficiaries for 2010

Through the above schemes and initiatives, StarHub had organised a number of programmes that benefitted a number of beneficiaries. Below outlines some of the highlights of 2010.

The Moral Home for the Disabled

StarHub employees and TVB artistes from Hong Kong including Nancy Sit, Steven Ma and Sonija Kwok celebrated Lunar New Year with over 60 intellectually disabled youths at The Moral Home for the Disabled. All the youths received gifts personally presented to them by the TVB artistes, and indulged in an afternoon of festivities and a sumptuous buffet spread. In celebration of the Lunar New Year, StarHub also made a contribution of an auspicious \$88,888 from the StarHub Sparks Fund towards the Home's Occupational Therapy programmes that reinforce vocational skills and help the intellectually disabled residents develop their independence. The Moral Home for the Disabled was established by Thye Hua Kwan Moral Society in 1989 to give shelter, warmth, care and love to young adults with intellectual disabilities, in particular to those without parental support or whose parents cannot support them.

AWWA Community Home for Senior Citizens

StarHub employees and TVB celebrities from Hong Kong visited AWWA Community

Home for Senior Citizens, and enjoyed a session of games and sumptuous food with the 130 elderly residents. StarHub donated \$100,000 to the home in support of programmes that help elderly residents create an environment of mutual care and support, including programmes that offer guidance and counselling to the residents. StarHub's donation goes towards funding the living expenses of the elderly residing in the home, and provide for their nursing and therapy needs.

Central Singapore Community Development Council (CDC) Nurture Programme

StarHub organised a Christmas carnival for some 400 underprivileged children and their caregivers, complete with game and food stalls and gifts aplenty. Mr Zainudin Nordin, Mayor of Central Singapore District, along with Mr Kwek Buck Chye, CFO of StarHub, participated in the carnival by helping to distribute popcorn and balloons to the children.

Over 70 StarHub employees shared a fun and meaningful afternoon with the children and their caregivers by manning the game and food stalls at the carnival. In addition, StarHub employees chipped in to contribute special Christmas gifts, including toys and educational game sets for the children.

Finally, StarHub presented a donation of \$100,000 from the Sparks Fund to the Central Singapore CDC Nurture Programme - a literacy programme started by Central Singapore CDC that



StarHub's donation goes towards funding the living expenses of the elderly residing in the home.



StarHub organised a Christmas carnival for some 400 underprivileged children and their caregivers.

Community Relations and Investment

caters to children aged 4 to 12 from low-income families. StarHub's donation goes towards funding enrichment activities that aim to help these children break out of the poverty cycle through education and training. In the year ahead, StarHub plans to engage its employees to participate in the Nurture programme, by developing enrichment programmes and learning excursions for the children.

Developing young talents in Singapore

One of the main directions by StarHub in 2010 was to develop youth talent and leadership in Singapore. Hence, in June 2010, StarHub and *SCAPE, the National Youth Organisation, signed a Memorandum of Understanding (MOU) to signal their intention to holistically develop these attributes through a range of new media initiatives. As *SCAPE's preferred info-communications provider, StarHub was able to sponsor info-communication solutions, including mobile, broadband, Wifi and cable TV, as well as marketing support and \$1.5 million in cash donations to *SCAPE over three years to drive programmes for youth and new media development.

The collaboration between *SCAPE and StarHub would focus on four strategic outcomes, namely:

- Providing platforms to showcase youth talent;
- Developing programmes to nurture youth leadership;
- Championing initiatives by youths to raise social awareness; and

- Developing youth-oriented content for new media, television and mobile platforms.

The new media projects was managed by GRID MMS, *SCAPE's appointed Managing Agent for New Media, and will be consolidated under a cyber youth movement called '360 Without Borders'. The movement aims to nurture well-balanced young Singaporeans who will use their talent to pursue social change and worthwhile causes.

Separately, through a MOU signed with the Singapore National Olympic Council (SNOC), we reaffirmed our commitment to the development of local sporting talent. StarHub will provide \$800,000 over two years in cash and kind to support Singapore sports.

The MOU sees StarHub and SNOC partnering to raise the profile of the Olympic movement and create general interest for sports in the country and the major games that the Singapore team will participate in.

Seven young Singapore athletes: Tao Li (Swimming), Jasmine Ser (Shooting), Sherman Cheng (Sailing), Justin Liu (Sailing), New Hui Fen (Bowling), Shinta Mulia Sari (Badminton) and Yao Lei (Badminton) have been selected as Partner Athletes under the SNOC Official Partnership Programme, whereby StarHub and SNOC would develop programmes with the athletes as role models to inspire youth and promote sports.



StarHub and *SCAPE signed a MOU to develop youth talent and leadership through new media initiatives.



StarHub and SNOC partnering to raise the profile of the Olympic movement.

Environmental Performance

StarHub acknowledges the fact that we need to act in an environmentally responsible manner throughout our operations in order to minimise our overall footprint impacting the environment. This is done through both a top-down approach, where the general directions on overall green strategies and goals are provided from senior management and a bottom-up channelling of ideas and suggestions are implemented to capture the most creative and innovative green ideas.

In 2009, StarHub established a six-point commitment on our environmental policy. These are outlined below:

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 adhere to as much as possible environmental recommendations by the relevant authorities and also implement in-house targets to improve our environmental performance.
3. We will reduce our environmental loads by efficiently using resources, saving energy, reducing waste, encouraging material recycling, and minimising emissions of greenhouse gases and ozone-depleting substances.
4. We will minimise environmental loads and adopt environmentally friendly technologies as far as possible, when ordering and purchasing necessary resources.
5. We will implement education programmes to raise environmental awareness among our employees and to ensure that they recognise the essence of this Green Policy by actively addressing environmental concerns.
6. We will make social contributions in close partnership with local communities by disclosing environmental information and supporting environmental conservation initiatives.

Following this, the Company had gradually evolved its operations on a number of fronts to support the Green policy.

Energy-efficient networks

For our mobile network, we made significant mobile network improvements by upgrading our 3G radio network to be more energy-efficient. This upgrade, using fourth-generation base station technologies from Huawei, allows the mobile base station power consumption to be cut by more than 10%. StarHub also enhanced its mobile core network with the latest technologies from Nokia Siemens Networks, resulting in a reduction in power consumption of at least 40% in this area. Collectively, these initiatives will save on average more than 1000 tonnes of CO2 emissions per year.

We also launched our second solar-powered mobile base station in 2010, sited on the roof of IKEA at Alexandra Road. Not only does it support all mobile voice and data traffic in and around the busy Queensway/Jalan Bukit Merah/Alexandra road junction, it does it by effectively reducing our energy



StarHub is committed to transforming 50% of our mobile base stations to be more energy-efficient.

Environmental Performance

consumption by at least 58%. There is a similar site for our mobile base station located on our main office at Ubi. As a single BTS using this solar solution will enable StarHub to reduce its CO2 emissions by about 2.5 tonnes yearly, we expect to expand our footprint on this technology in 2011.

Finally, we introduced Singapore's first solar-powered cellular BTS-enabled vehicle, the Mobile 'Greenery' vehicle. It is a transportable cellular BTS that is used to provide temporary coverage in areas affected by BTS failure or to provide additional capacity in areas where the number of mobile users has increased dramatically. The van can also be used as a rapid emergency deployment asset, on occasions where accidents and disasters could affect the current mobile communications infrastructure within an area. The cellular BTS in the van is entirely self-sustaining, powered by four solar-panels and a bank of rechargeable batteries, which allows it to power up mobile communications within an area of 500m for at least eight hours, reducing its reliance on the main utility grid or from external generators.

By the end of 2011, we are committed to transforming 50% of our mobile base stations across the island to be more energy-efficient.

In terms of our backend infrastructure, StarHub currently manages two data centres in Singapore. Over the course of 2010, we have enhanced the cabling management and air-conditioning

efficiency of these centres in order to reduce energy consumption, and ensure that the servers in the data centres can run more efficiently.

Green marketing

StarHub has increasingly implemented a number of initiatives to reduce our dependence on printed material for our marketing efforts. For example, a majority of our invitations to our marketing events are issued as e-invites; we have also used e-cards during festive seasons rather than printed greeting cards. In terms of our newsletters to business customers, we have made available an electronic version of the latest issues online on our website. In 2010, we have also reduced the number of physical printed copies of our newsletters, compared to 2009. Finally, since 2009, we have started to make our Annual Reports and EGM Circulars primarily available in electronic format.

Internal operations

For StarHub's internal working environment, we introduced several initiatives to reduce our reliance on paper.

First of all, we introduced a 'Green' component to the company-wide Balance Scorecard, a strategic performance management tool used to keep track of the performance level of the company's various departments. The Green component is mainly focused on increasing our paper recycling efforts and limiting our paper consumption.



StarHub introduced Singapore's first solar-powered cellular BTS-enabled vehicle, the Mobile 'Greenery' vehicle.



StarHub continues to engage both its employees and the community at large on green issues in 2010.

Hence, we had implemented a paper-recycling system at all our offices in StarHub Green, Noble House, at our Tai Seng offices and at Ayer Rajah, channeling all internal waste paper (newspapers, out-dated brochures, and shredded paper bundles) to centralised storage areas to be collected by our authorised paper-recycling company. In 2010, StarHub had recycled roughly 8,000 kilograms in waste paper, which translates to be about 130 trees saved during the year. We expect to improve on this score in 2011.

Finally, we should note that all paper consumed by StarHub for its internal processes are FSC-certified. FSC, which stands for Forest Stewardship Council, an independent, non-governmental, not-for-profit organisation established to promote the responsible management of the world's forests. FSC certification provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value.

StarHub's main office StarHub Green at Ubi was awarded the Green Mark Gold by the Building and Construction Authority in Singapore in 2009.

The Green Mark certification is a benchmarking scheme which incorporates internationally recognised best practices in environmental design and performance in buildings.

Green education and community engagement programmes

StarHub continues to engage both its employees and the community at large on green issues in 2010.

At the start of the year, StarHub continued its support of Earth Hour, a global awareness campaign designed to raise awareness of climate change by asking participants to switch off their lights for a pre-determined hour. On 27 March 2010, we turned off our lights and dimmed our shop fronts and Customer Service Centres from 8:30pm to 9:30pm. We also implemented the same procedures a day before, during lunch hour, to create awareness and demonstrate our commitment to the cause. A few weeks prior, we actively promoted Earth Hour to our customer base across pay TV, and shop fronts.

In 2010, we participated in two school-drive green programmes given our belief that adopting a greener lifestyle starts at a young age.

The first was the National Youth Envirolympics Challenge 2010 (NYEC 2010), which was organised in conjunction with World Environment Day on 5 June 2010. The event was organised by the Ci Yuan CC YEC and the Youth Envirolympics Council, and with the support of the

Environmental Performance

National Environment Agency (NEA) and PA Youth Movement. In its third year, the NYEC 2010 saw more than 100 teams of five participate in the En-Mazing Race, a racing competition where students travel all over Singapore participating in environmentally-themed station games and engaging in public advocacy to win prizes. There was also an eco-concert and exhibition where over 1,500 participants and volunteers attended. StarHub was the official media sponsor and was promoting the event on our cable TV channels. We also sponsored environmentally-friendly bags to all students that joined in the challenge.

StarHub was also the media sponsor for the Clean & Green Schools Carnival 2010, held at Anchor Green Primary School on 10 and 11 November 2010.

The Clean & Green Singapore (CGS) is an annual nation-wide campaign organised by the NEA. The campaign serves as a platform to promote environmental ownership to the general public as well as showcasing and recognising the environmental sustainability efforts by the various organisations in the People, Public and the Private sector. The first Clean & Green campaign was inceptioned in 1990 that has evolved from a week-long event to a year-long campaign.

One of the most prominent events during the CGS is the Schools' Carnival. NEA work with schools and corporate partners to organise build-up activities

and joint environmental projects from the beginning of the year, culminating with a showcase of the school's and corporate partner's joint project and activities during the Schools' Carnival. The Schools' Carnival also serves as a national platform to feature the winning and outstanding entries from the build-up activities submitted by students from pre-school to tertiary levels. The Carnival has been open to all educational institutions and the general public.

This year, the Schools' Carnival saw the participation of over 10,000 students, teachers and parents from 230 schools, the highest to date. StarHub had sponsored the top prizes in the Environment Project Competition.

Direction for 2011

StarHub will continue to increase its Green efforts in 2011. Specifically, StarHub will begin to closely monitor the energy consumption of its entire operations. We will continue our recycling efforts and introduce new initiatives to promote environmental awareness amongst youths and the general public, and enhance our engagement in these areas.

Workplace Development

Our employees are the bedrock foundation of our current and future successes. Providing our employees with meaningful growth opportunities and relevant competency and skills is important to supporting StarHub's growth in business.

Our talent management strategy involves strengthening our executive pool of leadership in StarHub by holistically and proactively creating a pipeline of future executives through the identification and development of talents at various levels in the organisation. StarHub's staff development structure encompasses three supporting pillars:

1. Self-Discovery;
2. Coaching Development; and
3. Career Development and Talent Engagement.

It is important that the individual talent develops heightened self awareness in areas such as (but not confined to) their personality, motivation, emotional quotient, thinking style, etc in order to build on their strengths and minimise gaps. The process of coaching accelerates the talents' progress by providing greater focus and awareness of choice. It concentrates on where the talents are now and what they are willing to do to get to where they want to be in the future. Engaging the talents on assignments, job rotation, networking and knowledge-based development will complete the development process.

The intensive and long-term nature of such development processes, coupled with the need for individualisation, necessitates a focused application to StarHub's high potentials and potential successors to key positions.

We view growth as a self-driven process, in that employees must take a proactive role in driving their own career development. Employees choose how fast, and how far, they wish to advance in their careers. StarHub's role is to support and facilitate this journey to the best of its abilities by partnering with employees to equip them with relevant tools and development opportunities.

In addition to internal talent identification and development, we continue to pool talents from external sources through partnerships with reputable agencies and institutions.

Finally, an effective Talent Management needs to be supported by a progressive learning and development framework and a sound reward and compensation philosophy.



Employees choose how fast, and how far, they wish to advance in their careers.

Workplace Development

StarHubbers Learning Roadmap

StarHub Foundation

Attracting and retaining best talents is the key to StarHub's success. StarHub Foundation is a structured orientation process that all new StarHubbers should complete to provide a foundational understanding of StarHub. This aims to integrate the new StarHubber into our StarHub family, through alignment of core values and branding.

StarHub Essentials

StarHubbers are special breed of individuals who are creative and have a passion for excellence, integrity and dedication. StarHub Essentials are programmes targeted to nurture and equip all StarHubbers with skills & attributes that will keep us on the cutting edge, differentiating us from our competitors.

Key Programmes

StarHub takes pride in providing StarHubbers with meaningful growth opportunities and career development. Key Programmes are programmes that impart the fundamental leadership competencies required by StarHubbers at the different job brands.

Recommended Programmes

At StarHub, we believe in ongoing learning for StarHubbers. Recommended programmes target to impart useful skills to StarHubbers at the different job brands.

Corporate culture and development

In StarHub, we believe that learning and development is a journey that is planned for all our employees as they grow with the organisation. A holistic learning roadmap is planned for all StarHubbers to ensure that all are given a structured guidance of the learning opportunities in StarHub as well as to provide our employees with meaningful growth opportunities and relevant competency and skills to support StarHub's growth in business.

StarHubbers Learning Roadmap comprises four key pillars to support our employee growth.

StarHub employees' learning process begins the moment they join our StarHub Family. Orientation is a process, not an event, which begins with an individual's first experience with the company. As such, an enjoyable and strong orientation programme is put in place to introduce,

welcome, and assist StarHubbers in becoming productive as quickly as possible in StarHub's environment. This aims to integrate the new employee into our StarHub family, through alignment of core values and branding.

In StarHub, we espouse the ExCITE Core Value philosophy. ExCITE stands for Excellence, Creativity, Integrity and Teamwork, and it is these core values that is promoted actively within the company. On the other hand, StarHub also encourages building a HAPPY personality while working in StarHub. HAPPY once again is a useful mnemonic that StarHub employees are made fully aware of when they join the company. It represents Happiness (in the delivery of services to our customers), Agility (in responding to our customers' needs), Passion (in our working lives), Proactive (in what we need to be) and You, where employees are unique individuals and should be treated as such.

StarHub's core values and personality traits are infused throughout the organisation through use of various communication channels such as induction programmes, ExCITE and HAPPY workshops, wall murals, internal newsletters and teaming. Building a culture which embodies our core values is essential to enhancing employee engagement and in return, translating this engagement to higher performance and long term sustainability. This is a fundamental process to building a sustainable corporate culture.

To keep StarHub on the cutting edge, joint accountability from the organisation, the business and the individuals is vital to ensure that all StarHub employees are equipped with the right tools to excel in the marketplace. A conscious effort is also made to ensure the continuity of existing core technical and functional skills and to develop critical skills required for the future.



StarHub believes that learning and development is a planned journey for all our employees.



We regard our people as one of our key competencies as we continue to excel on the business front.

All in all, in StarHub, we believe that everyone is a talent and our aim is to provide strong learning opportunities for them to excel at their current jobs and to grow into new ones through a fun yet rewarding learning journey.

Talent retention

StarHub embraces the philosophy of attracting, retaining, motivating and rewarding employees by implementing a total compensation framework which effectively links rewards to performance and aligns the needs of shareholders and employees.

While we are holding basic salaries at market-competitive levels, the direction we have adopted is to enhance the performance-linked variable pay in order to motivate the desired performance-oriented behaviours. This variable pay takes the form of not only short-term incentives like variable bonuses, performance cash plans and awards for driving innovation and going the extra mile, it also includes long-term incentives like share plans and Economic Value-Added (EVA) plans. These long-term incentives offer employees a stake in the ownership of the company and thereby in its long-term viability. They serve as additional motivational tools to attract and/or retain selected key employees whose contributions are essential to the Company's long-term growth and prosperity.

In addition to the above, a substantial part of the company's staff well-being is channelled into caring for them and their families. This includes health benefits, insurance, leave, company products and

services subsidies. The objectives include giving employees adequate protection against untoward health circumstances and addressing employees' needs for striking a work-life balance.

The amalgamation of the entire compensation framework serves as an effective communication tool to drive the work culture of the Company. The strategic priority of the Company hinges on the reliable delivery of customer service and the maximising of customer satisfaction. This involves continuous improvement of operations and building a workforce that fosters a customer-focus mentality and developing innovation on an ongoing basis. Our compensation framework which rewards and recognises desired behaviours, reinforces and aligns employees to the work culture – one which values collaboration, innovation, customer responsiveness and the ability to deliver reliably on commitments to customers as primary business objectives.

Employee engagement

At StarHub, we regard our people as one of our key competencies as we continue to excel on the business front. We believe that results are best achieved through strong work teams that are fully engaged, and positive employees that ultimately create happy customers for our business. Hence, we are continuously focused on creating an environment encouraging and helping our employees adopt a healthier and happier lifestyle.

We have put in place a robust workplace health promotion programme for our employees as we see the importance

Workplace Development

of physical, emotional and mental well-being as key to increasing employee engagement and productivity.

StarHub employees can choose from a wide range of workplace facilities and activities to enhance their well-being. An in-house staff gym, massage chairs, pool table, table soccer, and reading rooms are provided for staff relaxation needs. Our employees can choose to participate in exercise classes (e.g. Kickboxing, Yoga or Pilates) held at our office premises after a long day at work. Annual health screenings are offered to promote health awareness and massage-at-work sessions are sometimes organised to help employees to relieve stress. In addition, treats such as fruits, healthy beverages and snacks are also available on a monthly basis. For our efforts in workplace health, StarHub was awarded Bronze at the Singapore Health Awards in 2010.

StarHub employees also get to enhance their knowledge and development through our regular stream of lunch-time educational talks and workshops on fitness and health, financial planning, and social etiquette.

We understand that engagement to the company often begins with engagement with fellow colleagues. Establishing good

working relationships with colleagues through common interests and social activities is crucial to maintaining a healthy work-life balance, and creating a fun and cohesive work culture. As such, we provide various teambuilding and interaction opportunities for our employees through sports competitions and annual marathon runs.

In 2010 for example, we took part in three marathons, namely StarHub Urban Freestyle Run, JP Morgan Corporate Run and Standard Chartered Marathon Singapore. These were well-attended events, with over 1,000 StarHub employees participating. While they foster a deeper sense of camaraderie among teams, they also reap the benefits of building stronger bodies and abler minds.

For StarHub, it is important that each employee gains a sense of job satisfaction and even greater confidence in knowing that he or she is a valued member of a winning team, of a caring organisation.



StarHub believes that establishing good working relationships with colleagues through social activities is crucial to maintaining a healthy work-life balance.

Financial Statements

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Directors' Report

Year ended 31 December 2010

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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 2010.

Directors

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

Tan Guong Ching	(Chairman)
Neil Montefiore	(CEO) (Appointed as Director and CEO on 1 January 2010)
Kua Hong Pak	
Peter Seah Lim Huat	
Nihal Vijaya Devadas Kaviratne CBE	
Lee Theng Kiat	
Steven Terrell Clontz	
Lim Ming Seong	
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)
Guy William Norman	(Alternate to Nasser Marafih)

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 2010	31 December 2010
The Company		
Ordinary shares		
Tan Guong Ching	10,300	24,200
Neil Montefiore	–	750,000
Peter Seah Lim Huat	470,710	482,110
Nihal Vijaya Devadas Kaviratne CBE	8,400	9,900
Lee Theng Kiat	163,730	173,230
Steven Terrell Clontz	6,923,910 ⁺	4,462,000 ⁺
Lim Ming Seong	179,600	217,300
Teo Ek Tor	51,550	61,550
Liu Chee Ming	94,850 ⁺	102,850 ⁺
Robert J. Sachs	31,400	39,400
Nasser Marafih	–	1,700

+ Held (partly or wholly) by a nominee.

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Shares in the Company and in related corporations (continued)

	1 January 2010	31 December 2010
Related Corporations		
Global Crossing Limited		
Common stock of US\$0.01 each		
Peter Seah Lim Huat	21,618	25,522
Lee Theng Kiat	17,506	21,586
Steven Terrell Clontz	18,916	23,273
Robert J. Sachs	18,916	23,273
i-STT Investments Pte Ltd		
Ordinary shares (held in trust for STT Communications Ltd)		
Lee Theng Kiat	1	1
Singapore Airlines Limited		
Ordinary shares		
Tan Guong Ching	2,000	2,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Tan Guong Ching	966	13,857
Peter Seah Lim Huat	335,108	391,483
Lim Ming Seong	45,790	62,434
Singapore Telecommunications Limited		
Ordinary shares		
Tan Guong Ching	2,840	2,840
Kua Hong Pak	3,027	3,027
Peter Seah Lim Huat	3,040	3,040
Lee Theng Kiat	1,610	1,610
Sio Tat Hiang	1,490	1,490

Directors' Report

Year ended 31 December 2010

Shares in the Company and in related corporations (continued)

	1 January 2010	31 December 2010
SMRT Corporation Ltd		
Ordinary shares		
Tan Guong Ching	11,000	11,000
SP Australia Networks (Transmission) Ltd ("SPANTL")		
SP Australia Networks (Distribution) Ltd ("SPANDL")		
SP Australia Networks (Finance) Trust ("SPANFT")		
Stapled securities comprising shares in SPANTL and SPANDL and units in SPANFT		
Tan Guong Ching	140,685	160,935
STATS ChipPAC Ltd		
Ordinary shares		
Peter Seah Lim Huat	6,900	6,900
Steven Terrell Clontz	800	800
Lim Ming Seong	6,900	6,900
TeleChoice International Limited		
Ordinary shares		
Peter Seah Lim Huat	50,000	50,000
Lim Ming Seong	60,000	60,000
Sio Tat Hiang	150,000	150,000

Options and other interests in the Company and in related corporations

	1 January 2010	31 December 2010	Exercise Price \$	Exercise Period
The Company				
Options to subscribe for ordinary shares				
Lim Ming Seong	25,500	–	1.52	31.05.2006 to 30.05.2010

	1 January 2010	31 December 2010
The Company		
Conditional awards of shares under StarHub Performance Share Plan		
Neil Montefiore	–	303,600 ⁽¹⁾
Steven Terrell Clontz	240,000 ⁽²⁾	–

⁽¹⁾ A conditional award was granted in May 2010. The performance period is from 2010 to 2012. No shares will be delivered if the threshold performance targets are not achieved while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

⁽²⁾ A conditional award was granted in March 2007. The performance period was from 2007 to 2009. The final award was granted in 2010 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were delivered in 2010.

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

	1 January 2010	31 December 2010
The Company		
Conditional awards of shares under StarHub Restricted Stock Plan		
Tan Guong Ching	20,652 ⁽³⁾ 23,300 ⁽⁴⁾ 23,300 ⁽⁵⁾ –	10,352 ⁽³⁾ 7,118 ⁽⁴⁾ 23,300 ⁽⁵⁾ 26,000 ⁽⁶⁾
Neil Montefiore	–	264,000 ⁽⁷⁾
Peter Seah Lim Huat	16,712 ⁽³⁾ 19,000 ⁽⁴⁾ 19,000 ⁽⁵⁾ –	8,312 ⁽³⁾ 5,740 ⁽⁴⁾ 19,000 ⁽⁵⁾ 20,000 ⁽⁶⁾
Nihal Vijaya Devadas Kaviratne CBE	16,712 ⁽³⁾ 19,000 ⁽⁴⁾ 19,000 ⁽⁵⁾ –	8,312 ⁽³⁾ 5,740 ⁽⁴⁾ 19,000 ⁽⁵⁾ 20,000 ⁽⁶⁾
Lee Theng Kiat	14,024 ⁽³⁾ 15,800 ⁽⁴⁾ 15,800 ⁽⁵⁾ –	7,024 ⁽³⁾ 4,768 ⁽⁴⁾ 15,800 ⁽⁵⁾ 18,000 ⁽⁶⁾
Steven Terrell Clontz	–	15,000 ⁽⁶⁾
Lim Ming Seong	18,202 ⁽³⁾ 19,800 ⁽⁴⁾ 19,800 ⁽⁵⁾ –	9,102 ⁽³⁾ 6,008 ⁽⁴⁾ 19,800 ⁽⁵⁾ 22,000 ⁽⁶⁾
Teo Ek Tor	14,746 ⁽³⁾ 17,400 ⁽⁴⁾ 17,400 ⁽⁵⁾ –	7,446 ⁽³⁾ 5,304 ⁽⁵⁾ 17,400 ⁽⁵⁾ 19,000 ⁽⁶⁾
Liu Chee Ming	11,912 ⁽³⁾ 13,400 ⁽⁴⁾ 13,400 ⁽⁵⁾ –	6,012 ⁽³⁾ 4,064 ⁽⁴⁾ 13,400 ⁽⁵⁾ 15,000 ⁽⁶⁾
Robert J. Sachs	11,912 ⁽³⁾ 13,400 ⁽⁴⁾ 13,400 ⁽⁵⁾ –	6,012 ⁽³⁾ 4,064 ⁽⁴⁾ 13,400 ⁽⁵⁾ 15,000 ⁽⁶⁾
Nasser Marafih	11,000 ⁽⁴⁾ 11,000 ⁽⁵⁾ –	3,360 ⁽⁴⁾ 11,000 ⁽⁵⁾ 12,000 ⁽⁶⁾

⁽³⁾ A conditional award was granted in May 2007. The performance period was from 2007 to 2008. The final award was granted in 2009 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2009 and 2010, and the balance will be delivered in 2011.

⁽⁴⁾ A conditional award was granted in May 2008. The performance period was from 2008 to 2009. The final award was granted in 2010 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2010 and the balance will be delivered in phases according to the stipulated vesting periods in 2011 and 2012.

⁽⁵⁾ A conditional award was granted in May 2009. The performance period is from 2009 to 2010. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

⁽⁶⁾ An award of time-based restricted shares was granted in May 2010. Subject to the satisfactory completion of the pre-determined time-based service conditions, the shares under the award will be vested and delivered in May 2011.

⁽⁷⁾ A conditional award was granted in May 2010. The performance period is from 2010 to 2011. No shares will be delivered if the threshold performance targets are not achieved while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. Shares will be delivered in phases according to the stipulated vesting periods.

Directors' Report

Year ended 31 December 2010

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

	1 January 2010	31 December 2010	Exercise Price \$	Exercise Period
Related Corporations				
Global Crossing Limited				
Options to subscribe for common stock of US\$0.01 each				
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
Steven Terrell Clontz	12,000	12,000	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

	1 January 2010	31 December 2010	Vesting Date
Global Crossing Limited			
Restricted stock units			
Peter Seah Lim Huat	2,345	–	04.06.2010
	–	7,229	08.07.2011
Lee Theng Kiat	2,345	–	04.06.2010
	–	7,229	08.07.2011
Steven Terrell Clontz	2,345	–	04.06.2010
	–	7,229	08.07.2011
Robert J. Sachs	2,345	–	04.06.2010
	–	7,229	08.07.2011

	1 January 2010	31 December 2010	Exercise Price \$	Exercise Period
Singapore Technologies Engineering Ltd				
Options to subscribe for ordinary shares				
Tan Guong Ching	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

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

	1 January 2010	31 December 2010	Exercise Price \$	Exercise Period
Related Corporations (continued)				
Singapore Technologies Engineering Ltd (continued)				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	22,250	–	2.37	08.02.2006 to 07.02.2010
	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	–	2.37	08.02.2006 to 07.02.2010
	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

	1 January 2010	31 December 2010
Singapore Technologies Engineering Ltd		
Conditional awards of shares		
Tan Guong Ching	1,933 ⁽⁸⁾	967 ⁽⁸⁾
	8,250 ⁽⁹⁾	2,351 ⁽⁹⁾
	–	4,400 ⁽¹⁰⁾
Peter Seah Lim Huat	10,716 ⁽⁸⁾	5,358 ⁽⁸⁾
	45,750 ⁽⁹⁾	13,034 ⁽⁹⁾
	–	24,000 ⁽¹⁰⁾
Lim Ming Seong	1,582 ⁽⁸⁾	792 ⁽⁸⁾
	6,000 ⁽⁹⁾	1,710 ⁽⁹⁾
	–	3,200 ⁽¹⁰⁾

⁽⁸⁾ The minimum threshold performance over the period from 1 January 2008 to 31 December 2008 was required for any restricted shares to be released. The final award was granted in 2009 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2009 and 2010, and the balance will be delivered in 2011.

⁽⁹⁾ The minimum threshold performance over the period from 1 January 2009 to 31 December 2009 was required for any restricted shares to be released. The final award was granted in 2010 based on the actual level of achievement of the pre-determined performance targets. The shares under the final award were partially delivered in 2010 and the balance will be delivered in phases according to the stipulated vesting periods.

⁽¹⁰⁾ The minimum threshold performance over the period from 1 January 2010 to 31 December 2010 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.

Directors' Report

Year ended 31 December 2010

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

	1 January 2010	31 December 2010	Exercise Price \$	Exercise Period
STATS ChipPAC Ltd				
Options to subscribe for ordinary shares				
Peter Seah Lim Huat	70,000	70,000	1.99	06.08.2004 to 05.08.2013
	35,000	35,000	1.91	17.02.2005 to 16.02.2014

	1 January 2010	31 December 2010	Vesting Period
STATS ChipPAC Ltd			
Restricted share units			
Peter Seah Lim Huat		6,900	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 2011 except for the change in the following director's interests in the Company:

Ordinary shares in the Company

	31 December 2010	21 January 2011
The Company		
Ordinary shares		
Steven Terrell Clontz	4,462,000 ⁺	4,000,000 ⁺

⁺ Held (partly or wholly) by a nominee.

Except as disclosed under the "Options and other interests" section of this report, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

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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 three directors, namely Peter Seah Lim Huat (Chairman), Lee Theng Kiat and Lim Ming Seong.

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) As at 31 December 2010, there was no option outstanding held by the directors of the Company.
- (iii) Details of options granted to directors of the Company under the StarHub Share Option Plans are as follows:

Name of director	Aggregate options granted and accepted since commencement of the StarHub Share Option Plans to 31 December 2010	Aggregate options exercised since commencement of the StarHub Share Option Plans to 31 December 2010
StarHub Share Option Plan 2000		
Peter Seah Lim Huat	93,750	93,750
Lee Theng Kiat	143,750	143,750
Steven Terrell Clontz	6,875,010	6,875,010
Lim Ming Seong	118,750	118,750
Lim Chin Beng #	143,750	143,750
StarHub Share Option Plan 2004		
Peter Seah Lim Huat	44,250	44,250
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	44,250
Teo Ek Tor	44,250	44,250
Liu Chee Ming	44,250	44,250
Robert J. Sachs	25,500	25,500

Mr Lim Chin Beng retired as a Director on 15 April 2010.

- (iv) As at the end of the financial year, no options have been granted to controlling shareholders of the Company or its associates or to directors or employees of the Parent Group.
- (v) No options had been offered at a discount during the financial year.
- (vi) The options granted by the Company do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company.

Directors' Report

Year ended 31 December 2010

Equity Compensation Benefits (continued)

(vii) During the financial year, a total of 1,809,161 ordinary shares fully paid in the Company were issued pursuant to the exercise of options under the StarHub Share Option Plans at exercise prices of between \$0.48 and \$1.52 per share.

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

Number of optionholders	Exercise period	Number of unissued shares	Exercise price per share
3	28.04.2002 to 27.04.2011	4,125	0.880
9	27.10.2002 to 26.10.2011	6,625	0.880
15	29.11.2002 to 29.11.2012	64,623	0.680
15	27.04.2003 to 26.04.2012	15,500	0.880
53	30.11.2003 to 29.11.2012	220,510	0.880
79	31.05.2004 to 30.05.2013	179,952	0.880
126	29.11.2004 to 28.11.2013	270,700	0.880
205	03.04.2005 to 02.04.2014	376,096	0.960
300	27.11.2005 to 26.11.2014	659,544	0.985
533	31.05.2006 to 30.05.2015	2,213,811	1.520
Total		4,011,486	

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

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

(i) The StarHub Performance Share Plan and the StarHub Restricted Stock Plan were implemented with the objectives of motivating key executives to strive for superior performance and sustaining long-term growth for the Group.

(ii) The following persons shall be eligible to participate in the aforesaid plans at the absolute discretion of the ERCC:

(1) employees (including executive directors) and non-executive directors of the Group;

(2) employees (including executive directors) and non-executive directors of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as an employee of the Group for the purposes of the StarHub Performance Share Plan and the StarHub Restricted Stock Plan; and

(3) employees and non-executive directors of the Company's associated companies, who in the opinion of the ERCC, have contributed or will contribute to the success of the Group.

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

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

Since the commencement of the StarHub Performance Share Plan to the financial year ended 31 December 2010, conditional awards aggregating 6,000,750 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.

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Equity Compensation Benefits (continued)

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 2010	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2010
Executive director:				
Neil Montefiore	303,600	303,600	–	303,600
Key executives	369,150	3,754,150	56,160	940,150

- (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 2010:

- (1) performance-based restricted awards aggregating 9,392,100 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 1.3 times or as the case may be 1.5 times, the number of shares that are the subject of the award, will be delivered if stretched performance targets are met or exceeded;
- (2) a time-based restricted award of 100,000 shares has been granted on 15 January 2009. The shares under this award will vest in three equal tranches over a 3-year period from 1 January 2009 to 31 December 2011 according to a specified vesting schedule; and
- (3) a time-based restricted award of 213,000 shares has been granted on 17 May 2010. The shares under this award will vest in full contingent upon the participants' continued tenure as non-executive directors of the Company for a full one-year period from the date of grant.

Directors' Report

Year ended 31 December 2010

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 2010	Share awards vested during the financial year	Aggregate share awards outstanding as at 31 December 2010
Non-executive directors:				
Tan Guong Ching	26,000	93,800	13,900	66,770
Peter Seah Lim Huat	20,000	75,200	11,400	53,052
Nihal Vijaya Devadas Kaviratne CBE	20,000	75,200	11,400	53,052
Lee Theng Kiat	18,000	64,000	9,500	45,592
Steven Terrell Clontz	15,000	15,000	0	15,000
Lim Ming Seong	22,000	80,300	12,200	56,910
Lim Chin Beng #	–	38,300	7,700	23,054
Teo Ek Tor	19,000	68,900	10,000	49,150
Liu Chee Ming	15,000	54,000	8,000	38,476
Robert J. Sachs	15,000	54,000	8,000	38,476
Nasser Marafih	12,000	34,000	1,700	26,360
Executive director:				
Neil Montefiore	264,000	264,000	–	264,000
Key employees	1,988,000	8,007,400	1,108,800	4,309,892

Mr Lim Chin Beng retired as a Director on 15 April 2010.

As at 31 December 2010, 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:

- the total number of new shares available under the StarHub Share Option Plans, StarHub Performance Share Plan and StarHub Restricted Stock Plan collectively; and
- 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.

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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.

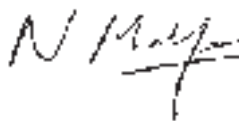
Auditors

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

On behalf of the Board of Directors



Tan Guong Ching
Director



Neil Montefiore
Director

Singapore
11 February 2011

Statement by Directors

Year ended 31 December 2010

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In our opinion:

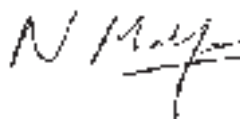
- (a) the financial statements set out on pages 104 to 148 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year 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



Neil Montefiore
Director

Singapore
11 February 2011

Independent Auditors' Report

Year ended 31 December 2010

Members of the Company

StarHub Ltd

Report on the financial statements

We have audited the accompanying financial statements of StarHub Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the income statement and statement of comprehensive income and statement of changes in equity of Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 104 to 148.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the income statement and statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore
11 February 2011

Statements of Financial Position

As at 31 December 2010

	Notes	GROUP		COMPANY	
		2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Non-current assets					
Property, plant and equipment	3	776.0	785.1	328.8	347.8
Intangible assets	4	451.6	415.8	154.7	133.9
Subsidiaries	5	–	–	1,202.1	1,174.1
Deferred tax assets	6	4.5	5.3	–	–
		1,232.1	1,206.2	1,685.6	1,655.8
Current assets					
Inventories	7	31.8	28.2	25.2	22.8
Trade receivables	8	173.9	125.3	164.4	91.4
Other receivables, deposits and prepayments	9	101.7	116.1	18.1	22.5
Balances with related parties	10	16.5	22.6	614.7	714.4
Cash and bank balances	11	237.5	234.2	180.2	132.3
		561.4	526.4	1,002.6	983.4
Current liabilities					
Trade payables and accruals		(437.7)	(377.2)	(274.3)	(223.0)
Other payables	12	(237.4)	(196.4)	(78.6)	(59.9)
Balances with related parties	10	(41.8)	(42.1)	(187.3)	(143.5)
Bank loans	13	(330.4)	(290.4)	(330.4)	(290.4)
Provision for taxation		(25.8)	(19.4)	(25.2)	(19.4)
		(1,073.1)	(925.5)	(895.8)	(736.2)
Net current (liabilities)/assets		(511.7)	(399.1)	106.8	247.2
Non-current liabilities					
Bank loans	13	(475.0)	(605.4)	(475.0)	(605.4)
Other payables	12	(38.2)	(8.1)	(38.2)	(8.1)
Deferred income	14	(45.1)	(6.6)	–	–
Deferred tax liabilities	6	(108.1)	(61.2)	(71.4)	(47.7)
		(666.4)	(681.3)	(584.6)	(661.2)
Net assets		54.0	125.8	1,207.8	1,241.8
Shareholders' equity					
Share capital	15	260.3	257.5	260.3	257.5
Reserves	17	(206.3)	(131.7)	947.5	984.3
Total equity		54.0	125.8	1,207.8	1,241.8

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

Income Statements

Year ended 31 December 2010

	Notes	GROUP		COMPANY	
		2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Operating revenue	18	2,237.7	2,150.0	1,044.8	932.2
Operating expenses	19	(1,901.4)	(1,741.6)	(934.6)	(791.9)
Other income	20	6.0	–	231.0	242.0
		342.3	408.4	341.2	382.3
Finance income	21	1.8	0.8	16.2	17.4
Finance expense	21	(26.6)	(24.0)	(26.6)	(22.9)
Net finance costs		(24.8)	(23.2)	(10.4)	(5.5)
Profit before taxation		317.5	385.2	330.8	376.8
Taxation	22	(54.3)	(65.5)	(29.7)	(43.8)
Profit for the year		263.2	319.7	301.1	333.0
Attributable to:					
Equity holders of the Company		263.2	319.7	301.1	333.0
Profit for the year		263.2	319.7	301.1	333.0
Earnings per share					
Basic (cents)	23	15.34	18.68		
Diluted (cents)	23	15.27	18.58		
EBITDA	24	601.8	653.5		

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

Statements of Comprehensive Income

Year ended 31 December 2010

	Note	GROUP		COMPANY	
		2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Profit for the year		263.2	319.7	301.1	333.0
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedge, (net of tax)	22	(0.3)	5.0	(0.4)	4.0
Other comprehensive income for the year, net of tax		(0.3)	5.0	(0.4)	4.0
Total comprehensive income for the year		262.9	324.7	300.7	337.0
Attributable to:					
Equity holders of the Company		262.9	324.7	300.7	337.0
Total comprehensive income for the year		262.9	324.7	300.7	337.0

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

Statements of Changes in Equity

Year ended 31 December 2010

GROUP	Share Capital \$'mil	Treasury Shares \$'mil	Goodwill Written Off \$'mil	Share-Based Payments Reserve \$'mil	Hedging Reserve \$'mil	Retained Profits \$'mil	Total Reserves \$'mil	Total Equity \$'mil
At 1.1.2009	255.1	(6.0)	(276.3)	8.6	(12.4)	139.0	(147.1)	108.0
Issue of shares pursuant to share plans	2.4	-	-	-	-	-	-	2.4
Share-based payments expenses	-	-	-	5.1	-	-	5.1	5.1
Transfer from treasury shares to share-based payments reserve	-	3.0	-	(0.7)	-	-	2.3	2.3
Dividends paid (note 16)	-	-	-	-	-	(316.7)	(316.7)	(316.7)
Total comprehensive income for the year	-	-	-	-	5.0	319.7	324.7	324.7
At 31.12.2009	257.5	(3.0)	(276.3)	13.0	(7.4)	142.0	(131.7)	125.8
At 1.1.2010	257.5	(3.0)	(276.3)	13.0	(7.4)	142.0	(131.7)	125.8
Issue of shares pursuant to share plans	2.8	-	-	(0.6)	-	-	(0.6)	2.2
Share-based payments expenses	-	-	-	6.0	-	-	6.0	6.0
Transfer from treasury shares to share-based payments reserve	-	2.9	-	(2.7)	-	-	0.2	0.2
Dividends paid (note 16)	-	-	-	-	-	(343.1)	(343.1)	(343.1)
Total comprehensive income for the year	-	-	-	-	(0.3)	263.2	262.9	262.9
At 31.12.2010	260.3	(0.1)	(276.3)	15.7	(7.7)	62.1	(206.3)	54.0

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

Statements of Changes in Equity

Year ended 31 December 2010

COMPANY	Share Capital \$'mil	Treasury Shares \$'mil	Merger/ Capital Reserve \$'mil	Share-Based Payments Reserve \$'mil	Hedging Reserve \$'mil	Retained Profits \$'mil	Total Reserves \$'mil	Total Equity \$'mil
At 1.1.2009	255.1	(6.0)	276.5	8.6	(11.3)	688.8	956.6	1,211.7
Issue of shares pursuant to share plans	2.4	-	-	-	-	-	-	2.4
Share-based payments expenses	-	-	-	5.1	-	-	5.1	5.1
Transfer from treasury shares to share-based payments reserve	-	3.0	-	(0.7)	-	-	2.3	2.3
Dividends paid (note 16)	-	-	-	-	-	(316.7)	(316.7)	(316.7)
Total comprehensive income for the year	-	-	-	-	4.0	333.0	337.0	337.0
At 31.12.2009	257.5	(3.0)	276.5	13.0	(7.3)	705.1	984.3	1,241.8
At 1.1.2010	257.5	(3.0)	276.5	13.0	(7.3)	705.1	984.3	1,241.8
Issue of shares pursuant to share plans	2.8	-	-	(0.6)	-	-	(0.6)	2.2
Share-based payments expenses	-	-	-	6.0	-	-	6.0	6.0
Transfer from treasury shares to share-based payments reserve	-	2.9	-	(2.7)	-	-	0.2	0.2
Dividends paid (note 16)	-	-	-	-	-	(343.1)	(343.1)	(343.1)
Total comprehensive income for the year	-	-	-	-	(0.4)	301.1	300.7	300.7
At 31.12.2010	260.3	(0.1)	276.5	15.7	(7.7)	663.1	947.5	1,207.8

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

Consolidated Cash Flow Statement

Year ended 31 December 2010

	2010 \$'mil	2009 \$'mil
Operating activities		
Profit before taxation	317.5	385.2
Adjustments for:		
Depreciation and amortisation (net of asset grants)	259.5	245.1
Property, plant and equipment and intangible assets written-off	1.6	3.4
Accretion of deferred income related grants	(6.0)	–
Share-based payments	6.0	5.1
Changes in fair value of financial instruments	2.1	(2.9)
Interest expense	26.6	24.0
Interest income	(1.8)	(0.8)
Other non-cash items	0.6	0.7
Operating cash flow before working capital changes	606.1	659.8
Changes in working capital:		
Inventories	(3.6)	(7.7)
Trade receivables	(48.6)	2.4
Other receivables, deposits and prepayments	14.2	(3.1)
Trade payables, accruals and other payables	95.7	41.4
Related corporations balances (trade)	5.8	(0.4)
Net cash from operating activities	669.6	692.4
Investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	2.1	0.7
Purchase of property, plant and equipment and intangible assets	(272.1)	(231.4)
Interest received	1.8	0.8
Net cash used in investing activities	(268.2)	(229.9)
Financing activities		
Proceeds from issue of shares	2.2	2.4
Interest paid	(26.8)	(24.4)
Proceeds from loans	200.0	200.0
Repayment of loans	(290.4)	(217.9)
Dividends paid	(343.1)	(316.7)
Grants received	60.0	–
Net cash used in financing activities	(398.1)	(356.6)
Net increase in cash and cash equivalents	3.3	105.9
Cash and cash equivalents at beginning of year	234.2	128.3
Cash and cash equivalents at end of year (note 11)	237.5	234.2

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

Notes to the Financial Statements

Year ended 31 December 2010

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 11 February 2011.

1 Domicile and Activities

StarHub Ltd (“StarHub” or the “Company”) is incorporated in the Republic of Singapore and has its registered office at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942.

The principal activities of the Company are those relating to the operation and provision of telecommunications services and other businesses relating to the info-communications industry. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (the “Group”).

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) pursuant to the requirements of the Companies Act, Chapter 50.

The financial statements are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million, unless otherwise stated.

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

Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for annual periods beginning on 1 January 2010. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS 103 Business Combinations

For 1 January 2010, the Group has adopted FRS 103 (revised) Business Combinations. The change in accounting policy does not have material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Please refer to note 2.2 Basis of Consolidation which is explained in more details.

New accounting standards and interpretations not yet adopted

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

FRS 24 (revised 2010)	: Related party disclosures
Amendments to FRS 32	: Amendments relating to classification of rights issues
INT FRS 119	: Amendments relating to extinguishing financial liabilities with equity instruments
Improvements to FRSs 2010	

The initial application of the standards and interpretations relevant to the Group’s operations is not expected to have any material impact on the Group’s financial statements. The Group has not considered the impact of the accounting standards issued after 31 December 2010.

2.2 Consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

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

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

Under the historical cost method, the acquired assets and liabilities were recorded at their existing carrying amounts. The consolidated financial statements included the results of operations, and the assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of the shares issued in consideration for these transactions exceeded the par value of the shares held by the related corporations, the difference was recognised as a merger reserve in the Group's financial statements.

Where a subsidiary was 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 was recognised as a capital reserve by the Group and the Company.

All other acquisitions with unrelated parties are accounted for under the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Notes to the Financial Statements

Year ended 31 December 2010

2.2 Consolidation (continued)

Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the reporting date. Income, expenses and cash flows are translated at average rates prevailing during the period. Translation differences are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign subsidiary is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign subsidiary is transferred to the income statement as an adjustment to the profit or loss arising on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Goodwill and fair value adjustments 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.

All significant intra-group transactions, balances and unrealised gains/losses are eliminated on consolidation. Unrealised gains are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Otherwise they are recognised immediately in the income statement.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labour, an appropriate proportion of overheads, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised borrowing costs.

Subsequent expenditure relating to existing property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

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

Leasehold 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

Acquisitions prior to 1 January 2010

Goodwill arising on acquisition prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis as described in note 2.5.

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

Goodwill that has previously been taken to reserves is not taken to the income statement when the business is disposed or the goodwill is impaired. Similarly negative goodwill that has previously been taken to reserves is not taken to income statement when the business is disposed of.

Telecommunications licences

Telecommunications licences costs incurred is measured at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income statement using the straight-line method over the period of the licence, being 10 to 21 years, commencing from the effective date of the licence.

Computer software

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

Subsequent expenditure on capitalised intangible assets is added to the carrying value only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in income statement as incurred.

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

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

2.5 Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, in which case it is charged to other comprehensive income.

For goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amounts.

Notes to the Financial Statements

Year ended 31 December 2010

2.5 Impairment (continued)

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 (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. For the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level within the Group at which goodwill is monitored for internal reporting purposes.

Reversals of impairment

An impairment loss recognised in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the income statement.

2.6 Inventories

Inventories comprise goods held for resale and reserved telephone numbers. Inventories are valued at the lower of cost and net realisable value. The cost of goods held for resale is determined on the weighted average basis. Reserved telephone numbers are stated at cost and accounted for using the specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Allowance for obsolescence is made for all deteriorated, damaged, obsolete and slow-moving inventories.

2.7 Trade and other receivables

Trade and other receivables (including balances with related parties) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables. Allowance for doubtful receivables is made based on historical write-off patterns and ageing of accounts receivables. Bad debts are written off when incurred.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash balances and deposits with financial institutions and bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.9 Trade and other payables

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

2.10 Bank loans

Bank loans are initially recognised at fair value of the proceeds received less directly attributable transaction costs. After initial recognition, bank loans are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transactions costs) and the settlement or redemption of the bank loans is recognised in income statement over the period of the bank loans.

2.11 Employee benefits

Share-based payment

Share Option Plans

The Share Option Plans allow the Group employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees and directors become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

Performance Share Plan and Restricted Stock Plan

The Performance Share Plan and the Restricted Stock Plan are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity.

Defined contribution plans

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

Other short-term benefits

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

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

2.12 Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable from a sales transaction which attracts customer loyalty credits or points is allocated between the customer loyalty points and the other component of the sale. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the customer loyalty points for which they could be redeemed. The fair value of the customer loyalty points is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as unearned revenue until the customer loyalty points are redeemed. At this juncture, the cost of fulfilling the customer loyalty credits is also recognised.

2.13 Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the Financial Statements

Year ended 31 December 2010

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

2.15 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 income statement as follows:

- Revenue from telecommunications, broadband and cable television services and advertising space is recognised at the time such services are rendered. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as unearned revenue.
- Revenue from sale of pre-paid and phone cards for which services have not been rendered is deferred and presented in the statement of financial position as unearned revenue. Upon the expiry of pre-paid and phone cards, any unutilised value of the cards is taken to the income statement.
- Revenue from sale of equipment is recognised upon delivery and acceptance of the equipment sold.
- Revenue from bundled products and services is recognised based on values allocated to the individual elements of the bundled products and services in accordance to the earning process of each element.
- Interest income is recognised on a time-apportioned basis taking into account the principal outstanding at the applicable rate.

2.16 Finance costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

2.17 Government grants

Government grants received, which are designated for the purchase of property, plant and equipment, are accreted to the income statement on a straight-line basis over the estimated useful lives of the related assets, so as to match the related depreciation expense.

Government grants received, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the periods necessary to match the related cost which they are intended to compensate.

2.18 Marketing and promotions

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

2.19 Operating leases

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

2.20 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.

2.21 Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such tax is recognised in equity, or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided based on the expected realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.22 Dividends

Interim dividends to the Company's shareholders are recognised in the financial year in which they are declared payable. Final dividends to the Company's shareholders are recognised in the financial year in which the dividends are approved by the shareholders.

2.23 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at exchange rates approximate to those ruling at the reporting date. Transactions in foreign currencies are translated at rates ruling on transaction dates. The translation differences arising from such transactions are included in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Singapore dollars at the exchange rate at the date on which fair value was determined.

Notes to the Financial Statements

Year ended 31 December 2010

2.24 Derivative financial instruments

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

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value prevailing at reporting date. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in note 2.25.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

2.25 Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the Hedging Reserve in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For other cash flow hedges, the associated cumulative gain or loss that was recognised in other comprehensive income is removed and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

2.26 Segment reporting

With the adoption of FRS 108, segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The Group operates primarily in Singapore and delivers its Mobile, Pay TV, Broadband, Fixed network services and equipment sales on an operationally integrated network, customer service, sales, marketing and administration support. Based on the financial information regularly reviewed by the CODM, the Group has one operating and reporting segment.

2.27 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 at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 4 – measurement of recoverable amounts relating to goodwill impairment
- Note 8 – measurement of recoverable amounts of trade receivables
- Note 19.2.2 – measurement of share-based payments
- Note 27 – valuation of financial instruments

Notes to the Financial Statements

Year ended 31 December 2010

3 Property, Plant and Equipment

GROUP	Leasehold building \$'mil	Leasehold improvements \$'mil	Freehold property \$'mil	Network equipment \$'mil	Office equipment, computers and furniture and fittings \$'mil	Motor vehicles \$'mil	Construction in progress \$'mil	Total \$'mil
Cost								
At 1.1.2009	5.7	45.4	1.7	2,523.8	139.1	6.2	100.8	2,822.7
Additions	–	–	–	0.1	0.2	1.9	167.8	170.0
Transfers	–	26.2	–	161.5	9.8	–	(197.5)	–
Reclassifications	–	–	–	–	–	–	(0.1)	(0.1)
Disposals	–	–	–	(25.7)	(7.0)	(1.9)	–	(34.6)
Write-offs	–	(7.8)	–	(35.1)	(4.2)	–	–	(47.1)
At 31.12.2009	5.7	63.8	1.7	2,624.6	137.9	6.2	71.0	2,910.9
At 1.1.2010	5.7	63.8	1.7	2,624.6	137.9	6.2	71.0	2,910.9
Additions	–	0.9	–	31.2	0.4	1.3	190.5	224.3
Transfers	–	3.5	–	170.8	19.2	–	(193.5)	–
Disposals	–	(3.3)	–	(4.9)	(3.4)	(1.3)	–	(12.9)
Write-offs	–	(4.7)	–	(32.5)	(1.5)	–	–	(38.7)
At 31.12.2010	5.7	60.2	1.7	2,789.2	152.6	6.2	68.0	3,083.6
Accumulated depreciation and impairment losses								
At 1.1.2009	0.2	42.5	–	1,816.1	105.7	5.2	7.3	1,977.0
Charge for the year	0.2	4.8	–	206.3	15.2	0.5	–	227.0
Transfers	–	–	–	7.3	–	–	(7.3)	–
Disposals	–	–	–	(25.4)	(7.0)	(1.8)	–	(34.2)
Write-offs	–	(7.5)	–	(32.3)	(4.2)	–	–	(44.0)
At 31.12.2009	0.4	39.8	–	1,972.0	109.7	3.9	–	2,125.8
At 1.1.2010	0.4	39.8	–	1,972.0	109.7	3.9	–	2,125.8
Charge for the year	0.2	6.8	–	206.3	16.9	0.8	–	231.0
Disposals	–	(3.2)	–	(3.1)	(3.4)	(1.3)	–	(11.0)
Write-offs	–	(4.5)	–	(32.3)	(1.4)	–	–	(38.2)
At 31.12.2010	0.6	38.9	–	2,142.9	121.8	3.4	–	2,307.6
Carrying amount								
At 1.1.2009	5.5	2.9	1.7	707.7	33.4	1.0	93.5	845.7
At 31.12.2009	5.3	24.0	1.7	652.6	28.2	2.3	71.0	785.1
At 1.1.2010	5.3	24.0	1.7	652.6	28.2	2.3	71.0	785.1
At 31.12.2010	5.1	21.3	1.7	646.3	30.8	2.8	68.0	776.0
							2010 \$'mil	2009 \$'mil
Staff costs capitalised in construction in progress during the year							4.6	3.3

3 Property, Plant and Equipment (continued)

COMPANY	Leasehold building \$'mil	Leasehold improvements \$'mil	Network equipment \$'mil	Office equipment, computers and furniture and fittings \$'mil	Motor vehicles \$'mil	Construction in progress \$'mil	Total \$'mil
Cost							
At 1.1.2009	5.7	31.7	826.4	104.5	2.6	78.2	1,049.1
Additions	–	–	0.1	–	0.5	92.5	93.1
Transfers	–	26.0	99.8	9.4	–	(135.2)	–
Disposals	–	–	(2.2)	(3.4)	(1.1)	–	(6.7)
Write-offs	–	(7.3)	(4.3)	(3.9)	–	–	(15.5)
At 31.12.2009	5.7	50.4	919.8	106.6	2.0	35.5	1,120.0
At 1.1.2010	5.7	50.4	919.8	106.6	2.0	35.5	1,120.0
Additions	–	–	–	0.1	0.8	58.4	59.3
Transfers	–	2.4	40.3	18.6	–	(61.3)	–
Disposals	–	(0.9)	(2.2)	(0.7)	(1.0)	–	(4.8)
Write-offs	–	(2.6)	(22.7)	(0.2)	–	–	(25.5)
At 31.12.2010	5.7	49.3	935.2	124.4	1.8	32.6	1,149.0
Accumulated depreciation and impairment losses							
At 1.1.2009	0.2	29.2	610.6	74.4	2.5	7.3	724.2
Charge for the year	0.2	4.6	51.7	13.0	0.1	–	69.6
Transfers	–	–	7.3	–	–	(7.3)	–
Disposals	–	–	(1.9)	(3.4)	(1.1)	–	(6.4)
Write-offs	–	(7.1)	(4.3)	(3.8)	–	–	(15.2)
At 31.12.2009	0.4	26.7	663.4	80.2	1.5	–	772.2
At 1.1.2010	0.4	26.7	663.4	80.2	1.5	–	772.2
Charge for the year	0.2	6.5	53.4	15.8	0.3	–	76.2
Disposals	–	(0.9)	(0.5)	(0.7)	(1.0)	–	(3.1)
Write-offs	–	(2.3)	(22.6)	(0.2)	–	–	(25.1)
At 31.12.2010	0.6	30.0	693.7	95.1	0.8	–	820.2
Carrying amount							
At 1.1.2009	5.5	2.5	215.8	30.1	0.1	70.9	324.9
At 31.12.2009	5.3	23.7	256.4	26.4	0.5	35.5	347.8
At 1.1.2010	5.3	23.7	256.4	26.4	0.5	35.5	347.8
At 31.12.2010	5.1	19.3	241.5	29.3	1.0	32.6	328.8

Notes to the Financial Statements

Year ended 31 December 2010

4 Intangible Assets

GROUP	Telecom- munications licences \$'mil	Software \$'mil	Software in development \$'mil	Goodwill \$'mil	Total \$'mil
Cost					
At 1.1.2009	98.1	227.7	64.0	220.3	610.1
Additions	–	0.2	56.9	–	57.1
Transfers	–	15.4	(15.4)	–	–
Reclassifications	–	0.1	–	–	0.1
Write-offs	–	(0.6)	(0.1)	–	(0.7)
At 31.12.2009	98.1	242.8	105.4	220.3	666.6
At 1.1.2010	98.1	242.8	105.4	220.3	666.6
Additions	18.7	0.9	49.9	–	69.5
Transfers	–	148.1	(148.1)	–	–
Disposals	–	(2.0)	–	–	(2.0)
Write-offs	–	(1.1)	–	–	(1.1)
At 31.12.2010	116.8	388.7	7.2	220.3	733.0
Accumulated amortisation					
At 1.1.2009	36.3	192.7	–	–	229.0
Charge for the year	4.8	17.4	–	–	22.2
Write-offs	–	(0.4)	–	–	(0.4)
At 31.12.2009	41.1	209.7	–	–	250.8
At 1.1.2010	41.1	209.7	–	–	250.8
Charge for the year	5.0	27.6	–	–	32.6
Disposals	–	(2.0)	–	–	(2.0)
At 31.12.2010	46.1	235.3	–	–	281.4
Carrying amount					
At 1.1.2009	61.8	35.0	64.0	220.3	381.1
At 31.12.2009	57.0	33.1	105.4	220.3	415.8
At 1.1.2010	57.0	33.1	105.4	220.3	415.8
At 31.12.2010	70.7	153.4	7.2	220.3	451.6

Impairment tests for goodwill

The carrying value of the Group's goodwill is assessed for impairment annually or more frequently if there are indications that the goodwill might be impaired. For the purposes of impairment testing, goodwill is allocated to the cash generating unit comprising the Group's integrated fixed, mobile, cable and broadband operations. This represents the lowest level within the Group at which goodwill is monitored for impairment for internal management purposes.

The recoverable amount of the cash-generating unit ("CGU") is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to profit margins.

4 Intangible Assets (continued)

The value-in-use calculations apply a discounted cash flow model using cash flow projections from the most recent financial budget and forecasts approved by management covering 1 to 4 years. The forecast cash flows were extrapolated using an estimated growth rate of 5.5% (2009: 3%). The pre-tax discount rate applied is assumed at 6.4% (2009: 6.3%) for the value-in-use calculation.

No impairment charge was required for the carrying amount of goodwill assessed as at 31 December 2010 and 31 December 2009 as the recoverable value was in excess of the carrying value. Any reasonably possible change to the key assumptions applied was not likely to cause the recoverable values to be below the carrying values.

COMPANY	Telecom- munications licences \$'mil	Software \$'mil	Software in development \$'mil	Total \$'mil
Cost				
At 1.1.2009	1.0	186.7	63.7	251.4
Additions	–	–	54.5	54.5
Transfers	–	13.8	(13.8)	–
Write-offs	–	(0.5)	–	(0.5)
At 31.12.2009	1.0	200.0	104.4	305.4
At 1.1.2010	1.0	200.0	104.4	305.4
Additions	–	–	47.1	47.1
Transfers	–	146.0	(146.0)	–
Write-offs	–	(1.1)	–	(1.1)
At 31.12.2010	1.0	344.9	5.5	351.4
Accumulated amortisation				
At 1.1.2009	0.3	156.9	–	157.2
Charge for the year	0.1	14.6	–	14.7
Write-offs	–	(0.4)	–	(0.4)
At 31.12.2009	0.4	171.1	–	171.5
At 1.1.2010	0.4	171.1	–	171.5
Charge for the year	0.1	25.1	–	25.2
At 31.12.2010	0.5	196.2	–	196.7
Carrying amount				
At 1.1.2009	0.7	29.8	63.7	94.2
At 31.12.2009	0.6	28.9	104.4	133.9
At 1.1.2010	0.6	28.9	104.4	133.9
At 31.12.2010	0.5	148.7	5.5	154.7
				GROUP AND COMPANY
				2010 \$'mil
				2009 \$'mil
Staff costs capitalised in software in development during the year			5.4	10.2

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Year ended 31 December 2010

5 Subsidiaries

COMPANY	2010 \$'mil	2009 \$'mil
Investments in subsidiaries, at cost	1,209.1	1,181.1
Discount implicit in the interest-free loan to a subsidiary	21.9	21.9
	1,231.0	1,203.0
Allowance for impairment losses	(28.9)	(28.9)
	1,202.1	1,174.1

The subsidiaries directly held by the Company are as follows:

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2010 %	2009 %
StarHub Cable Vision Ltd. ⁽¹⁾ ("SCV")	Provision of subscription television and television broadcasting services	Singapore	100	100
StarHub Mobile Pte Ltd ⁽¹⁾	Provision of mobile telecommunications services	Singapore	100	100
StarHub Internet Pte Ltd ⁽¹⁾	Provision and operation of internet services	Singapore	100	100
StarHub Online Pte Ltd ⁽¹⁾	Provision of broadband access services	Singapore	100	100
Nucleus Connect Pte. Ltd. ⁽¹⁾	Provision of high speed wholesale broadband services	Singapore	100	100
StarHub Shop Pte Ltd ⁽²⁾	Dormant	Singapore	100	100
StarHub, Inc. ⁽²⁾	Dormant	United States	100	100
StarHub (Hong Kong) Limited ⁽²⁾	Dormant	Hong Kong	100	100
StarHub Mauritius Ltd ⁽³⁾	Dormant	Mauritius	100	100

Other subsidiary indirectly held by the Company is as follows:

Name of company	Principal activities	Country of incorporation/ business	Effective equity interest held by the Group	
			2010 %	2009 %
Foosti Pte. Ltd. ⁽¹⁾⁽⁴⁾	Dormant	Singapore	100	100

⁽¹⁾ Audited by KPMG LLP Singapore

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

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

⁽⁴⁾ The company is currently in liquidation pursuant to a winding-up order by the High Court of Singapore issued on 14 January 2011.

6 Deferred Taxes

Movement in deferred tax assets and liabilities during the year are as follows:

GROUP 2010	At 1.1.2010 \$'mil	Recognised in income statement \$'mil	Recognised in other comprehensive income \$'mil	Recognised in equity statement \$'mil	At 31.12.2010 \$'mil
Deferred tax assets					
Property, plant and equipment and intangible assets	5.2	(10.0)	–	–	(4.8)
Deferred income	–	9.2	–	–	9.2
Other payables and accruals	–	0.1	–	–	0.1
Tax losses carried forward	0.1	(0.1)	–	–	–
Total	5.3	(0.8)	–	–	4.5

Deferred tax liabilities

Property, plant and equipment and intangible assets	(65.0)	(46.0)	–	–	(111.0)
Other payables and accruals	3.5	(0.8)	0.1	0.1	2.9
Inventories	0.3	(0.3)	–	–	–
Total	(61.2)	(47.1)	0.1	0.1	(108.1)

GROUP 2009	At 1.1.2009 \$'mil	Recognised in income statement \$'mil	Recognised in other comprehensive income \$'mil	Recognised in equity statement \$'mil	At 31.12.2009 \$'mil
Deferred tax assets					
Property, plant and equipment and intangible assets	24.0	(18.8)	–	–	5.2
Other payables and accruals	1.0	(1.0)	–	–	–
Tax losses carried forward	0.1	–	–	–	0.1
Total	25.1	(19.8)	–	–	5.3

Deferred tax liabilities

Property, plant and equipment and intangible assets	(42.0)	(23.0)	–	–	(65.0)
Other payables and accruals	2.8	(3.0)	1.5	2.2	3.5
Inventories	0.4	(0.1)	–	–	0.3
Total	(38.8)	(26.1)	1.5	2.2	(61.2)

Notes to the Financial Statements

Year ended 31 December 2010

6 Deferred Taxes (continued)

COMPANY 2010	At 1.1.2010 \$'mil	Recognised in income statement \$'mil	Recognised in other comprehensive income \$'mil	Recognised in equity statement \$'mil	At 31.12.2010 \$'mil
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(51.3)	(23.0)	–	–	(74.3)
Other payables and accruals	3.5	(0.8)	0.1	0.1	2.9
Inventories	0.1	(0.1)	–	–	–
Total	(47.7)	(23.9)	0.1	0.1	(71.4)

COMPANY 2009	At 1.1.2009 \$'mil	Recognised in income statement \$'mil	Recognised in other comprehensive income \$'mil	Recognised in equity statement \$'mil	At 31.12.2009 \$'mil
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(29.9)	(21.4)	–	–	(51.3)
Other payables and accruals	2.5	(2.7)	1.5	2.2	3.5
Inventories	0.2	(0.1)	–	–	0.1
Total	(27.2)	(24.2)	1.5	2.2	(47.7)

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

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

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Tax losses	55.5	52.8	–	–
Deferred tax assets	9.4	9.0	–	–

The Group has not recognised deferred tax assets in respect of the above tax losses as the Group does not expect to recover these potential deferred tax assets in the foreseeable future. The Group reassesses the recovery of these potential deferred tax assets annually.

7 Inventories

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Inventories, at lower of cost and net realisable value	31.8	28.2	25.2	22.8
(Write back)/ allowance made during the year	(0.3)	(0.5)	0.2	(0.3)

8 Trade Receivables

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Trade receivables	212.4	155.5	202.6	117.0
Allowance for doubtful receivables	(38.5)	(30.2)	(38.2)	(25.6)
	173.9	125.3	164.4	91.4

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

The Group and the Company's primary credit risk exposure arises through its trade receivables, which include corporate and retail customers. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers. The recorded allowances for doubtful receivables have been made based on the Group and the Company's historical collections experience. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

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

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Past due 0 – 30 days	57.2	48.0	53.8	30.3
Past due 31 – 60 days	17.0	10.3	15.3	7.6
Above 60 days	11.5	1.0	8.7	–
	85.7	59.3	77.8	37.9

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

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
At beginning of year	30.2	30.5	25.6	26.1
Allowance for doubtful receivables	18.4	13.1	3.7	0.9
Recharged to subsidiaries	–	–	17.3	9.3
Allowance utilised	(10.1)	(13.4)	(8.4)	(10.7)
At end of year	38.5	30.2	38.2	25.6

9 Other Receivables, Deposits and Prepayments

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Accrued revenue	36.7	52.6	2.3	6.3
Deposits	5.0	4.1	1.5	1.5
Prepayments	59.3	59.0	14.1	14.5
Other receivables	0.7	0.2	0.2	–
Mark-to-market financial instruments				
– Forward exchange contracts	–	0.2	–	0.2
	101.7	116.1	18.1	22.5

Notes to the Financial Statements

Year ended 31 December 2010

10 Balances with Related Parties

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Loans to subsidiaries	–	–	500.0	584.0
Amounts due from (trade):				
– Ultimate holding company	0.1	0.1	0.1	0.1
– Subsidiaries	–	–	104.0	112.5
– Related corporations	16.4	22.5	10.6	17.8
	16.5	22.6	614.7	714.4
Amounts due to (trade):				
– Subsidiaries	–	–	156.0	113.4
– Related corporations	41.8	42.1	31.3	30.1
	41.8	42.1	187.3	143.5

At 31 December 2010, the loans to the subsidiaries are unsecured, repayable on demand and bore interest at 2.69% (2009: 2.65%) 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 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	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Fixed deposits	191.1	184.5	161.1	118.1
Cash at bank and in hand	46.4	49.7	19.1	14.2
	237.5	234.2	180.2	132.3

12 Other Payables

	Note	GROUP		COMPANY	
		2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Current					
Deferred income	14	15.5	4.1	–	–
Property, plant and equipment vendors		59.1	37.5	34.8	24.6
Unearned revenue		150.0	145.6	31.4	30.7
Deposits from customers		8.7	8.4	8.6	3.9
Mark-to-market financial instruments					
– Interest rate swaps		2.1	0.8	2.1	0.7
– Forward exchange contracts		2.0	–	1.7	–
		237.4	196.4	78.6	59.9
Non-current					
Unearned revenue		31.0	–	31.0	–
Mark-to-market financial instruments					
– Interest rate swaps		7.2	8.1	7.2	8.1
		38.2	8.1	38.2	8.1

13 Bank Loans

	GROUP AND COMPANY	
	2010 \$'mil	2009 \$'mil
Floating rate loans		
Current	330.4	290.4
Non-current	475.0	605.4
Total	805.4	895.8
Repayable:		
– Within 1 year	330.4	290.4
– 1 to 5 years	475.0	605.4
	805.4	895.8

At 31 December 2010, these unsecured floating rate loans bore interest at rates ranging from 0.44% to 1.48% (2009: 0.92% to 1.39%) per annum, reprice every 3 or 6 months and are repayable in instalments by 2015.

Notes to the Financial Statements

Year ended 31 December 2010

14 Deferred Income

	Note	GROUP		COMPANY	
		2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Deferred grants					
At beginning of year		10.7	14.8	-	-
Grants received		60.0	-	-	-
Amount accreted to the income statement		(10.1)	(4.1)	-	-
At end of year		60.6	10.7	-	-
Deferred grants to be accreted:					
Current	12	15.5	4.1	-	-
Non-current					
– 1 to 5 years		45.1	6.5	-	-
– After 5 years		-	0.1	-	-
		45.1	6.6	-	-
Total		60.6	10.7	-	-

The deferred grants are government grants received. The assets related grants are recognised over the estimated useful lives of the related assets. The income related grants are recognised on a systematic basis over the periods to match the related cost.

15 Share Capital

COMPANY	2010		2009	
	Number of shares 'mil	\$'mil	Number of shares 'mil	\$'mil
Issued and fully paid ordinary shares:				
At beginning of year	1,713.9	257.5	1,711.9	255.1
Issue of ordinary shares	0.3	0.6	-	-
Issue of ordinary shares for cash pursuant to the exercise of options under the				
– StarHub Share Option Plan 2000	0.4	0.3	0.4	0.3
– StarHub Share Option Plan 2004	1.4	1.9	1.6	2.1
At end of year	1,716.0	260.3	1,713.9	257.5

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

As at 31 December 2010, included in the total number of ordinary shares was 12,740 shares (2009: 1,092,000 shares) purchased by the Company by way of market acquisition at an average price of approximately \$2.72 per share (2009: \$2.72 per share). The shares, held as treasury shares, were included as a deduction from equity (note 17).

16 Dividends

	COMPANY	
	2010 \$'mil	2009 \$'mil
Final dividend of \$0.050 (2009: \$0.045) per share (1-tier tax exempt) paid in respect of the previous financial year	85.8	77.0
Interim dividends of \$0.150 (2009: \$0.140) per share (1-tier tax exempt) paid in respect of the current financial year	257.3	239.7
	343.1	316.7

17 Reserves

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Treasury shares	(0.1)	(3.0)	(0.1)	(3.0)
Merger/Capital reserve	-	-	276.5	276.5
Goodwill written off	(276.3)	(276.3)	-	-
Share-based payments reserve	15.7	13.0	15.7	13.0
Hedging reserve	(7.7)	(7.4)	(7.7)	(7.3)
Retained profits	62.1	142.0	663.1	705.1
	(206.3)	(131.7)	947.5	984.3

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

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

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

The share-based payments reserve comprises the cumulative value of services received from employees and directors recorded in respect of the grant of share options and share awards.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions.

18 Operating Revenue

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Mobile revenue	1,181.3	1,094.0	-	-
Pay TV revenue	395.4	405.4	-	-
Broadband revenue	236.0	240.5	-	-
Fixed network services revenue	331.7	317.5	710.9	681.7
Sale of equipment	93.3	92.6	333.9	250.5
	2,237.7	2,150.0	1,044.8	932.2

Notes to the Financial Statements

Year ended 31 December 2010

19 Operating Expenses

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Cost of equipment sold	312.3	230.4	311.2	229.1
Cost of services	338.8	333.4	28.5	26.4
Traffic expenses	261.7	265.9	102.1	111.4
Depreciation and amortisation (net of asset grants)	259.5	245.1	101.4	84.3
Marketing and promotion	156.3	154.9	16.2	16.1
Staff costs	249.9	201.5	180.6	150.3
Allowance for doubtful receivables	18.4	13.1	3.7	0.9
Repairs and maintenance	73.3	66.4	37.9	35.2
Operating leases	146.2	144.8	77.4	77.6
Other expenses	85.0	86.1	75.6	60.6
	1,901.4	1,741.6	934.6	791.9

19.1 Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Depreciation of property, plant and equipment	231.0	227.0	76.2	69.6
Accretion of asset grants to the income statement	(4.1)	(4.1)	–	–
	226.9	222.9	76.2	69.6
Amortisation of intangible assets	32.6	22.2	25.2	14.7
Total	259.5	245.1	101.4	84.3

19.2 Staff costs

The following are included in staff costs:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Defined contribution plans	22.0	17.5	15.0	12.3
Share-based payments	6.0	5.1	6.0	5.1
Government grants - Jobs Credit Scheme	(1.7)	(9.4)	(1.7)	(9.4)

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19 Operating Expenses (continued)

19.2.1 Key management personnel compensation

The key management personnel compensation is as follows:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Short-term employee benefits	9.4	7.4	8.3	7.4
Equity compensation benefits	2.1	2.6	2.0	2.6
	11.5	10.0	10.3	10.0

Included in the above is the total compensation to directors of the Company which amounted to \$4.1 million (2009: \$5.0 million).

Key management personnel also participate in the StarHub Share Option Plans, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan as detailed in Note 19.2.2. The short term benefits include the Company balanced scorecard incentive programme to reward employees for achieving or exceeding performance target.

Conditional awards of 672,750 shares (2009: 585,000 shares) under the StarHub Performance Share Plan and conditional awards of 703,000 shares (2009: 696,500 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 2007 to 2009 performance period, there were 120,960 shares delivered to the key management personnel of the Company during the year under the 2007 conditional awards granted to key management personnel of the Company in March 2007 pursuant to the StarHub Performance Share Plan.

Based on the actual level of achievement of the pre-determined performance targets over the 2008 to 2009 performance period, final awards comprising 175,153 shares were awarded to the key management personnel of the Company during the year under the 2008 conditional awards granted to the key management personnel of the Company in May 2008 pursuant to the StarHub Restricted Stock Plan. 59,100 shares under the final awards were delivered during the year, with the balance of 116,053 shares to be delivered in phases according to the stipulated vesting periods.

All share options and conditional share awards (except for the time-based restricted share awards) granted to the key management personnel of the Company were on the same terms and conditions as those offered to other employees of the Company.

At the 31 December 2010, 268,000 (2009: 235,000) of those share options, 1,243,750 (2009: 1,563,000) of those conditional awards of shares under the StarHub Performance Share Plan and 1,327,555 (2009: 1,739,502) of those conditional awards of shares and 66,600 time-based restricted shares under the StarHub Restricted Stock Plan are outstanding.

Notes to the Financial Statements

Year ended 31 December 2010

19 Operating Expenses (continued)

19.2.2 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 Pte Ltd Share Option Plan ("StarHub Share Option Plan 2000") are administered by the Company's ERCC.

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

The StarHub 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.

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 2010, the conditional grants of 672,750 (2009: 585,000) shares under the StarHub Performance Share Plan and the conditional grants of 2,465,000 (2009: 2,010,500) 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, or as the case may be, when the time-based service conditions are completed.

19 Operating Expenses (continued)

19.2.2 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	
	2010 '000	2009 '000	2010 \$	2009 \$
Outstanding at beginning of year	5,996	8,044	1.24	1.23
Exercised	(1,809)	(1,975)	1.20	1.21
Forfeited	(176)	(73)	1.22	1.27
Outstanding at end of year	4,011	5,996	1.25	1.24
Exercisable at end of year	4,011	5,996	1.25	1.24

Options were exercised throughout the year. The weighted average share price during the year was \$2.35 per share (2009: \$2.06 per share).

The outstanding share options have the following exercise prices:

COMPANY	2010 '000	2009 '000
Exercise price range:		
\$1.50 to \$1.52	2,214	3,134
\$0.48 to \$0.99	1,797	2,862
	4,011	5,996
Weighted average remaining contractual life	3.83 years	4.77 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.

Date of grant of options	29 Nov 2002	30 May 2003	28 Nov 2003	2 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.

Notes to the Financial Statements

Year ended 31 December 2010

19 Operating Expenses (continued)

19.2.2 Equity Compensation Benefits (continued)

StarHub Performance Share Plan

The movements of the number of shares under the StarHub Performance Share Plan, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants are as follows:

COMPANY	Date of grant					Total
	17 Mar 2006	21 Mar 2007	9 May 2008	29 May 2009	17 May 2010	
Number of shares ('000)						
Outstanding at 1.1.2009	620	464	514	–	–	1,598
Granted	–	–	–	585	–	585
Vested	–	–	–	–	–	–
Forfeited	(620)	–	–	–	–	(620)
Outstanding and unvested at 31.12.2009	–	464	514	585	–	1,563
Outstanding at 1.1.2010	–	464	514	585	–	1,563
Granted	–	–	–	–	673	673
Vested	–	(121)	–	–	–	(121)
Forfeited	–	(343)	(264)	(264)	–	(871)
Outstanding and unvested at 31.12.2010	–	–	250	321	673	1,244
Fair value at measurement date	\$1.82	\$2.48	\$2.37	\$2.35	\$1.92	
Assumptions under Monte-Carlo Model						
Expected Volatility						
StarHub	30.26%	29.51%	20.28%	26.27%	22.89%	
MSCI Asia-Pacific Telecommunications Component Stock	13.01%	14.43%	13.50%	18.14%	21.77%	
Risk-free interest rates						
Zero-coupon Singapore Sovereign	3.25%	2.61%	1.22%	0.70%	0.51%	

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.

19 Operating Expenses (continued)

19.2.2 Equity Compensation Benefits (continued)

StarHub Restricted Stock Plan

The movements of the number of shares under the StarHub Restricted Stock Plan, the fair values of the grant at measurement date and the assumptions of the fair value model for the grants are as follows:

COMPANY	Date of grant								Total
	5 Jul 2006	18 Apr 2007	21 May 2007	9 May 2008	15 Jan 2009	29 May 2009	17 May 2010	17 May 2010	
Number of shares ('000)									
Outstanding at 1.1.2009	945	1,164	140	1,560	–	–	–	–	3,809
Granted	–	–	–	–	100	1,911	–	–	2,011
Vested	(476)	(388)	(47)	–	–	–	–	–	(911)
Forfeited	(32)	(42)	–	(126)	–	(65)	–	–	(265)
Outstanding and unvested at 31.12.2009	437	734	93	1,434	100	1,846	–	–	4,644
Outstanding at 1.1.2010	437	734	93	1,434	100	1,846	–	–	4,644
Granted	–	–	–	–	–	–	2,252	213	2,465
Vested	(398)	(314)	(47)	(244)	(33)	–	–	–	(1,036)
Forfeited	(39)	(122)	–	(733)	–	(230)	(36)	(31)	(1,191)
Outstanding and unvested at 31.12.2010	–	298	46	457	67	1,616	2,216	182	4,882
Fair value at measurement date	\$1.58	\$2.29	\$2.18	\$2.54	\$1.57	\$1.97	\$2.20	\$2.06	
Assumptions under Monte-Carlo Model									
Expected Volatility									
StarHub	30.98%	29.36%	29.12%	20.28%	–	26.27%	22.89%	22.89%	
STI Index	11.38%	12.85%	13.08%	–	–	–	–	–	
Risk-free interest rates									
Zero-coupon Singapore Sovereign									
1 year Government Bond Yield	–	–	–	–	–	–	–	0.37%	
2 year Government Bond Yield	3.11%	2.27%	2.10%	0.99%	–	0.49%	0.49%	–	
3 year Government Bond Yield	3.20%	2.34%	2.16%	1.18%	–	0.66%	0.51%	–	
4 year Government Bond Yield	3.28%	2.41%	2.22%	1.48%	–	0.88%	0.67%	–	

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.

The fair value of the share awards granted on 15 January 2009 is estimated at grant date, after discounting for expected dividend yield. It is solely time-based with no performance conditions tied to this grant.

The fair value of the time-based share award granted on 17 May 2010 of 213,000 shares is estimated using a Monte-Carlo simulation methodology at the measurement date, which is grant date of the share award. It is solely time-based with no performance conditions tied to this grant.

Notes to the Financial Statements

Year ended 31 December 2010

19 Operating Expenses (continued)

19.3 Other expenses

Included in other expenses are the following:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Fees paid to auditors of the Company:				
– Audit	0.3	0.3	0.1	0.1
– Non-audit	0.2	0.3	0.1	0.1
Exchange loss	1.2	1.8	5.0	2.8
Changes in fair value of financial instruments	2.1	(2.9)	1.9	(2.8)
Gain on disposal of property, plant and equipment and intangible assets	(0.3)	(0.3)	(0.2)	(0.2)
Property, plant and equipment and intangible assets written-off	1.6	3.4	1.5	0.3

20 Other Income

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Corporate recharges to subsidiaries	–	–	161.0	142.0
Dividend income from subsidiaries	–	–	70.0	100.0
Accretion of deferred income related grants	6.0	–	–	–
	6.0	–	231.0	242.0

21 Finance Income and Expense

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Interest income:				
– Bank deposits	1.8	0.8	1.8	0.8
– Subsidiaries	–	–	14.4	16.6
Finance income	1.8	0.8	16.2	17.4
Interest on bank borrowings	26.6	24.0	26.6	22.9
Finance expense	26.6	24.0	26.6	22.9
Net finance costs	(24.8)	(23.2)	(10.4)	(5.5)

22 Taxation

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Current tax				
Current income tax	25.8	19.6	25.2	19.6
Recognition/ utilisation of deferred tax assets	(16.7)	–	(16.7)	–
Over provision in prior year	(2.7)	–	(2.7)	–
	6.4	19.6	5.8	19.6
Deferred tax				
Origination and reversal of temporary differences	39.2	57.4	21.2	27.9
Effect of changes in Singapore tax rate	–	(0.7)	–	(1.5)
Over provision of tax assets in prior year	1.4	1.2	2.7	3.7
Recognition/ utilisation of deferred tax assets	7.3	(12.0)	–	(5.9)
	47.9	45.9	23.9	24.2
Total income tax in income statement	54.3	65.5	29.7	43.8

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	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Profit before taxation	317.5	385.2	330.8	376.8
Income tax using Singapore tax rate of 17%	54.0	65.5	56.2	64.0
Effect of changes in Singapore tax rate	–	(0.8)	–	(1.5)
Income not subject to tax	(0.4)	(2.3)	(12.2)	(18.6)
Non-deductible expenses	2.6	5.5	2.4	2.1
Deferred tax assets not recognised	8.8	8.4	–	–
(Over)/ under provision in prior year, net	(1.3)	1.2	–	3.7
Recognition/ utilisation of deferred tax assets	(9.4)	(12.0)	(16.7)	(5.9)
Total income tax in income statement	54.3	65.5	29.7	43.8

Notes to the Financial Statements

Year ended 31 December 2010

22 Taxation (continued)

Income tax recognised in other comprehensive income for the years ended 31 December are as follows:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Cash flow hedge, before tax	(0.4)	3.5	(0.5)	2.5
Income tax (note 6)	0.1	1.5	0.1	1.5
Other comprehensive income for the year, net of tax	(0.3)	5.0	(0.4)	4.0

23 Earnings Per Share

	GROUP	
	2010 \$'mil	2009 \$'mil
Profit attributable to equity holders	263.2	319.7
	Number of shares ('mil)	
	2010	2009
Weighted average number of ordinary shares (basic)	1,715.3	1,711.8
Adjustment for dilutive effect of share plans	8.3	9.0
Weighted average number of ordinary shares (diluted)	1,723.6	1,720.8

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

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the StarHub share plans.

24 Earnings Before Interest, Tax, Depreciation and Amortisation

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is a supplementary indicator of performance used by the Group. The measurement of EBITDA is not covered by FRS. The Group defines EBITDA as follows:

	GROUP	
	2010 \$'mil	2009 \$'mil
Profit before taxation	317.5	385.2
Adjustments for:		
Depreciation and amortisation (net of asset grants)	259.5	245.1
Interest income	(1.8)	(0.8)
Interest on borrowings	26.6	24.0
EBITDA	601.8	653.5

25 Related Party Transactions

The Company has entered into contractual agreements on behalf of its subsidiaries, and recharges its subsidiaries based on terms agreed between the parties involved.

In the normal course of business, the Group purchases and sells info-communications services to related companies. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed above and elsewhere in the financial statements, significant transactions of the Group and the Company with related parties during the financial year were as follows:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Ultimate holding company				
Sales	0.7	0.7	0.6	0.5
Subsidiaries				
Sales	–	–	625.0	526.1
Purchase of services	–	–	26.4	19.9
Related corporations				
Sales	102.5	91.4	28.1	29.2
Purchase of property, plant and equipment	14.9	18.4	13.0	16.1
Rental expenses	85.7	92.4	42.5	47.5
Purchase of services	131.7	113.0	35.7	34.5
Purchase of inventories	75.9	107.2	75.1	106.4

Notes to the Financial Statements

Year ended 31 December 2010

26 Segment Reporting

Segment information is presented based on the information reviewed by chief operating decision maker ("CODM") for performance assessment and resource allocation.

The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA, capital expenditure and cash flow of the Group.

The Group operates primarily in Singapore in one segment. The Group delivers its Mobile, Pay TV, Broadband, Fixed networks services and equipment sales on a fully integrated network, customer service, sales, marketing and administration support.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed to 10% or more of the Group's revenue.

The Group's reportable segment information is as follows:

	GROUP	
	2010 \$'mil	2009 \$'mil
Mobile	1,181.3	1,094.0
Pay TV	395.4	405.4
Broadband	236.0	240.5
Fixed network services	331.7	317.5
Sale of equipment	93.3	92.6
Operating revenue	2,237.7	2,150.0
EBITDA	601.8	653.5
Depreciation and amortisation (net of asset grants)	(259.5)	(245.1)
Finance income	1.8	0.8
Finance expense	(26.6)	(24.0)
Profit before taxation	317.5	385.2
Taxation	(54.3)	(65.5)
Profit for the year	263.2	319.7
Assets and liabilities		
Non-current assets	1,232.1	1,206.2
Current assets	561.4	526.4
Total assets	1,793.5	1,732.6
Bank loans	805.4	895.8
Other non-current liabilities	191.4	75.9
Current liabilities	742.7	635.1
Total liabilities	1,739.5	1,606.8
Other information		
Capital expenditure	293.8	227.1
Free cash flow *	397.5	461.0

* Free cash flow refers to net cash flow from operating activities less purchase of fixed assets in the cash flow statement.

27 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 2.24.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Periodic frequent credit review and counterparty credit limits are practised.

The Group has no significant concentration of credit risk from trade receivables due to its large diversified customer base. Credit evaluations are performed on corporate customers requiring credit. Identification documents are obtained from retail customers. Deposits are obtained for certain categories of higher-risk customers.

The Group places its cash and cash equivalents and enters into treasury transactions only with creditworthy banks and financial institutions.

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position.

Liquidity risk

The Group monitors its liquidity risk and actively manages its operating cash flows, debt maturity profile and availability of funding. The Group maintains sufficient level of cash and cash equivalents, and has available funding through diverse sources of committed and uncommitted credit facilities from various banks 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.

Notes to the Financial Statements

Year ended 31 December 2010

27 Financial Risk Management (continued)

The following are the expected contractual undiscounted cash outflows (including interest payments) of financial liabilities:

GROUP	2010				2009			
	Carrying amount	Contractual cash flows			Carrying amount	Contractual cash flows		
		Total	Within 1 year	After 1 year but within 5 years		Total	Within 1 year	After 1 year but within 5 years
\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	
Non-derivative financial liabilities								
Bank loans	805.4	838.8	335.0	503.8	895.8	923.4	296.6	626.8
Trade payables and accruals ^	433.5	433.5	433.5	–	373.8	373.8	373.8	–
Other payables *	67.8	67.8	67.8	–	45.9	45.9	45.9	–
Balances with related parties	41.8	41.8	41.8	–	42.1	42.1	42.1	–
Derivative financial liabilities								
Interest rate swaps used for hedging	13.5	13.5	11.2	2.3	12.3	12.4	8.8	3.6
Forward exchange contracts	2.0	2.0	2.0	–	–	–	–	–
	1,364.0	1,397.4	891.3	506.1	1,369.9	1,397.6	767.2	630.4

COMPANY	2010				2009			
	Carrying amount	Contractual cash flows			Carrying amount	Contractual cash flows		
		Total	Within 1 year	After 1 year but within 5 years		Total	Within 1 year	After 1 year but within 5 years
\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	
Non-derivative financial liabilities								
Bank loans	805.4	838.8	335.0	503.8	895.8	923.4	296.6	626.8
Trade payables and accruals ^	270.0	270.0	270.0	–	220.1	220.1	220.1	–
Other payables *	43.4	43.4	43.4	–	28.5	28.5	28.5	–
Balances with related parties	187.3	187.3	187.3	–	143.5	143.5	143.5	–
Derivative financial liabilities								
Interest rate swaps used for hedging	13.5	13.5	11.2	2.3	11.7	11.8	8.2	3.6
Forward exchange contracts	1.7	1.7	1.7	–	–	–	–	–
	1,321.3	1,354.7	848.6	506.1	1,299.6	1,327.3	696.9	630.4

^ The carrying amount of trade payables and accruals disclosed in the table exclude interest accruals for derivative financial liabilities as these are included in the derivative financial liabilities.

* Excludes deferred income, unearned revenue and derivative financial liabilities (shown separately).

27 Financial Risk Management (continued)

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

	2010			2009		
	Within 1 year \$'mil	After 1 year but within 5 years \$'mil	Total \$'mil	Within 1 year \$'mil	After 1 year but within 5 years \$'mil	Total \$'mil
GROUP						
Interest rate swaps						
– Liabilities	6.9	2.3	9.2	5.4	3.6	9.0
COMPANY						
Interest rate swaps						
– Liabilities	6.9	2.3	9.2	5.3	3.6	8.9

Interest rate risk

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

The Group adopts a policy of ensuring that at least 50 percent of its exposure to changes in interest rates on bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose.

At 31 December 2010, the Group had outstanding interest rate swap agreements in cash flow hedges against borrowings with notional principal amounts totalling \$687.5 million (2009: \$492.5 million). These interest rate swaps will mature over the remaining term ranging from 1 month to 4.6 years (2009: 1 month to 2.9 years) to match the underlying hedged cash flows arising on the borrowings consisting of semi-annual interest payments. The fixed interest payable are at interest rates ranging from 1.45% to 3.015% per annum (2009: 1.75% to 4.96% per annum).

Sensitivity analysis

The Group's and Company's borrowings are denominated in Singapore dollars. An increase/decrease in the interest rates by 100 basis points with all other variables remaining constant, will result in the Group's and Company's profit before taxation to be lower/higher by \$1.2 million (2009: \$4.0 million).

Foreign currency risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than Singapore dollar. The currency giving rise to this risk is primarily the US dollar.

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

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Trade and other receivables	15.5	20.1	6.5	3.7
Cash and cash equivalents	30.6	5.1	30.1	2.8
Trade payables, accruals and other payables	(146.6)	(136.4)	(83.5)	(88.0)
	(100.5)	(111.2)	(46.9)	(81.5)

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 2010, the Group and the Company have outstanding forward exchange contracts with notional principal amounts of approximately \$86.9 million (2009: \$18.1 million) and \$80.3 million (2009: \$18.1 million) respectively.

Notes to the Financial Statements

Year ended 31 December 2010

27 Financial Risk Management (continued)

Sensitivity analysis

At 31 December 2010, a 1% (2009: 1%) strengthening of Singapore dollar against the US dollar would increase profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Profit before taxation	1.0	1.1	0.5	0.8

A 1% (2009: 1%) weakening of Singapore dollar against the US dollar would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Derivatives

Marked to market valuations of the forward exchange contracts are provided by the banks. For interest rate swaps, valuations are also provided by the banks. Those quotes are 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 reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

Loans

The fair value of loans that reprice within one year of reporting 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 2010 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2010 % per annum	2009 % per annum
Derivatives	1.45 – 3.015	1.75 – 4.96

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27 Financial Risk Management (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation method, at reporting date:

	GROUP AND COMPANY	
	2010	2009
	\$'mil	\$'mil
Mark-to-market financial instruments		
– Assets	–	0.2
– Liabilities	11.3	8.8

28 Capital Management

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

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

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

Notes to the Financial Statements

Year ended 31 December 2010

29 Commitments

(a) Capital and other financial commitments

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Contracted and not provided for in the financial statements:				
– Capital expenditure	137.4	219.5	96.4	121.3
– Other operating expenditure	569.7	162.0	–	–
	707.1	381.5	96.4	121.3

Included in the capital expenditure contracted by the Company is an amount of approximately \$37.7 million (2009: \$44.7 million) which has been entered into on behalf of a subsidiary.

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2010 \$'mil	2009 \$'mil	2010 \$'mil	2009 \$'mil
Payable:				
– Within 1 year	93.1	87.7	49.0	43.1
– Within 2 to 5 years	281.3	284.1	150.3	152.5
– After 5 years	78.8	130.9	40.1	65.3
	453.2	502.7	239.4	260.9

Included in the operating lease commitment of the Company is \$4.9 million (2009: \$2.6 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 4 months to 30 years (2009: 0.5 month to 30 years), with an option to renew the lease after that date.

30 Subsequent Event

The directors have proposed a final dividend of \$0.05 (2009: \$0.05) per share, tax exempt (one tier), totalling \$85.8 million (2009: \$85.6 million) in respect of the financial year ended 31 December 2010. 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 2011.

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 2010 to 31 December 2010
\$'mil

Transactions for the Sale of Goods & Services

Singapore Telecommunications Limited & its associates	68.0
TeleChoice International Ltd & its associates	3.1
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	7.6
	<hr/> 78.8

Transactions for the Purchase of Goods & Services

CapitaLand Limited & its associates	9.8
Singapore Power Limited & its associates	25.6
Singapore Telecommunications Limited & its associates	144.5
STT Communications Ltd and its associates	1.6
TeleChoice International Ltd & its associates	90.6
Temasek Holdings (Private) Limited & its associates (other than those disclosed above)	4.4
	<hr/> 276.5

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 2010 to 31 December 2010.

During the financial year ended 31 December 2010, no material contracts were entered into by StarHub Ltd or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder pursuant to Rule 1207(8) of the SGX-ST Listing Manual.

Shareholding Information

As at 18 February 2011

Class of shares	: Ordinary share
Voting rights	: One vote per share
Total number of issued shares excluding treasury shares	: 1,716,852,237
Total number of treasury shares held	: 12,740
Percentage of treasury shares held against the total number of issued shares excluding treasury shares	: 0.001%

Distribution of shareholdings

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 – 999	1,123	7.92	650,193	0.04
1,000 – 10,000	10,660	75.18	43,192,395	2.52
10,001 – 1,000,000	2,372	16.73	99,972,321	5.82
1,000,001 and above	24	0.17	1,573,050,068	91.62
Total	14,179	100.00	1,716,864,977	100.00

Substantial shareholders

Name	Number of shares		% of issued share capital ⁽⁶⁾
	Direct interest	Deemed interest	
Temasek Holdings (Private) Limited	–	972,882,419 ⁽¹⁾	56.67
Singapore Technologies Telemedia Pte Ltd	–	842,940,890 ⁽²⁾	49.10
STT Communications Ltd	–	842,940,890 ⁽²⁾	49.10
Asia Mobile Holding Company Pte. Ltd.	–	842,940,890 ⁽²⁾	49.10
Asia Mobile Holdings Pte. Ltd.	842,940,890	–	49.10
Qatar Telecom (Qtel) Q.S.C.	–	842,940,890 ⁽³⁾	49.10
Qtel Investment Holdings S.P.C.	–	842,940,890 ⁽³⁾	49.10
Temasek Capital (Private) Limited	–	127,867,100 ⁽⁴⁾	7.45
Seletar Investments Pte. Ltd.	–	127,867,100 ⁽⁴⁾	7.45
Aranda Investments Pte. Ltd.	127,867,100	–	7.45
Nippon Telegraph and Telephone Corporation	–	171,490,520 ⁽⁵⁾	9.99
NTT Communications Corporation	171,490,520	–	9.99

Notes:

⁽¹⁾ Temasek Holdings (Private) Limited (Temasek) is deemed to have an interest in 972,882,419 shares of StarHub in which Fullerton Fund Management Company Ltd, DBS Group Holdings Limited, Aranda Investments Pte. Ltd., and Singapore Technologies Telemedia Pte Ltd (ST Telemedia) group of companies have or are deemed to have an interest.

⁽²⁾ ST Telemedia is deemed to have an interest in 842,940,890 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 S. P. C. (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 842,940,890 shares of StarHub held by AMH.

⁽⁴⁾ Temasek Capital (Private) Limited (Temasek Capital) is deemed to have an interest in 127,867,100 shares of StarHub held by Aranda Investments Pte. Ltd., a wholly-owned subsidiary of Seletar Investments Pte. Ltd., which in turn is a wholly-owned subsidiary of Temasek Capital.

⁽⁵⁾ 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.

⁽⁶⁾ The shareholding percentage is based on the number of issued shares of the Company excluding treasury shares.

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Twenty largest shareholders

No.	Name of shareholder	Number of shares held	% of issued share capital ⁽²⁾
1	Asia Mobile Holdings Pte. Ltd.	842,940,890	49.10
2	NTT Communications Corporation	171,490,520	9.99
3	Citibank Nominees Singapore Pte Ltd	130,203,382	7.58
4	Aranda Investments Pte. Ltd.	127,867,100	7.45
5	DBS Nominees Pte Ltd	76,104,301	4.43
6	HSBC (Singapore) Nominees Pte Ltd	70,407,166	4.10
7	DBSN Services Pte Ltd	52,142,327	3.04
8	Raffles Nominees (Pte) Ltd	28,837,196	1.68
9	United Overseas Bank Nominees Pte Ltd	19,707,976	1.15
10	Singapore Press Holdings Limited	12,911,230	0.75
11	BNP Paribas Securities Services Singapore Pte Ltd	8,455,000	0.49
12	DB Nominees (Singapore) Pte Ltd	6,797,776	0.40
13	Merrill Lynch (Singapore) Pte Ltd	4,108,691	0.24
14	Morgan Stanley Asia (Singapore) Pte Ltd	3,446,187	0.20
15	Bank of Singapore Nominees Pte Ltd	3,068,020	0.18
16	Steven Terrell Clontz ⁽¹⁾	3,000,000	0.17
17	DBS Vickers Securities (Singapore) Pte Ltd	2,322,700	0.14
18	OCBC Nominees Singapore Pte Ltd	1,730,811	0.10
19	Koh Kai Jiang	1,530,000	0.09
20	CIMB Securities (Singapore) Pte Ltd	1,465,200	0.08
Total		1,568,536,473	91.36

⁽¹⁾ Mr Steven Terrell Clontz holds a total of 4 million shares in StarHub, of which 3 million shares are held in his own name and the remaining 1 million shares are held by a nominee on his behalf.

⁽²⁾ 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 18 February 2011, approximately 33% 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 Thirteenth Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 on 15 April 2011 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 2010 and the Auditors' Report therein. | Resolution 1 |
| 2 | 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 Peter Seah Lim Huat; | Resolution 2 |
| | (b) Mr Nihal Vijaya Devadas Kaviratne (Independent Member of Audit Committee); | Resolution 3 |
| | (c) Mr Lee Theng Kiat; | Resolution 4 |
| | (d) Mr Lim Ming Seong; and | Resolution 5 |
| | (e) Dr Nasser Marafih. | Resolution 6 |
| 3 | To approve the sum of S\$1,165,375 as Directors' Fees for the year ended 31 December 2010 (2009: S\$1,079,000). | Resolution 7 |
| 4 | To declare a final dividend of 5 cents per ordinary share for the financial year ended 31 December 2010. | Resolution 8 |
| 5 | To re-appoint KPMG LLP as Auditors of the Company and authorise the Directors to fix their remuneration. | Resolution 9 |

Special Business

To consider and if thought fit, to pass the following resolutions which will be proposed as Ordinary Resolutions:

- | | | |
|---|---|----------------------|
| 6 | That authority be and is hereby given to the Directors to: | Resolution 10 |
| | (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, | |
| | at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and | |
| | (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, | |

provided that :

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph 2 below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph 2 below);

-
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under subparagraph 1 above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company, at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
 - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
 - (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7 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 11

8 That approval be and is hereby given to the Directors to:

Resolution 12

- (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.

9 To transact such other business as may be transacted at an Annual General Meeting of the Company.

By Order of the Board



Veronica Lai
Company Secretary

Singapore, 17 March 2011

StarHub Ltd

(Incorporated in the Republic of Singapore)

Co. Reg. No. 199802208C

Notice of Thirteenth Annual General Meeting

Notes:

1. The Chairman of the Annual General Meeting will be exercising his right under Article 63(a) of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of poll.
2. 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.
3. The instrument appointing a proxy must be lodged at the registered office of the Company at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942 (Attn: Company Secretary) not less than 48 hours before the time appointed for the Annual General Meeting.

Explanatory Notes :

Resolution 10

Resolution 10 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 15% for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 10 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 10 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 11

Resolution 11 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 12

Resolution 12 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 Thirteenth Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 25 April 2011 ("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 21 April 2011 ("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 6 May 2011.

StarHub Ltd

(Incorporated in the Republic of Singapore)
Co. Reg. No. 199802208C

Proxy Form

Thirteenth 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 ("AGM") of the Company to be held on 15 April 2011 at 10.00 a.m. at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

NOTE: The Chairman of the AGM will be exercising his right under Article 63(a) of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Resolutions	For*	Against*
Ordinary Business			
1	To receive and adopt the Reports of Directors and Auditors and Audited Accounts		
2	To re-elect Mr Peter Seah Lim Huat as Director		
3	To re-elect Mr Nihal Vijaya Devadas Kaviratne 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 Dr Nasser Marafih as Director		
7	To approve Directors' Fees		
8	To declare Final Dividend		
9	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
Special Business			
10	To authorise Directors to allot and issue shares		
11	To authorise Directors to allot and issue shares pursuant to exercise of options granted under the StarHub Pte Ltd Share Option Plan		
12	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		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (☐) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" or "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided.

Dated this _____ day of _____ 2011.

Total Number of Shares Held

Signature(s) or Common Seal of members

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Affix
Postage
Stamp

STARHUB LTD
67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Attn: Company Secretary

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Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you only have shares registered in your name in the Register of Members, you should insert that number of shares. However, if you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of Company at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942 (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)
Neil MONTEFIORE (CEO)
KUA Hong Pak
Peter SEAH Lim Huat
Nihal Vijaya Devadas KAVIRATNE CBE
LEE Theng Kiat
Steven Terrell CLONTZ
LIM Ming Seong
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)
Guy William NORMAN (Alternate to Nasser MARAFIH)

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

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

67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942
Tel: (65) 6825 5000
Fax: (65) 6721 5000

Share Registrar

M & C Services Private Limited
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: Esther BAY
(appointed w.e.f. 1 January 2010)

Subsidiaries

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

Investor Relations

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

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strategic communicator and visual creator

greymatter williams and phoa (asia)



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