

A View from the Top

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For our industry, disruptive technologies, changing consumer preferences, and increasingly complex information technology requirements for businesses continue to challenge traditional business models.

Steven Terrell Clontz
Chairman

Service Revenue Mix



Mobile	54%
Pay TV	16%
Broadband	10%
Enterprised Fixed	20%

Hubbing remains our over-arching business strategy and we are taking the Hubbing concept even further. We intend to broaden engagement with our customers, allowing us more insights into what customers need and want.

Dear Shareholders,

Singapore's economy picked up in 2017. Certain industries surged ahead, while others, remained under pressure. For our industry, disruptive technologies, changing consumer preferences, and increasingly complex information technology requirements for businesses continue to challenge traditional business models. But those changes also offer new opportunities for growth. At StarHub, we know that to meet those challenges while also making the most of the opportunities, requires a passion for innovation that is ignited by a genuine desire to please our customers.

Over the years, we have ingrained the 'market-driven, customer-centric' culture into how we operate as a Company. This approach has worked well for us since our early days as a start-up company challenging the incumbents. We brought many "firsts" to market under the 'Hubbing' banner with Mobile, Pay TV and Broadband services, enabling StarHub to grow to the size we are today.

StarHub has a new corporate vision – '*inspiring digital innovation – for the best digital life has to offer*'. We believe there are numerous opportunities to bring innovative services to market that enhance the way that people interact, their entertainment options, and their worklife. The accelerating growth in data reservoirs and the ability to analyse that data, along with machines that quickly adapt and learn, offer new ways to make smarter decisions about how to please customers and use resources

more efficiently. Of course, the digital world introduces new challenges, disruptions, and threats. So, aggressively embracing this constantly changing digital world is the best strategy for remaining relevant.

For example, we have recently made key investments in strengthening our cyber security capabilities, as the cyber threat environment is ever changing and will continue to be a threat to networks and those connected to it for the foreseeable future. It is not just paramount for obvious reasons; there is value to all stakeholders in StarHub maintaining a secure network.

Hubbing remains our over-arching business strategy and we are taking the Hubbing concept even further. We intend to broaden engagement with our customers, allowing us more insights into what customers need and want. A combination of modern technologies, new ways of addressing the lifestyles our customers choose, and a fresh approach to building strong alliances and partnerships, brings a load of opportunities for delighting customers in ways that we could not have achieved before. And we are just at the very beginning of this journey.

For example, in October, we announced a landmark tie-up with OCBC Bank, where we offered promotions to each other's customers and are continuing to jointly explore exciting initiatives. StarHub's strategic investment in entertainment company mm2 Asia Ltd, has allowed us to

RECAP 2017



Sustainability

CORPORATE KNIGHTS' GLOBAL 100

Ranked in the list of the world's most sustainable company for five consecutive years



Enterprise

ASTL + D'Crypt

Acquired majority stake in ASTL and D'Crypt (as of January 2018); specialising in cyber security solutions



Leadership

2 New

Directors coming onboard providing diverse and invaluable insights with their experiences

CHAIRMAN'S MESSAGE

A View from the Top (cont'd)

offer hard-to-get tickets for music events and opportunities for interactions with celebrities.

We believe there are excellent opportunities to grow profitable revenue in our Enterprise Business division. We have put together new capabilities in data analytics, cyber security and enterprise data management. Also, by expanding StarHub's fibre connectivity, we are significantly growing our addressable market.

Having reliable access to IT and communications services is no longer enough. As markets change, a comprehensive suite of enterprise IT capabilities is by itself a business advantage. Without which, companies cannot transact with their own customers and partners securely. To underpin this vision, we have announced two major acquisitions. Our stake in Accel Systems & Technologies Pte. Ltd. (ASTL) gives us the in-house capabilities to be an end-to-end provider of cyber security solutions and services. The acquisition of D'Crypt Pte Ltd (D'Crypt) further broadens our capabilities in cryptographic and digital security, further differentiating StarHub's enterprise solutions.

Like our approach in the consumer business, we are also building an ecosystem of like-minded partners with complementary capabilities for our enterprise customers. In November, we announced a tie-up with leading insurer Prudential to launch a blockchain-based trading platform, where our customers can transact more efficiently with their own suppliers and customers.

Looking Ahead

In 2018, a fourth mobile network operator is expected to commence operations. We believe that by continuing to enhance the Hubbing experience we give customers, harnessing more useful customer insight through data analytics, and being more flexible and targeted in our service offerings, we will continue to give customers more reasons to remain with StarHub.

The year has been especially challenging on the Pay TV front. Inexpensive third-party set-top boxes are being sold in Singapore that provide free streaming of the same content that we offer on a paid subscription basis. Also, there is a growing number of websites, apps, and over-the-top (OTT) video services that dilute viewership of linear broadcast Pay TV content. A high percentage

of our TV revenue was paid for branded content to our overseas content providers, and we must recover that cost through subscriptions. Together with our content partners, we are raising our case in the appropriate forums to protect copyright owners' intellectual property rights. We understand that the legacy Pay TV model is changing rapidly, and we must adapt. To that end, we will introduce new packages that customers truly value being delivered over our networks. In addition, we are also improving on our own OTT app *StarHub Go*, to cater to our customers' evolving lifestyle needs.

The broadband market remains very competitive. We have held our ground, as customers appreciate the better value we offer. A good example is our unique offering of Google WiFi, which provides a multi-point mesh network, blanketing users' homes, and delivering seamless internet access for multiple devices.

With Singapore's Smart Nation and Digital Government push gaining momentum, there will be more enterprise projects for StarHub to pursue. We believe that our Enterprise business is better equipped to capture growth opportunities. We have also hired Dr Chong Yoke Sin to lead this exciting area of growth.

Sustainability

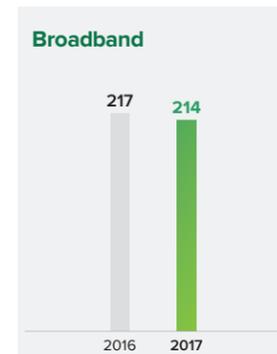
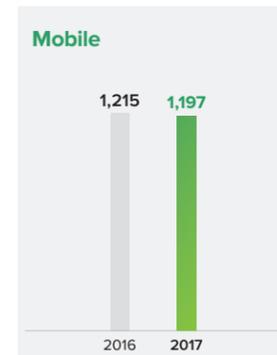
As we work hard to add new capabilities and grow our business, we will not compromise on what is required of us as a responsible corporate citizen who cares for the wider community and environment. In 2017, we redefined our approach towards sustainability to align with our new corporate vision, core business and the United Nations Sustainable Development Goals. We also had the 2017 Sustainability Report issued for the first time.

Our sustainability efforts are focused on five areas: the environment, social and digital inclusion, partnering for innovation, improving customer experience and supply chain integrity. Those are where our expertise and technology can create lasting positive impact and where we see opportunities to use digital solutions to address societal challenges.

Beneath these five areas is the foundation of how we conduct our business responsibly. This way, we have a clear purpose on how we can help our customers and society adapt to technological change and digital transformation.

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Service Revenue Contribution



For instance, we have implemented a smart water metering system with a local shipping port to monitor water consumption and efficiency. We have also inked partnerships with several companies to provide 'robot-as-a-service' solutions. These solutions can streamline business processes and optimise efficiency for better productivity.

We have been rapidly improving our cyber security capabilities. For example, we are doubling the size of our Security Operations Centres with certified cyber security analysts and researchers.

Our approach to sustainability extends not only to customers but to our suppliers, employees and communities too. We have started to assess the risks in our supply chain and enhance our commitment towards responsible sourcing. We developed a Supplier Code of Conduct that references the United Nations Global Compact Ten Principles to make our commitment to sustainability clear to our suppliers and to work with them to build their sustainability performance. We also continue to encourage our employees to join us in our efforts to contribute to our communities through volunteering and providing monetary support.

While we are proud of what we have established and achieved this year, we are conscious that there is always more to do. In 2018, we will continue to refine our sustainability strategy, establish more tangible goals and measure our progress so that we can better report on how we are inspiring change.

As the Board continues to oversee the management and integration of sustainability, the Company continues to consider and understand the environmental, social and governance risks and opportunities that could impact the business during the execution of the Company's business strategy.

New Leader, New Era

In November 2017, we announced that Mr Tan Tong Hai, our Executive Director and CEO, will be stepping down from 1 May 2018. He joined StarHub in 2009 as our Chief Operating Officer before taking over the top job in March 2013.

A global search is well underway, and we expect to announce his successor soon.

During his watch, Tong Hai led many new initiatives which we benefit from today, especially launching a renewed Enterprise Business group that will serve as the foundation for growth. Both personally and professionally, we have all enjoyed working with Tong Hai. My fellow Directors and I thank him for his many contributions to StarHub.

Board Changes

This past year, we welcomed two new directors to our Board.

Ms Michelle Lee Guthrie, who is Managing Director of the Australian Broadcasting Corporation, joined us as an independent, non-executive director. She is a veteran in media management and content development for both traditional and digital media.

We also welcome Mr Naoki Wakai, President and CEO of NTT Singapore, as our newest non-executive director. With years of experience in the region's enterprise communications market, we expect to benefit from Wakai-san's experience and insights.

Mr Takeshi Kazami, who joined our Board in April 2012 has stepped down from our Board, as he returned to Japan after serving as President and CEO of NTT Singapore. We thank him for his contributions to StarHub and wish him well in his new role for NTT in Japan.

In 2017, the Board appointed Ms Rachel Eng as our Lead Independent Director. She also serves as Chairperson for the Nominating Committee.

Lastly, on behalf of everyone at StarHub, I look forward to your continued support. I want to thank you all for being part of our journey. See you at the coming Annual General Meeting.

Steven Terrell Clontz
Chairman