

CIRCULAR DATED 21 MARCH 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold your ordinary shares in the capital of StarHub Ltd (the “**Company**”), please immediately forward this Circular and the attached Proxy Form to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this Circular.



STARHUB LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199802208C

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) the proposed renewal of the Share Purchase Mandate;**
- (2) the proposed renewal of the Shareholders’ Mandate for Interested Person Transactions;**
- (3) the proposed adoption of the StarHub Performance Share Plan 2014; and**
- (4) the proposed adoption of the StarHub Restricted Stock Plan 2014.**

IMPORTANT DATES AND TIMES:

- Last date and time for lodgement of Proxy Form : 12 April 2014 at 10.30 a.m.
- Date and time of Extraordinary General Meeting : 14 April 2014 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Sixteenth Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : StarHub Auditorium
67 Ubi Avenue 1
#03-01 (South Wing) StarHub Green
Singapore 408942

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CONTENTS

	Page
DEFINITIONS	2
LETTER TO SHAREHOLDERS	6
1. Introduction	6
2. The Proposed Renewal of the Share Purchase Mandate	7
3. The Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions	21
4. The Proposed Adoption of the StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014	22
5. Directors' and Substantial Shareholders' Interests	43
6. Directors' Recommendations	45
7. Extraordinary General Meeting	46
8. Action to be taken by Shareholders	46
9. Inspection of Documents	46
10. Directors' Responsibility Statement	47
APPENDIX 1 The Shareholders' Mandate	48
NOTICE OF EXTRAORDINARY GENERAL MEETING	59
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “2013 Circular to Shareholders”** : The Company’s Circular to Shareholders dated 21 March 2013.
- “2013 EGM”** : The extraordinary general meeting of the Company held on 15 April 2013.
- “AGM”** : The annual general meeting of the Company.
- “Articles”** : The Articles of Association of the Company.
- “Awards”** : Awards granted pursuant to the StarHub Performance Share Plan and the StarHub Restricted Stock Plan.
- “Broadcasting Act”** : The Broadcasting Act, Chapter 28 of Singapore, as amended, supplemented or modified from time to time.
- “CDP”** : The Central Depository (Pte) Limited.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time.
- “Company” or “StarHub”** : StarHub Ltd.
- “Directors”** : The directors of the Company for the time being.
- “EGM”** : The extraordinary general meeting of the Company, notice of which is given on pages 59 to 64 of this Circular.
- “Existing Share Plans”** : The StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan.
- “Foreign Shareholding”** : Shares held by, or in respect of which voting rights are controlled by, a foreign source.
- “Foreign Shareholding Limit”** : Subject to Article 10(G)(a) of the Articles, 49% of the issued share capital of the Company, provided always that, subject to the prior approval of any stock exchange upon which shares in the Company may be listed, the Directors may from time to time reduce the Foreign Shareholding Limit to below 49% of the issued share capital of the Company as the Directors may in their absolute discretion determine and may from time to time, following such reduction, increase the Foreign Shareholding Limit to up to 49% of the issued share capital of the Company.
- “Group” or “StarHub Group”** : The Company and its subsidiaries.

DEFINITIONS

“IDA”	:	Info-communications Development Authority of Singapore.
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 24 February 2014.
“Listing Manual”	:	The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“Market Purchases”	:	Has the meaning given to it in paragraph 2.3.3(a) of this Circular.
“Minister”	:	The Minister referred to in the Broadcasting Act and/or the Telecommunications Act, as the case may be.
“New Share Plans”	:	The StarHub Performance Share Plan 2014 and the StarHub Restricted Stock Plan 2014.
“NTA”	:	Net tangible assets.
“Off-Market Purchases”	:	Has the meaning given to it in paragraph 2.3.3(b) of this Circular.
“Prescribed Limits”	:	Subject to Article 2 of the Articles, shareholding limits prescribed by the Broadcasting Act, the Telecommunications Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, guidelines, notices and/or codes of conduct promulgated or issued thereunder from time to time and, unless and until approval shall have been obtained from the Minister under the Broadcasting Act, shall include the Foreign Shareholding Limit.
“PSP Awards”	:	Awards granted under the StarHub Performance Share Plan.
“PSP 2014 Awards”	:	Awards granted under the StarHub Performance Share Plan 2014.
“RSP Awards”	:	Awards granted under the StarHub Restricted Stock Plan.
“RSP 2014 Awards”	:	Awards granted under the StarHub Restricted Stock Plan 2014.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.

DEFINITIONS

“StarHub Performance Share Plan”	:	The StarHub Performance Share Plan adopted on 16 August 2004 and due to expire on 15 August 2014.
“StarHub Performance Share Plan 2014” or “PSP 2014”	:	The StarHub Performance Share Plan 2014 to be adopted at the EGM on 14 April 2014.
“StarHub Restricted Stock Plan”	:	The StarHub Restricted Stock Plan adopted on 16 August 2004 and due to expire on 15 August 2014.
“StarHub Restricted Stock Plan 2014” or “RSP 2014”	:	The StarHub Restricted Stock Plan 2014 to be adopted at the EGM on 14 April 2014.
“StarHub Share Option Plan 2000”	:	The StarHub Pte Ltd Share Option Plan adopted by the Company in 2000 and terminated by the Company in 2004.
“StarHub Share Option Plan 2004”	:	The StarHub Share Option Plan 2004 adopted by the Company on 16 August 2004, suspended by the Company in 2006 and due to expire on 15 August 2014.
“Share Options”	:	The Share Options 2000 and the Share Options 2004.
“Share Options 2000”	:	Options to subscribe for new Shares granted pursuant to the StarHub Share Option Plan 2000.
“Share Options 2004”	:	Options to subscribe for new Shares granted pursuant to the StarHub Share Option Plan 2004.
“Share Purchase Mandate”	:	Has the meaning given to it in paragraph 2.1 of this Circular.
“Shareholders”	:	Persons (other than CDP) who are registered as holders of Shares in the Register of Members of the Company and Depositors who have Shares entered against their names in the Depository Register.
“Shareholders’ Mandate”	:	Has the meaning given to it in paragraph 3.1 of this Circular.
“Shares”	:	Ordinary shares in the capital of the Company.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time.
“Telco Competition Code”	:	Code of Practice for Competition in the Provision of Telecommunication Services 2012.
“Telecommunications Act”	:	The Telecommunications Act, Chapter 323 of Singapore, as amended, supplemented or modified from time to time.
“Temasek”	:	Temasek Holdings (Private) Limited.

DEFINITIONS

“Voting Shares”	:	Has the meaning given to “voting share” in Section 4(1) of the Companies Act.
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively.
“%” or “per cent”	:	Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “foreign source” shall have the meaning ascribed to it in Section 43 of the Broadcasting Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual, or any modification thereof and not otherwise defined in this Circular, shall have the same meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancy within the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

LETTER TO SHAREHOLDERS

STARHUB LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199802208C

Directors:

Tan Guong Ching (Non-Executive Chairman)
Tan Tong Hai (Chief Executive Officer/Executive Director)
Kua Hong Pak (Independent Director)
Peter Seah Lim Huat (Non-Executive Director)
Nihal Vijaya Devadas Kaviratne CBE (Independent Director)
Steven Terrell Clontz (Non-Executive Director)
Lim Ming Seong (Non-Executive Director)
Teo Ek Tor (Independent Director)
Liu Chee Ming (Independent Director)
Robert J. Sachs (Independent Director)
Sio Tat Hiang (Non-Executive Director)
Nasser Marafih (Non-Executive Director)
Takeshi Kazami (Non-Executive Director)

Registered Office:

67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942

To: The Shareholders of
StarHub Ltd

21 March 2014

Dear Sir/Madam

1. INTRODUCTION

1.1 **EGM.** The Directors are convening an EGM to be held on 14 April 2014 to seek Shareholders' approval for the following proposals:

- (a) the proposed renewal of the Share Purchase Mandate;
- (b) the proposed renewal of the Shareholders' Mandate for Interested Person Transactions;
- (c) the proposed adoption of the StarHub Performance Share Plan 2014; and
- (d) the proposed adoption of the StarHub Restricted Stock Plan 2014.

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the proposals to be tabled at the EGM.

LETTER TO SHAREHOLDERS

- 1.3 **Listing of New Shares.** The SGX-ST has granted in-principle approval for the listing and quotation of the new Shares to be issued pursuant to the StarHub Performance Share Plan 2014 (the “**PSP 2014**”) and the StarHub Restricted Stock Plan 2014 (the “**RSP 2014**”) (together, the “**New Share Plans**” and individually, a “**New Share Plan**”), subject to the Shareholders’ approval for the New Share Plans and the Company’s compliance with the SGX-ST’s listing requirements and guidelines. The SGX-ST’s in-principle approval is not to be taken as an indication of the merits of the New Share Plans, the Company and/or its subsidiaries.
- 1.4 **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 **Background.** At the 2013 EGM, Shareholders had approved, *inter alia*, a mandate (the “**Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire the Shares in accordance with, and in the manner prescribed by, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable. The authority and limitations on the Share Purchase Mandate were set out in the 2013 Circular to Shareholders and Resolution 1 set out in the Notice of the 2013 EGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution 1 at the 2013 EGM and will expire on the date of the forthcoming Sixteenth AGM which will also be held on 14 April 2014 immediately preceding the EGM to be held on the same date. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the EGM immediately following the Sixteenth AGM.

- 2.2 **Rationale for Share Purchase Mandate.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:
- (a) In managing the business of the Group, management will strive to increase Shareholders’ value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share purchases at the appropriate price levels may be considered as one of the ways through which the return on equity of the Group may be enhanced.
 - (b) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its possible financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner. A share repurchase programme will also allow management to effectively manage and minimise the dilution impact (if any) associated with the Company’s share plans.

LETTER TO SHAREHOLDERS

- (c) The Share Purchase Mandate will provide the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 2.3.1 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position or financial position of the Company or the Group as a whole.

- 2.3 **Authority and Limits of the Share Purchase Mandate.** The authority relating to, and limitations placed on, the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the EGM, are substantially the same as previously approved by Shareholders at the 2013 EGM, and are summarised below:

2.3.1 ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued Shares as at the date of the EGM. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

2.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM at which the Share Purchase Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting; or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the fullest extent mandated,

whichever is the earliest.

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

LETTER TO SHAREHOLDERS

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the SGX-ST’s trading system, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchases**”) effected, otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements, (2) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances; and
- (3) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 **Purchase Price**

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors, subject to and in accordance with the Listing Manual and the Articles. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate must not exceed:

LETTER TO SHAREHOLDERS

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“Average Closing Price” means the average of the closing market prices of a Share over the last five Market Days, on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual for any corporate action that occurs after the relevant five-Market Day period; and

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury shares).

2.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

LETTER TO SHAREHOLDERS

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

- 2.6 **Source of Funds.** In accordance with the current requirements of the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may be made out of the Company's distributable profits as well as capital.

The Company may use internal sources of funds of the Group or external borrowings or a combination of both to fund the Company's purchases or acquisitions of Shares pursuant to the Share Purchase Mandate.

- 2.7 **Financial Effects.** The financial effects on the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for

LETTER TO SHAREHOLDERS

such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company, based on the audited financial statements of the Company for the financial year ended 31 December 2013, are based on the assumptions set out below:

2.7.1 *Purchase or Acquisition out of Capital or Profits*

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

2.7.2 *Number of Shares Purchased or Acquired*

Based on approximately 1,722.9 million Shares in issue (excluding treasury shares) as at the Latest Practicable Date, and assuming no further Shares are issued (except for the approximately 10 million Shares which are issuable on the exercise of the outstanding Share Options or pursuant to the terms of the conditional awards of Shares under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan) and no further Shares are purchased or acquired and held by the Company as treasury shares on or prior to the AGM, the purchase by the Company of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of approximately 172.3 million Shares.

As approximately 0.07 million Shares were held as treasury shares as at the Latest Practicable Date, on the basis of paragraph 2.5.1, the maximum number of Shares the Company can acquire or purchase and hold as treasury shares is 172.2 million Shares.

2.7.3 *Maximum Price Paid for Shares Acquired or Purchased*

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 172.2 million Shares at the maximum price of S\$4.349 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 172.2 million Shares is S\$748.9 million.

LETTER TO SHAREHOLDERS

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 172.2 million Shares at the maximum price of S\$4.556 for one Share (being the price equivalent to 110% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 172.2 million Shares is S\$784.5 million.

2.7.4 *Illustrative Financial Effects*

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.2 and 2.7.3 above, the financial effects of the:

- (a) purchase or acquisition of 172.2 million Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made wholly out of profits and held as treasury shares or cancelled; and
- (b) purchase or acquisition of 172.2 million Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made wholly out of profits and held as treasury shares or cancelled,

on the audited financial statements of the Company for the financial year ended 31 December 2013 are set out below.

LETTER TO SHAREHOLDERS

Scenarios 1(A) & 1(B)

Market Purchases made wholly out of profits and (a) held as treasury shares or (b) cancelled.

	Company	
	Before Share Purchase S\$'mil	After Share Purchase S\$'mil
<u>As at 31 December 2013</u>		
Share Capital and Reserves	1,219.8	
(a) where Shares purchased were held as treasury shares		470.8
(b) where Shares purchased were cancelled		470.8
	1,219.8	470.8
Shareholders' Funds		
Net Tangible Assets	1,227.3	478.4
Current Assets	493.8	493.8
Current Liabilities	773.2	773.2
Total Borrowings	687.5	1,436.4
Cash and Cash Equivalents	207.5	207.5
Number of Shares ('mil)	1,721.4 ⁽¹⁾	
(a) where Shares purchased were held as treasury shares		1,722.9 ⁽²⁾
(b) where Shares purchased were cancelled		1,550.7 ⁽³⁾
<u>Financial Ratios</u>		
Net Tangible Assets per Share (cents)	65.1	30.9
Earnings per Share (cents)	18.8	19.8
Net Gearing ⁽⁴⁾ (%)	39	145
Current Ratio (times)	0.64	0.64

Notes:

- ⁽¹⁾ Includes approximately 0.07 million Shares held as treasury shares as at 31 December 2013.
- ⁽²⁾ Includes approximately 172.3 million Shares comprising approximately 0.07 million Shares held as treasury shares as at the Latest Practicable Date and approximately 172.2 million Shares purchased and held as treasury shares.
- ⁽³⁾ Includes approximately 0.07 million Shares held as treasury shares as at the Latest Practicable Date and denotes the number of Shares outstanding after approximately 172.2 million Shares purchased were cancelled.
- ⁽⁴⁾ "Net Gearing" means the ratio of the total net borrowings to average shareholders' funds.

LETTER TO SHAREHOLDERS

Scenarios 2(A) & 2(B)

Off-Market Purchases made wholly out of profits and (a) held as treasury shares or (b) cancelled.

	Company	
	Before Share Purchase S\$'mil	After Share Purchase S\$'mil
<u>As at 31 December 2013</u>		
Share Capital and Reserves	1,219.8	
(a) where Shares purchased were held as treasury shares		435.2
(b) where Shares purchased were cancelled		435.2
	1,219.8	435.2
Shareholders' Funds	1,219.8	435.2
Net Tangible Assets	1,227.3	442.7
Current Assets	493.8	493.8
Current Liabilities	773.2	773.2
Total Borrowings	687.5	1,472.1
Cash and Cash Equivalents	207.5	207.5
Number of Shares ('mil)	1,721.4 ⁽¹⁾	
(a) where Shares purchased were held as treasury shares		1,722.9 ⁽²⁾
(b) where Shares purchased were cancelled		1,550.7 ⁽³⁾
<u>Financial Ratios</u>		
Net Tangible Assets per Share (cents)	65.1	28.6
Earnings per Share (cents)	18.8	19.8
Net Gearing ⁽⁴⁾ (%)	39	152
Current Ratio (times)	0.64	0.64

Notes:

- ⁽¹⁾ Includes approximately 0.07 million Shares held as treasury shares as at 31 December 2013.
- ⁽²⁾ Includes approximately 172.3 million Shares comprising approximately 0.07 million Shares held as treasury shares as at the Latest Practicable Date and approximately 172.2 million Shares purchased and held as treasury shares.
- ⁽³⁾ Includes approximately 0.07 million Shares held as treasury shares as at the Latest Practicable Date and denotes the number of Shares outstanding after approximately 172.2 million Shares purchased were cancelled.
- ⁽⁴⁾ "Net Gearing" means the ratio of the total net borrowings to average shareholders' funds.

LETTER TO SHAREHOLDERS

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). **IN PARTICULAR, THE DIRECTORS DO NOT INTEND TO EXERCISE THE SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT AND TO SUCH LIQUIDITY AND CAPITAL ADEQUACY POSITION OR AN EXTENT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE COMPANY OR THE GROUP AS A WHOLE.** In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired in treasury.

2.8 **Listing Rules.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of, *inter alia*, details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid per share, as applicable, the total number of issued shares (excluding treasury shares) after purchase and the total number of treasury shares held after purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In addition, in line with the best practices set out in the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company’s quarterly and full-year results.

Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares) must be held by public Shareholders. As at the Latest Practicable Date, approximately 33.43% of the issued Shares (excluding treasury shares) are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

LETTER TO SHAREHOLDERS

- 2.9 **Shareholding Limits.** The Articles provide that no person shall, whether alone or together with his associates (as defined in the Broadcasting Act or otherwise as applicable), hold or control shares in the Company in excess of any of the Prescribed Limits without first obtaining the approval of the Minister or the applicable regulatory authority.

The Broadcasting Act provides that no person may become:

- (a) a substantial shareholder (as defined under the Companies Act);
- (b) a 12% controller (as defined under the Broadcasting Act); or
- (c) an indirect controller (as defined under the Broadcasting Act),

of the Company without first obtaining the approval of the Minister.

The Telco Competition Code provides that before entering into any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, the Company must calculate the percentage of Voting Shares held by each Shareholder following such purchase or acquisition and, if as a result of such purchase or acquisition, such Shareholder will become:

- (i) a 12% Controller of the Company; or
- (ii) a 30% Controller of the Company,

such Shareholder and the Company must seek the approval of the IDA before the Company proceeds with such purchase or acquisition.

For the purposes of the Telco Competition Code:

- (i) “**12% Controller**” means a person who, alone or together with his associates (as defined under Section 32A(4) of the Telecommunications Act), (a) holds 12% or more but less than 30% of the total number of Voting Shares in the Company, or (b) is in a position to control 12% or more but less than 30% of the Voting Power (as defined below) in the Company;
- (ii) “**30% Controller**” means a person who, alone or together with his associates, (a) holds 30% or more of the total number of Voting Shares in the Company, or (b) is in a position to control 30% or more of the Voting Power in the Company; and
- (iii) “**Voting Power**” means control that is direct or indirect, including control that is exercisable as a result of or by means of arrangements or practices, whether or not having legal or equitable force and whether or not based on legal or equitable rights, of that percentage of the total number of votes that may be cast in a general meeting of that entity, as the case may be.

LETTER TO SHAREHOLDERS

The Articles empower the Directors, if it shall come to their notice that, *inter alia*, (a) any person or, as the case may be, any person together with his associates holds or controls shares of the Company in excess of any of the Prescribed Limits without first obtaining the approval of the Minister or the applicable regulatory authority or (b) any change in the nationality of an individual or in the constitution or the ownership of the shares of a corporation has caused the Foreign Shareholding to exceed the Foreign Shareholding Limit, to take all steps and do all acts or things as they may in their absolute discretion deem necessary to ensure that the provisions of the Broadcasting Act (including the Foreign Shareholding Limit), the Telecommunications Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, guidelines, notices and/or codes of conduct promulgated or issued thereunder are or will be complied with, and require the Directors to take such action as may be directed by the Minister or the applicable regulatory authority, including but not limited to requiring such person or persons or the holder or holders of the shares concerned (as the case may be) to dispose such number of his shares within such period of time as may be specified by the Minister. Article 10(C) of the Articles also provides that the Directors shall take such remedial action if directed to do so by the Minister or the applicable regulatory authority.

As the number of issued Shares in the capital of the Company may be diminished by the number of Shares purchased or acquired by the Company, the shareholding percentage of a holder of Shares (whose Shares were not the subject of a share purchase or acquisition by the Company) in the issued Shares in the capital of the Company immediately following any purchase or acquisition of Shares by the Company will increase correspondingly.

The Company wishes to draw the attention of Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, if the proposed Share Purchase Mandate is approved by Shareholders:

A PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY MAY INADVERTENTLY CAUSE THE INTEREST IN THE SHARES OF ANY PERSON TO REACH OR EXCEED THE PRESCRIBED LIMITS (IN PARTICULAR, A PERSON WHOSE INTEREST IN SHARES IS CURRENTLY CLOSE TO ANY PRESCRIBED LIMIT). SHAREHOLDERS WHOSE CURRENT SHAREHOLDINGS ARE CLOSE TO ANY OF THE PRESCRIBED LIMITS AND WHOSE SHAREHOLDINGS MAY EXCEED ANY SUCH LIMITS BY REASON OF A PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY ARE ADVISED TO CONSIDER SEEKING THE PRIOR APPROVAL OF THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY) TO CONTINUE TO HOLD, ON SUCH TERMS AS MAY BE IMPOSED BY THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), THE SHARES WHICH THEY MAY HOLD IN EXCESS OF THE PRESCRIBED LIMITS AS A CONSEQUENCE OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY.

LETTER TO SHAREHOLDERS

2.10 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.10.1 *Obligation to make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director acquires or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code. For this purpose, effective control means a holding, or aggregate holdings, of Shares carrying 30% or more of the voting rights of the Company, irrespective of whether that holding (or holdings) gives de facto control. The “acquisition of effective control” in the Company refers to a situation where a person and parties acting in concert with him, who previously held in aggregate less than 30% of the Company’s voting rights, increase their aggregate holding of voting rights in the Company to 30% or more. The “consolidation of effective control” in the Company refers to a situation where a person and parties acting in concert with him, who already owned between 30% and 50% of the Company’s voting rights, increase their aggregate holding of voting rights in the Company by more than 1% within a six-month period.

2.10.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be acting in concert with each other:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies whose associated companies include any of the aforementioned, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned for the purchase of voting rights, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

LETTER TO SHAREHOLDERS

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.3 *Effect of Rule 14 and Appendix 2*

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of Resolution 1 authorising the Share Purchase Mandate.

Based on the interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 5.2 below, none of the substantial shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.

- 2.11 **Details of Previous Share Purchases.** There were no purchases or acquisitions of Shares made by the Company in the 12 months immediately preceding the Latest Practicable Date, pursuant to the Share Purchase Mandate approved by the Shareholders at the 2013 EGM.

LETTER TO SHAREHOLDERS

3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 **Shareholders' Mandate.** At the 2013 EGM, approval of the Shareholders was obtained for the renewal of a Shareholders' Mandate (the "**Shareholders' Mandate**") to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual) to enter into certain interested person transactions ("**Interested Person Transactions**") with the classes of interested persons as set out in the Shareholders' Mandate. Particulars of the Shareholders' Mandate were set out in Appendix 1 to the 2013 Circular to Shareholders.

3.2 **Proposed Renewal of the Shareholders' Mandate.** The Shareholders' Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the Sixteenth AGM which is scheduled to be held on 14 April 2014. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the EGM, to take effect until the Seventeenth AGM of the Company.

3.3 **Appendix 1.** The Shareholders' Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix 1 to this Circular.

3.4 **Audit Committee Statement.** The Audit Committee of the Company, comprising Messrs Kua Hong Pak, Nihal Vijaya Devadas Kaviratne CBE, Lim Ming Seong and Teo Ek Tor, confirms that:

- (a) the methods and procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the 2013 EGM; and
- (b) the methods and procedures referred to in paragraph 3.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

4. THE PROPOSED ADOPTION OF THE STARHUB PERFORMANCE SHARE PLAN 2014 AND THE STARHUB RESTRICTED STOCK PLAN 2014

4.1 **Existing Share Plans.** The Company has in place the following existing share plans:

- (a) the StarHub Share Option Plan 2004;
- (b) the StarHub Performance Share Plan; and
- (c) the StarHub Restricted Stock Plan,

(together, the “**Existing Share Plans**”).

The Existing Share Plans were adopted at an extraordinary general meeting of the Company held on 16 August 2004. The duration of the Existing Share Plans is 10 years commencing on the date of adoption, that is, 10 years commencing on 16 August 2004. The Existing Share Plans are accordingly due to expire on 15 August 2014.

The Company proposes to adopt the PSP 2014 and the RSP 2014 to replace the existing StarHub Performance Share Plan and StarHub Restricted Stock Plan respectively. Details of the New Share Plans are set out in paragraphs 4.4 to 4.9 below. The StarHub Share Option Plan 2004 has been suspended since 2006 and the Company does not intend to extend the duration of, or replace, the existing StarHub Share Option Plan 2004. The Existing Share Plans will terminate following the adoption of the New Share Plans by Shareholders at the EGM. There are outstanding options and awards under the Existing Share Plans, details of which are set out in paragraph 4.2 below.

The Company had also in 2000 adopted the StarHub Share Option Plan 2000 and terminated the same in 2004. There are outstanding options under the StarHub Share Option Plan 2000, details of which are set out in paragraph 4.2 below.

4.2 **Outstanding Options and Awards.** As at the Latest Practicable Date:

- (a) there are outstanding and unexercised options (“**Share Options 2000**”) granted to participants under the StarHub Share Option Plan 2000 to subscribe for up to an aggregate of 79,450 Shares, representing approximately 0.005% of the issued Shares as at the Latest Practicable Date;
- (b) there are outstanding and unexercised options (“**Share Options 2004**”) granted to participants under the StarHub Share Option Plan 2004 to subscribe for up to an aggregate of 652,530 Shares, representing approximately 0.04% of the issued Shares as at the Latest Practicable Date;
- (c) there are outstanding awards (“**PSP Awards**”) granted to participants under the StarHub Performance Share Plan in respect of up to a maximum of 4,323,132 Shares, representing approximately 0.25% of the issued Shares as at the Latest Practicable Date; and

LETTER TO SHAREHOLDERS

- (d) there are outstanding awards (“RSP Awards”) granted to participants under the StarHub Restricted Stock Plan in respect of up to a maximum of 4,995,750 Shares, representing approximately 0.29% of the issued Shares as at the Latest Practicable Date.

Details of the outstanding Share Options 2000 as at the Latest Practicable Date are as follows:

Date of Grant	Exercise Period	Acquisition Price (\$)	Number of Shares comprised in the Share Options 2000	Number of Participants
02.04.2004	03.04.2005 to 02.04.2014	0.96	79,450	50

Details of the outstanding Share Options 2004 as at the Latest Practicable Date are as follows:

Date of Grant	Exercise Period	Acquisition Price (\$)	Number of Shares comprised in the Share Options 2004	Number of Participants
26.11.2004	27.11.2005 to 26.11.2014	0.985	155,724	82
30.05.2005	31.05.2006 to 30.05.2015	1.52	496,806	166

Details of the outstanding PSP Awards as at the Latest Practicable Date are as follows:

Date of PSP Award	Number of Shares comprised in the PSP Awards	Number of Participants
31.03.2011	857,900	9
25.05.2012	871,333	10
31.05.2013	432,333	10

Details of the outstanding RSP Awards as at the Latest Practicable Date are as follows:

Date of RSP Award	Number of Shares comprised in the RSP Awards	Number of Participants
25.05.2012	1,872,000	93
31.05.2013	1,458,500	118

LETTER TO SHAREHOLDERS

4.3 **Definitions.** For the purposes of paragraph 4.4 to 4.9 below and in relation to the New Share Plans, the following expressions shall have the following meanings:

“Associated Company” means a company in which at least twenty (20) per cent. but not more than fifty (50) per cent. of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control;

“Associated Company Employee” means any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the PSP 2014 and/or the RSP 2014;

“Associated Company Executive Director” means a director of an Associated Company who performs an executive function;

“Award” means a contingent award of Shares granted under the PSP 2014 and/or the RSP 2014;

“Award Letter” means a letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee;

“Committee” means a committee comprising Directors and not more than one other person (if any) as may be nominated by the Parent Company, duly authorised and appointed by the Board of Directors to administer the PSP 2014 and/or the RSP 2014;

“Group” means the Company and its subsidiaries;

“Group Employee” means any employee of the Group (including any Group Executive Director and any Parent Group Executive or Non-Executive Director 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 a Group Employee for the purposes of the PSP 2014 and/or the RSP 2014) selected by the Committee to participate in the PSP 2014 and/or the RSP 2014;

“Group Executive Director” means a director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function;

“Non-Executive Director” means a director of:

- (a) the Company and/or any of its subsidiaries, other than a Group Executive Director;
- (b) the Parent Company and/or any of its designated subsidiaries (other than the Company and its subsidiaries, where applicable), other than a Parent Group Executive Director; or
- (c) an Associated Company, other than an Associated Company Executive Director;

LETTER TO SHAREHOLDERS

“Parent Company” means Singapore Technologies Telemedia Pte Ltd for so long as it remains the holding company or single largest corporate shareholder of the Company. Where Singapore Technologies Telemedia Pte Ltd ceases to be the holding company or the single largest shareholder of the Company, a company being the holding company of the Company designated by the Committee for the purposes of the PSP 2014 and the RSP 2014 or, where no such holding company exists, the single largest corporate shareholder for the time being of the Company designated by the Committee for the purposes of the PSP 2014 and the RSP 2014 and approved by the SGX-ST;

“Parent Group” means the Parent Company and such of the Parent Company’s subsidiaries as are designated by the Committee for the purposes of the PSP 2014 and/or the RSP 2014 (but, where applicable, excluding the Group);

“Parent Group Executive” means any employee of the Parent Group (including any Parent Group Executive Director);

“Parent Group Executive Director” means a director of the Parent Company and/or any of its designated subsidiaries (but, where applicable, excluding the Group), as the case may be, who performs an executive function; and

“Participant” means a Group Employee, a Non-Executive Director or an Associated Company Employee who has been granted an Award.

- 4.4 **Rationale.** The PSP 2014 and RSP 2014 are intended to replace the existing StarHub Performance Share Plan and the StarHub Restricted Stock Plan respectively, both of which are due to expire on 15 August 2014.

The New Share Plans are share incentive plans, and are designed on the basis that it is important to retain employees whose contributions are essential to the well-being and prosperity of the Group. The New Share Plans seek to align the interests of employees with the interest of the Shareholders, instil loyalty and inculcate a stronger identification by employees with the long-term growth and profitability of the Group. The New Share Plans will allow the Company to attract potential employees with relevant skills, to motivate employees to optimise their performance standards, efficiency and maintain a high level of contribution to the Group, and more importantly, to retain key executives and executive directors of the Group, the Parent Group and Associated Companies whose contributions are essential to the Company’s long-term growth and profitability. In addition, the Company hopes to convey its recognition and appreciation to the outstanding executives, non-executive directors and executive directors of the Group, the Parent Group and Associated Companies who have contributed to the Company’s growth. The Company hopes that this will further instill these individuals’ commitment, support and loyalty to the Company’s long-term growth and profitability.

The PSP 2014 and the RSP 2014 contemplate the award of fully paid Shares to executives, when and after pre-determined performance or service conditions over the medium term (that is, the next three to five years) are satisfied. In addition, the RSP 2014 serves to enhance the Company’s overall compensation packages in order to attract key talent. New executive hires often have to forego substantial share options or other share incentives

LETTER TO SHAREHOLDERS

when they leave their positions to join the Group. The RSP 2014 will hopefully provide future opportunities for such persons to gain rewards which more than make up for the opportunities lost.

The PSP 2014 and the RSP 2014 are targeted at key executives who are in the best position to drive the growth of the Group through superior performance. Whether or not a particular Participant is granted Awards under the PSP 2014 or RSP 2014 or both, and the proportion of Shares and the type of Award to be granted to a Participant under each of the New Share Plans, will be determined at the discretion of the Committee, which will take into account factors such as the Participant's capability, scope of responsibility, skill and future relevance to the Group, and vulnerability to leaving the employment of the Group or, as the case may be, a relevant Associated Company. When deciding on the number of Shares to be awarded under the PSP 2014 or RSP 2014 to a Participant at any one point in time, the Committee will also take into consideration the number of Shares to be awarded to that Participant under the other New Share Plan at that time, if any.

Both the PSP 2014 and the RSP 2014 are fairly commonly used methods to attract, incentivise, motivate and retain key executives to achieve pre-determined targets which create and enhance economic value for shareholders, and the Company is adopting them because it believes that the New Share Plans will be more effective than cash bonuses in motivating executives to work towards goals.

While the New Share Plans cater principally to the Company's employees, the Company recognises that other persons can also make significant contributions to the Group through their close working relationships with the Company, even though they are not employed within the Group. Such persons include non-executive members of the Board of Directors, Parent Group Executives and employees of Associated Companies.

The PSP 2014 has substantively the same terms as the StarHub Performance Share Plan save for the reduced limitation on the size of the PSP 2014. Under the PSP 2014, the total number of Shares which may be delivered pursuant to Awards granted under the PSP 2014 on any date, when added to (a) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the PSP 2014, (b) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the RSP 2014, (c) the total number of new Shares to be allotted and issued, issued Shares (including treasury shares) to be delivered, and Shares to be released in the form of cash in lieu of Shares, pursuant to outstanding options or awards granted under the StarHub Share Option Plan 2000, the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, and (d) the total number of new Shares which may be delivered pursuant to options and/or awards granted under any other share scheme adopted by the Company after the adoption date of the PSP 2014 and for the time being in force, shall not exceed 8% of the total number of issued Shares (excluding treasury shares) on the day preceding that date. By contrast, under the StarHub Performance Share Plan, the aggregate number of new Shares which may be issued pursuant to Awards granted under

LETTER TO SHAREHOLDERS

the StarHub Performance Share Plan on any date, when added to the number of new Shares issued and issuable in respect of (a) all Awards under the StarHub Performance Share Plan, and (b) all options or awards granted under the StarHub Share Option Plan 2000, the StarHub Share Option Plan 2004 and the StarHub Restricted Stock Plan, shall not exceed 15% of the total number of issued Shares of the Company on the day preceding that date.

Similarly, the RSP 2014 has substantively the same terms as the StarHub Restricted Stock Plan save for the reduced limitation on the size of the RSP 2014. Under the RSP 2014, the total number of Shares which may be delivered pursuant to Awards granted under the RSP 2014 on any date, when added to (a) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the RSP 2014, (b) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the PSP 2014, (c) the total number of new Shares to be allotted and issued, issued Shares (including treasury shares) to be delivered, and Shares to be released in the form of cash in lieu of Shares, pursuant to outstanding options or awards granted under the StarHub Share Option Plan 2000, the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, and (d) the total number of new Shares which may be delivered pursuant to options and/or awards granted under any other share scheme adopted by the Company after the adoption date of the RSP 2014 and for the time being in force, shall not exceed 8% of the total number of issued Shares (excluding treasury shares) on the day preceding that date. By contrast, under the StarHub Restricted Stock Plan, the aggregate number of new Shares which may be issued pursuant to Awards granted under the StarHub Restricted Stock Plan on any date, when added to the number of new Shares issued and issuable in respect of (a) all Awards under the StarHub Restricted Stock Plan, and (b) all options or awards granted under the StarHub Share Option Plan 2000, the StarHub Share Option Plan 2004 and the StarHub Performance Share Plan, shall not exceed 15% of the total number of issued Shares of the Company on the day preceding that date.

In addition, the total number of Shares to be delivered pursuant to Awards under the PSP 2014 and the RSP 2014 in any one financial year shall not exceed 0.8% of the total number of issued Shares (excluding treasury shares) from time to time. The StarHub Performance Share Plan and the StarHub Restricted Stock Plan did not provide for such a limit.

The total number of Shares which may be delivered pursuant to Awards granted to Parent Group Executives or Non-Executive Directors of the Parent Group (whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the PSP 2014) shall not exceed 20% of the Shares available under the PSP 2014.

LETTER TO SHAREHOLDERS

The total number of Shares which may be delivered pursuant to Awards granted to Parent Group Executives or Non-Executive Directors of the Parent Group (whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the RSP 2014) shall not exceed 20% of the Shares available under the RSP 2014.

The utilisation by the Company under the StarHub Performance Share Plan and the StarHub Restricted Stock Plan since their commencement has been prudent and low, at less than 4% of the total issued Shares of the Company. Balancing any possible Shareholders' concern on the potential dilutive impact of the PSP 2014 and the RSP 2014, and the need for the Company to have the flexibility to utilise the PSP 2014 and the RSP 2014 to recognise, reward and incentivise employees over a period of 10 years till 2024, a lower limit of 8% for the size of the PSP 2014 and RSP 2014 is proposed.

4.4.1 *The Proposed PSP 2014*

One of the primary objectives of the PSP 2014 is to recognise and retain outstanding key executives and executive Directors as well as non-executive Directors of the Group and the Associated Companies whose contributions are essential to the Company's long-term growth and prosperity.

Awards granted under the PSP 2014 are performance-based. Performance targets set under the PSP 2014 are intended to be based on medium-growth corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are targets aimed at sustaining long term growth. Examples of performance targets to be set include targets based on criteria such as total shareholders' return, market share, market rating and return on sales.

4.4.2 *The Proposed RSP 2014*

One of the primary objectives of the RSP 2014 is to serve as an additional motivational tool to attract and retain talented local and international executives and to give recognition to the contributions made by non-executive Directors of the Group and the Associated Companies to the Company's long-term growth and prosperity.

Awards granted under the RSP 2014 vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served the Company or, as the case may be, a relevant Associated Company, for a specified number of years (time-based restricted Awards) or, where the Award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted Awards). No minimum vesting periods are prescribed under the RSP 2014, and the length of the vesting period in respect of each Award will be determined on a case-by-case basis.

LETTER TO SHAREHOLDERS

Performance-based restricted Awards differ from Awards granted under the PSP 2014 in that an extended vesting period is imposed beyond the performance target completion date. Therefore, under the RSP 2014, Participants are encouraged to remain employed by the Company or, as the case may be, a relevant Associated Company, beyond the achievement date of the pre-determined performance targets. A time-based Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives who the Company seeks to attract and retain. A performance-based Award may be granted, for example, with a performance target based on the successful completion of a project, and thereafter with a further vesting period to encourage the Participant to remain employed for a further period of time following completion of that project.

4.4.3 *Flexibility of Grants*

It is possible that performance-related Awards under both the PSP 2014 and the RSP 2014 will be granted to a Participant. For example, an individual Participant holding a key management position may be granted an Award under the PSP 2014 based on specified medium-term critical target objectives (for example, targets relating to market position and the Company's profitability and growth) over the next three years which vests at the end of the performance period and at the same time, granted an Award under the RSP 2014 based on different performance targets (for example, ensuring that a particular project is successfully completed on time) and service conditions which vests after a longer period over the next three to five years. It is unlikely that identical performance targets will be set for Awards granted under both the PSP 2014 and RSP 2014 to the same Participant.

Although the Company will have the flexibility under the RSP 2014 to grant both time-based restricted Awards and performance-based restricted Awards to the same Participants at the same time, generally, time-based restricted Awards are intended to be used to attract new key employees and talents which the Company may want to retain for specific periods.

4.5 **Summary of Rules.** The following are summaries of the principal rules of the PSP 2014 and the RSP 2014.

4.5.1 *Summary of Rules of PSP 2014*

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in the PSP 2014 at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time (including those Parent Group Executives and Non-Executive Directors of the

LETTER TO SHAREHOLDERS

Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the PSP 2014);

- (b) Non-Executive Directors (other than Non-Executive Directors of the Parent Group) who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- (c) Associated Company Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Only seconded Parent Group Executives and Non-Executive Directors of the Parent Group who work full-time for the Group (like Group Employees) during the entire period of their secondment will be eligible to participate under paragraph (a) above.

Awards

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 target(s). Awards are released once the Committee is satisfied that the prescribed performance target(s) have been achieved. There are no vesting periods beyond the performance achievement periods.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP 2014 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.

Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed performance target(s);
- (d) the performance period during which the prescribed performance target(s) are to be satisfied; and

LETTER TO SHAREHOLDERS

- (e) the extent to which Shares which are the subject of that Award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period.

Timing

Awards may be granted at any time in the course of a financial year. An Award Letter confirming the Award and specifying, among other things, in relation to the Award/the prescribed performance target(s) to be satisfied and the performance period during which the prescribed performance target(s) are to be satisfied, will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:

- (a) the cessation of the employment of a Participant;
- (b) the misconduct of a Participant;
- (c) the Participant, being a Parent Group Executive or a Non-Executive Director of the Parent Group whose services have been seconded to a company within the Group, ceasing to be so seconded;
- (d) the ill health, injury, disability or death of a Participant;
- (e) the bankruptcy of a Participant;
- (f) the Participant's company by which he is employed, or to which he is seconded, ceasing to be a company within the Group or an Associated Company, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company;
- (g) the Participant, being a Non-Executive Director, ceasing to be a director of the Company, the relevant subsidiary of the Company, the relevant Associated Company or, as the case may be, the relevant subsidiary of an Associated Company for any reason whatsoever; and
- (h) a take-over, winding-up or reconstruction of the Company.

Upon occurrence of any of the events specified in sub-paragraphs (a), (b) and (c) above, an Award held by a Participant shall, subject as provided in the rules of the PSP 2014 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

LETTER TO SHAREHOLDERS

Upon the occurrence of any of the events specified in sub-paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable performance conditions have been satisfied. The Company does not anticipate that Participants who are Non-Executive Directors will be treated any differently from other Participants in these circumstances.

Upon the occurrence of any of the events specified in sub-paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions have been satisfied.

Size and Duration of the PSP 2014

The total number of Shares which may be delivered pursuant to Awards granted under the PSP 2014 on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the PSP 2014;
- (b) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the RSP 2014;
- (c) the total number of new Shares to be allotted and issued, issued Shares (including treasury shares) to be delivered, and Shares to be released in the form of cash in lieu of Shares, pursuant to outstanding options or awards granted under the StarHub Share Option Plan 2000, the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan; and
- (d) the total number of new Shares which may be delivered pursuant to options and/or awards granted under any other scheme adopted by the Company after the adoption date of the PSP 2014 and for the time being in force,

shall not exceed 8% of the total number of issued Shares (excluding treasury shares) on the day preceding that date.

LETTER TO SHAREHOLDERS

The total number of Shares to be delivered pursuant to Awards under the PSP 2014 and the RSP 2014 in any one financial year shall not exceed 0.8% of the total number of issued Shares (excluding treasury shares) from time to time.

The total number of Shares which may be delivered pursuant to Awards granted to Parent Group Executives or Non-Executive Directors of the Parent Group (whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the PSP 2014) shall not exceed 20% of the Shares available under the PSP 2014.

The PSP 2014 shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from the date on which the PSP 2014 is adopted by the Company in general meeting, provided always that the PSP 2014 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP 2014, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the PSP 2014

Subject to the prevailing legislation and SGX-ST guidelines, the Company has the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including, to the extent permitted by law, treasury shares).

The financial effects of the above methods are discussed in paragraph 4.9 below.

The Company can also determine to make a release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee has the right to make computational adjustments to the audited results of the Company, the Group or an Associated Company, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

LETTER TO SHAREHOLDERS

4.5.2 *Summary of Rules of RSP 2014*

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in the RSP 2014 at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time (including those Parent Group Executives and Non-Executive Directors of the Parent Group who meet the foregoing age and rank criteria and whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the RSP 2014);
- (b) Non-Executive Directors (other than Non-Executive Directors of the Parent Group) who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- (c) Associated Company Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Only seconded Parent Group Executives and Non-Executive Directors of the Parent Group who work full-time for the Group (like Group Employees) during the entire period of their secondment will be eligible to participate under sub-paragraph (a) above.

Awards

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge. However, the release of Shares under an Award depends on whether certain prescribed performance targets (if any) are met and upon the expiry of the prescribed vesting periods.

Participants

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the RSP 2014 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, years of service and potential for future development, contribution to the success and development of the Group and, if applicable, the extent of effort required to achieve the performance target(s) within the performance period.

LETTER TO SHAREHOLDERS

Details of Awards

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) in the case of performance-related Awards:
 - (i) the prescribed performance target(s);
 - (ii) the performance period during which the prescribed performance target(s) are to be satisfied; and
 - (iii) the extent to which Shares which are the subject of that Award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- (d) the prescribed vesting periods; and
- (e) the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed vesting period.

Timing

Awards may be granted at any time in the course of a financial year. An Award Letter confirming the Awards and specifying, among other things, in relation to a performance-related Award, the prescribed performance target(s) and the performance period during which the prescribed performance target(s) are to be satisfied will be sent to each Participant as soon as is reasonably practicable after making an Award.

Events Prior to Vesting

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

- (a) the cessation of the employment of a Participant;
- (b) the misconduct of a Participant;
- (c) the Participant, being a Parent Group Executive or a Non-Executive Director of the Parent Group whose services have been seconded to a company within the Group, ceasing to be so seconded;
- (d) the ill health, injury, disability or death of a Participant;

LETTER TO SHAREHOLDERS

- (e) the bankruptcy of a Participant;
- (f) the Participant's company by which he is employed, or to which he is seconded, ceasing to be a company within the Group or an Associated Company, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company;
- (g) the Participant, being a Non-Executive Director, ceasing to be a director of the Company, the relevant subsidiary of the Company, the relevant Associated Company or, as the case may be, the relevant subsidiary of an Associated Company for any reason whatsoever; and
- (h) a take-over, winding-up or reconstruction of the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b) and (c) above, an Award then held by a Participant shall, subject as provided in the rules of the RSP 2014 and to the extent not yet released, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance related Awards, the extent to which the applicable performance condition has been satisfied. The Company does not anticipate that Participants who are Non-Executive Directors will be treated any differently from other Participants in these circumstances.

Upon the occurrence of any of the events specified in sub-paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting or performance period which has elapsed and, in the case of performance related Awards, the extent to which the applicable performance conditions have been satisfied.

LETTER TO SHAREHOLDERS

Size and Duration of the RSP 2014

The total number of Shares which may be delivered pursuant to Awards granted under the RSP 2014 on any date, when added to:

- (a) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the RSP 2014;
- (b) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to Awards granted under the PSP 2014;
- (c) the total number of new Shares to be allotted and issued, issued Shares (including treasury shares) to be delivered, and Shares to be released in the form of cash in lieu of Shares, pursuant to outstanding options or awards granted under the StarHub Share Option Plan 2000, the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan; and
- (d) the total number of new Shares which may be delivered pursuant to options and/or awards granted under any other share scheme adopted by the Company after the adoption date of the RSP 2014 and for the time being in force,

shall not exceed 8% of the total number of issued Shares (excluding treasury shares) on the day preceding that date.

The total number of Shares to be delivered pursuant to Awards under the RSP 2014 and the PSP 2014 in any one financial year shall not exceed 0.8% of the total number of issued Shares (excluding treasury shares) from time to time.

The total number of Shares which may be delivered pursuant to Awards granted to Parent Group Executives or Non-Executive Directors of the Parent Group (whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the RSP 2014) shall not exceed 20% of the Shares available under the RSP 2014.

The RSP 2014 shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from the date on which the RSP 2014 is adopted by the Company in general meeting, provided always that the RSP 2014 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the RSP 2014, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

LETTER TO SHAREHOLDERS

Operation of the RSP 2014

Subject to the prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; and/or
- (b) the delivery of existing Shares (including, to the extent permitted by law, treasury shares).

The financial effects of the above methods are discussed in paragraph 4.9 below.

The Company can also determine to make a release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee has the right to make computational adjustments to the audited results of the Company, the Group or an Associated Company, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

4.6 **Adjustments and Modifications.** The following describes the adjustment events under, and provisions relating to modifications of, the New Share Plans.

4.6.1 **Adjustment Events**

If a variation in the ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under each of the New Share Plans,

LETTER TO SHAREHOLDERS

shall be adjusted in such manner as the Committee may determine to be appropriate. Any adjustment shall, unless otherwise determined by the Committee, give a Participant the same proportion of the equity capital as that to which he was previously entitled and shall be made in such a way that a Participant will not receive a benefit that a shareholder of the Company does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Company's shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless the Committee considers an adjustment to be appropriate, having regard, in the case of the issue of securities as consideration for an acquisition or a private placement of securities, the number of Shares issued and the applicable subscription price and, in the case of market purchases of Shares undertaken by the Company on the SGX-ST, the number of Shares repurchased and the applicable purchase price.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

4.6.2 ***Modifications***

Each of the New Share Plans may be modified and/or altered at any time and from time to time by resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However:

- (a) in relation to the PSP 2014, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them upon the performance conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards upon the performance conditions for all outstanding Awards being satisfied in full; and
- (b) in relation to the RSP 2014, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them upon the expiry of all the vesting periods applicable to their Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards upon the expiry of all the vesting periods applicable to all such outstanding Awards.

LETTER TO SHAREHOLDERS

No alteration shall be made to the rules of each of the New Share Plans which relate to matters contained in Rules 844 to 849 and Rules 853 to 854 of the Listing Manual to the advantage of Participants, except with the prior approval of the Company's shareholders in general meeting.

4.7 **Disclosures in Annual Reports.** The following disclosures (as applicable) will be made by the Company in its annual report for so long as the New Share Plans continue in operation:

- (a) the names of the members of the Committee administering the New Share Plans;
- (b) in respect of the following Participants of the New Share Plans:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in paragraph (i) above) who have received Shares pursuant to the release of Awards granted under the New Share Plans which, in aggregate, represent five (5) per cent. or more of the aggregate of:
 - (1) the total number of new Shares available under the New Share Plans collectively; and
 - (2) the total number of existing Shares delivered pursuant to Awards released under the New Share Plans collectively,

the following information:

- (aa) the name of the Participant;
- (bb) the following particulars relating to Awards released under the New Share Plans:
 - (I) the number of new Shares issued to such Participant during the financial year under review; and
 - (II) the number of existing Shares transferred to such Participant during the financial year under review;
- (c) (i) in relation to the New Share Plans, the following particulars:
 - (1) the aggregate number of Shares comprised in Awards granted under the New Share Plans since the commencement of the New Share Plans to the end of the financial year under review;

LETTER TO SHAREHOLDERS

(2) the aggregate number of Shares comprised in Awards which have vested under the New Share Plans during the financial year under review and in respect thereof, the proportion of:

(aa) new Shares issued; and

(bb) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased,

upon the release of the vested Awards granted under the New Share Plans; and

(3) the aggregate number of Shares comprised in Awards granted under the New Share Plans which have not been released, as at the end of the financial year under review.

4.8 **Role and Composition of the Committee.** The Executive Resource and Compensation Committee will be designated as the Committee responsible for the administration of the New Share Plans. The Committee currently comprises Mr Peter Seah Lim Huat, Mr Lim Ming Seong, Mr Teo Ek Tor and Mr Sio Tat Hiang, all Directors of the Company.

In compliance with the requirements of the Listing Manual, a Participant of the New Share Plans who is a member of the Executive Resource and Compensation Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by that member.

4.9 **Financial Effects.** The accounting treatment of the Awards granted under the New Share Plans would be in accordance with Singapore Financial Reporting Standard 102, Share-based payment (“**FRS 102**”). Participants of the New Share Plans may receive Shares or (where applicable) their equivalent cash value, or (where applicable) combinations thereof. In the event that the Participants receive Shares, the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made.

The amount charged to the profit and loss account would be the same whether the Company settles the Awards using new Shares or existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a “market condition”, that is, a condition which is related to

LETTER TO SHAREHOLDERS

the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date of the Award, and no adjustments to amounts charged to the profit and loss account is made if the market condition is not met. However, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each balance sheet date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the income statement if the Awards do not ultimately vest.

The following sets out the financial effects of the New Share Plans:

4.9.1 **Share Capital**

The New Share Plans will result in an increase in the Company's issued ordinary share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the New Share Plans. If existing Shares are purchased for delivery to Participants instead of issuing new Shares to Participants, the New Share Plans will have no impact on the Company's issued share capital.

4.9.2 **Net Tangible Assets ("NTA")**

As described below in the paragraph on EPS (as defined below), the New Share Plans will result in a charge to the Company's income statement over the period from the date of grant of the Award to the vesting date of the Award. The amount of the charge will be computed in accordance with the accounting method as stated in paragraph 4.9 above. If new Shares are issued under the New Share Plans, there would be no effect on the Company's NTA. However, if existing Shares are purchased for delivery to Participants or the Company pays equivalent cash value, the Company's NTA would decrease by the cost of the existing Shares delivered or as applicable, the cash payment.

Nonetheless, it should be noted that the delivery of Shares to Participants of the New Share Plans is generally contingent upon the Participants meeting prescribed performance targets and/or conditions.

4.9.3 **Earnings Per Share ("EPS")**

The New Share Plans are likely to result in a change to the earnings over the period from the date of grant of the Award to the vesting date, as computed in accordance with the accounting method as stated in paragraph 4.9 above.

Nonetheless, it should be noted that the delivery of Shares to Participants of New Share Plans is generally contingent upon the Participants meeting prescribed performance targets and/or conditions.

4.9.4 **Dilutive Impact**

It is expected that the dilutive impact of the New Share Plans on the NTA per Share and EPS will not be significant.

LETTER TO SHAREHOLDERS

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 **Directors' Interests.** As at the Latest Practicable Date, the Directors' interests in Shares as recorded in the Register of Directors' Shareholdings are as follows:

Directors	Number of Shares				Number of shares comprised in outstanding Awards
	Direct Interest	%	Deemed Interest	%	
Tan Guong Ching	116,941	nm ⁽⁶⁾	–	–	–
Tan Tong Hai	453,180	nm ⁽⁶⁾	–	–	121,900 ⁽¹⁾ 122,000 ⁽²⁾ 210,000 ⁽³⁾ 71,000 ⁽⁴⁾ 160,000 ⁽⁵⁾
Kua Hong Pak	–	–	–	–	–
Peter Seah Lim Huat	256,192	nm ⁽⁶⁾	300,000	nm ⁽⁶⁾	–
Nihal Vijaya Devadas Kaviratne CBE	42,170	nm ⁽⁶⁾	175,812	nm ⁽⁶⁾	–
Steven Terrell Clontz	40,100	nm ⁽⁶⁾	–	–	–
Lim Ming Seong	198,236	nm ⁽⁶⁾	–	–	–
Teo Ek Tor	130,638	nm ⁽⁶⁾	–	–	–
Liu Chee Ming	161,684 ⁽⁷⁾	nm ⁽⁶⁾	–	–	–
Robert J. Sachs	95,834	nm ⁽⁶⁾	–	–	–
Sio Tat Hiang	4,400	nm ⁽⁶⁾	–	–	–
Nasser Marafih	43,030	nm ⁽⁶⁾	–	–	–
Takeshi Kazami	–	–	–	–	–

Notes:

- (1) A conditional Award of 121,900 Shares under the StarHub Performance Share Plan was granted in March 2011. The performance period was from 2011 to 2013. 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 threshold performance targets are exceeded.
- (2) A conditional Award of 122,000 Shares under the StarHub Performance Share Plan was granted in May 2012. The performance period is from 2012 to 2014. 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 threshold performance targets are exceeded.
- (3) A conditional Award of 210,000 Shares under the StarHub Performance Share Plan was granted in May 2013. The performance period is from 2013 to 2015. 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 threshold performance targets are exceeded.

LETTER TO SHAREHOLDERS

- (4) A conditional Award of 71,000 Shares under the StarHub Restricted Stock Plan was granted in May 2012. The performance period was from 2012 to 2013. The actual number of Shares to be delivered can be up to 1.5 times the Shares that are the subject of the Award, depending on the level of achievement of the performance targets over the performance period. Shares will be delivered in phases according to the stipulated vesting periods.
- (5) A conditional Award of 160,000 Shares under the StarHub Restricted Stock Plan was granted in May 2013. The performance period is from 2013 to 2014. The actual number of Shares to be delivered can be up to 1.5 times the Shares that are the subject of the Award, depending on the level of achievement of the performance targets over the performance period. Shares will be delivered in phases according to the stipulated vesting periods.
- (6) Percentage not meaningful.
- (7) Held partly or wholly by a nominee on behalf of the Director.

5.2 **Substantial Shareholders' Interests.** As at the Latest Practicable Date, the interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders are as follows:

Substantial Shareholder	Number of Shares			
	Direct Interest	%	Deemed Interest	%
Asia Mobile Holdings Pte. Ltd. ⁽¹⁾	970,807,990	56.35	–	–
NTT Communications Corporation ⁽²⁾	171,490,520	9.95	–	–

Notes:

- (1) Asia Mobile Holdings Pte. Ltd. (“**AMH**”) is a subsidiary of Asia Mobile Holding Company Pte. Ltd. (“**AMHC**”), whereby (a) AMHC holds approximately 75% of the total issued share capital of AMH; and (b) Qtel Investment Holdings S.P.C. (“**QIH**”) holds approximately 25% of the total issued share capital of AMH. AMHC is a wholly-owned subsidiary of STT Communications Ltd (“**STTC**”), a wholly-owned subsidiary of Singapore Technologies Telemedia Pte Ltd (“**ST Telemedia**”), which in turn is a wholly-owned subsidiary of Temasek. QIH is a wholly-owned subsidiary of Ooredoo Q.S.C. (formerly known as Qatar Telecom (Qtel) Q.S.C.) (“**Ooredoo**”). Accordingly, AMHC, STTC, ST Telemedia, QIH, Ooredoo and Temasek are deemed to be interested in the Shares held by AMH.
- (2) NTT Communications Corporation (“**NTTCom**”) is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation. Accordingly, Nippon Telegraph and Telephone Corporation is deemed to be interested in the Shares held by NTTCom.

5.3 **Abstention from voting.** Messrs Tan Guong Ching, Tan Tong Hai, Kua Hong Pak, Peter Seah Lim Huat, Nihal Vijaya Devadas Kaviratne CBE, Steven Terrell Clontz, Lim Ming Seong, Sio Tat Hiang and Nasser Marafih, who hold directorships and/or executive positions in the Temasek Group (as described in paragraph 3 of Appendix 1 to this Circular), will abstain from voting their shareholdings, if any, in respect of Resolution 2, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at the EGM. Temasek and AMH, being Mandated Interested Persons (as described in paragraph 3 of Appendix 1 to this Circular), will also abstain from voting, whether in person or by representative or proxy, and will procure that their respective associates will abstain from voting, their respective shareholdings, if any, in respect of Resolution 2. The Directors are eligible to participate in, and are therefore interested in, the New Share Plans, and the Directors who are Shareholders shall abstain from voting in respect of Resolution 3, being the Ordinary Resolution relating to the proposed adoption of the PSP 2014, and Resolution 4, being the Ordinary Resolution relating to the proposed adoption of the RSP 2014, at the EGM.

LETTER TO SHAREHOLDERS

6. DIRECTORS' RECOMMENDATIONS

6.1 **Proposed Renewal of the Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 1, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate, at the EGM.

6.2 **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions.** The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate for Interested Person Transactions are Messrs Teo Ek Tor, Liu Chee Ming and Robert J. Sachs (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry into of the Interested Person Transactions between the EAR Group and the Mandated Interested Persons in the ordinary course of its business will enhance the efficiency of the EAR Group and is in the best interests of the Company.

For the reasons set out in paragraphs 4 and 5 of Appendix 1 to this Circular, the Independent Directors recommend that Shareholders vote in favour of Resolution 2, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate, at the EGM.

6.3 **Proposed Adoption of the New Share Plans.** The Directors are eligible to participate in, and are therefore interested in, the New Share Plans. They have accordingly abstained from making any recommendation on Resolution 3, being the Ordinary Resolution relating to the proposed adoption of the PSP 2014, and Resolution 4, being the Ordinary Resolution relating to the proposed adoption of the RSP 2014, at the EGM.

In addition, the Company will procure persons who are eligible to participate in the PSP 2014 and RSP 2014, and are Shareholders, to abstain from voting on Resolution 3 and Resolution 4 respectively.

The Company will procure that the interested Directors and persons who are eligible to participate in the PSP 2014 and RSP 2014 to decline to accept appointment as proxies for Shareholders to vote on Resolution 3 and Resolution 4, respectively unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 3 and Resolution 4, respectively.

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the New Share Plans.

LETTER TO SHAREHOLDERS

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 59 to 64 of this Circular, will be held at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 on 14 April 2014 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Sixteenth AGM of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications the Ordinary Resolutions set out in the Notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 **Appointment of Proxies.** Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Share Registrar of the Company, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

8.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the time fixed for the EGM, as certified by CDP to the Company.

9. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942 during normal business hours from the date of this Circular up to the date of the EGM:

9.1 the Annual Report of the Company for the financial year ended 31 December 2013;

9.2 the 2013 Circular to Shareholders;

9.3 the Memorandum and Articles of Association of the Company;

9.4 the proposed Rules of the PSP 2014; and

9.5 the proposed Rules of the RSP 2014.

LETTER TO SHAREHOLDERS

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the proposed renewal of the Shareholders' Mandate for Interested Person Transactions, the proposed adoption of the PSP 2014, the proposed adoption of the RSP 2014, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully,
for and on behalf of
the Board of Directors
of StarHub Ltd

Tan Guong Ching
Chairman

APPENDIX 1

THE SHAREHOLDERS' MANDATE

1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and therefore are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company and its subsidiaries' (the "**group's**") latest audited consolidated net tangible assets ("**NTA**")), are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:
- (i) 5% of the group's latest audited consolidated NTA; or
 - (ii) 5% of the group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 The SGX-ST had on 16 January 2008, granted its approval to StarHub Ltd ("**StarHub**") for the use of the market capitalisation of StarHub as at the end of the immediately preceding financial year, instead of the audited consolidated NTA of StarHub and its subsidiaries (the "**StarHub Group**"), as the basis for computing the materiality percentage in respect of Rules 905 and 906 of the Listing Manual, provided that this alternative reference point is to be used only until such time as the audited consolidated NTA of the StarHub Group turns positive.
- 1.4 For the avoidance of doubt, in the event the audited consolidated NTA of the StarHub Group turns positive, StarHub will revert to using the audited consolidated NTA of the StarHub Group as the basis for computing the materiality percentage in respect of Rules 905 and 906 of the Listing Manual unless otherwise permitted by SGX-ST.

As at 31 December 2013, StarHub had an issued and paid-up capital of 1,721.4 million ordinary shares (excluding treasury shares) in the capital of StarHub ("**Shares**"). Based on the last trading price of the Shares at the close of trading on the SGX-ST on 31 December 2013, the market capitalisation of StarHub was S\$7,384.8 million. In relation to StarHub, for the purposes of Chapter 9 of the Listing Manual, in the current financial year i.e. until 31 December 2014, 5% of the market capitalisation of StarHub would be S\$369.2 million.

APPENDIX 1

1.5 Chapter 9 of the Listing Manual permits a listed company (for example, StarHub), however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations) which may be carried out with the listed company's interested persons.

1.6 Under the Listing Manual:

- (i) an “**entity at risk**” means:
 - (a) the listed company;
 - (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (ii) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (iii) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder (being an individual) includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an aggregate interest of 30% or more;
- (iv) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and
- (v) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

APPENDIX 1

2. Entities At Risk

For the purposes of the Shareholders' Mandate, an "entity at risk" means:

- StarHub;
- a subsidiary of StarHub that is not listed on the SGX-ST or an approved exchange; or
- an associated company of StarHub that is not listed on the SGX-ST or an approved exchange, provided that the StarHub Group and its interested person(s) have control over the associated company. (Currently, StarHub does not have any such associated companies),

(together, the "**EAR Group**").

3. Classes of Mandated Interested Persons

The Shareholders' Mandate will apply to the EAR Group's transactions with Temasek Holdings (Private) Limited ("**Temasek**") and its associates (the "**Mandated Interested Persons**" or the "**Temasek Group**" and each, a "**Mandated Interested Person**").

Transactions with Mandated Interested Persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

4. Categories of Interested Person Transactions

The transactions with the Mandated Interested Persons which will be covered by the Shareholders' Mandate and the benefits to be derived therefrom are as follows:

(a) General Transactions

This category relates to general transactions ("**General Transactions**") by the EAR Group relating to the provision to, or obtaining from, Mandated Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of the EAR Group's day-to-day operations) comprising the following:

- (1) provision and obtaining of info-communications, broadcasting and fixed network services (including mobile, pay TV and broadband Internet), equipment, infrastructure, network, applications, products and content;
- (2) sale and procurement of info-communications and broadcasting devices, accessories and pre-paid cards for distribution and trade;
- (3) provision and obtaining of professional, consultancy, sub-contracting or outsourcing services;

APPENDIX 1

- (4) provision and obtaining of after-sales services;
- (5) provision and obtaining of warehousing, logistics, packing, handling, transportation and freight services;
- (6) obtaining licences to provide or resell info-communications and broadcasting services;
- (7) provision, obtaining, repair, maintenance and operation of info-communications and broadcasting equipment, infrastructure, network and applications;
- (8) provision and obtaining of bill collection services;
- (9) engaging dealers to sell info-communications and broadcasting products (including pre-paid cards, SIM cards, calling cards and mobile handsets) and services;
- (10) provision and obtaining of printing, advertisement and marketing related services;
- (11) provision and obtaining of lease and/or rental of properties and equipment;
- (12) obtaining of utilities services;
- (13) obtaining of insurance and insurance related services;
- (14) obtaining of professional, administrative and support services including finance and treasury, business development, management information systems, human resource, corporate communications (including investor relations), taxation, internal audit, legal, corporate secretarial services and any other professional services; and
- (15) provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (14) above.

The transactions set out in sub-paragraphs (1) to (14) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (15) will be those which are necessary for the day-to-day operations of the EAR Group.

The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group in addition to obtaining quotes from, or transacting with, non-interested persons.

APPENDIX 1

(b) Treasury Transactions

Treasury transactions (“**Treasury Transactions**”) comprise:

- (1) the placement of funds with any Mandated Interested Person;
- (2) the borrowing of funds from any Mandated Interested Person;
- (3) the entry into with any Mandated Interested Person of forex, swaps and options transactions for hedging purposes; and
- (4) the subscription of debt securities and/or preference shares issued by any Mandated Interested Person and the issue of debt securities and/or preference shares to any Mandated Interested Person and the buying from, or the selling to, any Mandated Interested Person of debt securities and/or preference shares.

The EAR Group can benefit from obtaining competitive rates or quotes from Mandated Interested Persons in an expedient manner in addition to third party financial institutions. By transacting directly with a Mandated Interested Person, the EAR Group may also eliminate margins which third party intermediaries might ordinarily be expected to earn.

5. Rationale for and Benefits of the Shareholders’ Mandate

- 5.1 The transactions with Mandated Interested Persons are entered into or are to be entered into by the EAR Group in its ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The Directors of the Company (“**Directors**”) are of the view that it will be beneficial to the EAR Group to transact or continue to transact with the Mandated Interested Persons.
- 5.2 The Directors believe that the EAR Group will be able to benefit from its transactions with the Temasek Group. The Shareholders’ Mandate and the renewal of the Shareholders’ Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders’ approval as and when potential interested person transactions with the Mandated Interested Persons arise, thereby reducing substantially the administrative time and expenses incurred in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the EAR Group.
- 5.3 The Shareholders’ Mandate is intended to facilitate transactions in the EAR Group’s normal course of business which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of StarHub and its minority shareholders.
- 5.4 Disclosure will be made, in the format required by the Listing Manual, of the aggregate value of interested person transactions conducted pursuant to the Shareholders’ Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders’ Mandate is in force.

APPENDIX 1

6. Review Procedures for Transactions with the Mandated Interested Persons

The EAR Group has established the following procedures to ensure that the interested person transactions are undertaken on an arm's length basis and on normal commercial terms.

General Transactions

Review Procedures

In general, there are procedures established by the EAR Group to ensure that the General Transactions with Mandated Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Mandated Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented:

(i) *Provision of services or the sale of products*

The review procedures are:

- (1) all contracts entered into or transactions with Mandated Interested Persons are to be carried out at the prevailing market rates or prices of the services or products to be provided, on terms which are no more favourable to the Mandated Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/process/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (2) where the prevailing market rates or prices are not available due to the nature of services to be provided or the products to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Mandated Interested Persons will be determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Mandated Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account. A senior officer authorised by the EAR Group's management who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

APPENDIX 1

(ii) Obtaining of services or purchasing of products

The review procedures are:

- (1) all purchases made by the EAR Group, including purchases from Mandated Interested Persons, will be governed by internal control procedures which detail matters such as the constitution of internal approving authorities, their approval limits, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms through competitive quotations, if appropriate. In determining whether the price and terms offered by the Mandated Interested Persons are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account. A senior officer authorised by the EAR Group's management who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable; and
- (2) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), a senior officer authorised by the EAR Group's management who does not have any conflict of interests, whether direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

Threshold limits

In addition to the review procedures, General Transactions entered into by the EAR Group are monitored, as individual transactions equal to or exceeding S\$100,000 in value will require the prior approval of the relevant approving authority in the EAR Group which does not have any conflict of interests, whether direct or indirect, in relation to the transaction to be approved. In particular:

- (i) in the event StarHub Group's consolidated NTA is positive:
 - (a) individual transactions equal to or exceeding 3% but less than 5% of the StarHub Group's consolidated NTA in value (based on the latest audited consolidated accounts of the StarHub Group) will be reviewed and approved by any two of the Directors; and
 - (b) individual transactions equal to or exceeding 5% of the StarHub Group's consolidated NTA in value (based on the latest audited consolidated accounts of the StarHub Group) will be reviewed and approved by StarHub's audit committee (the "**Audit Committee**"), or

APPENDIX 1

- (ii) in the event StarHub Group's consolidated NTA is negative:
 - (a) individual transactions equal to or exceeding S\$100,000 but less than S\$300,000 in value will be reviewed and approved by a Head of Department and a Senior Finance Officer of StarHub;
 - (b) individual transactions equal to or exceeding S\$300,000 but less than S\$1 million in value will be reviewed and approved by a Head of Division and a Senior Finance Officer of StarHub;
 - (c) individual transactions equal to or exceeding S\$1 million but less than S\$5 million in value will be reviewed and approved by either the Chief Executive Officer or the Chief Financial Officer of StarHub;
 - (d) individual transactions equal to or exceeding S\$5 million but less than S\$10 million in value will be reviewed and approved jointly by the Chief Executive Officer and the Chief Financial Officer of StarHub;
 - (e) individual transactions equal to or exceeding S\$10 million but less than 1% of the market capitalisation of StarHub (based on the total number of issued shares (excluding treasury shares) in the capital of StarHub as at the last day of the immediately preceding financial year and using the last trading price of the Shares on the close of trading on that same day), be reviewed and approved by any two Directors; and
 - (f) individual transactions equal to or exceeding 1% of the market capitalisation of StarHub (based on the total number of issued shares (excluding treasury shares) in the capital of StarHub as at the last day of the immediately preceding financial year and using the last trading price of the Shares on the close of trading on that same day), be reviewed and approved by the Audit Committee.

Treasury Transactions

Review Procedures

Placements. Prior to the placement with any Mandated Interested Person by the EAR Group of its funds, StarHub will require that quotations be obtained from such Mandated Interested Person and at least two of the principal bankers of the EAR Group for rates for deposits with such bankers of an equivalent amount, and for the equivalent period, of the funds to be placed by the EAR Group. The EAR Group will only place its funds with such Mandated Interested Person, provided that the interest rate quoted is not less than the highest of the rates quoted by such principal bankers.

Borrowings. Prior to borrowing funds from any Mandated Interested Person by the EAR Group, StarHub will require that quotations be obtained from such Mandated Interested Person and at least two of the principal bankers of the EAR Group for rates of loans from such bankers of an equivalent amount, and for the equivalent period, of the funds to be

APPENDIX 1

borrowed. The EAR Group will borrow funds from such Mandated Interested Person, provided that the interest rate quoted is not more than the lowest of the rates quoted by such principal bankers.

Forex, Swaps and Options. Prior to entering into forex, swaps and options transactions with any Mandated Interested Person by the EAR Group, StarHub will require that rate quotations be obtained from such Mandated Interested Person and at least two of the principal bankers of the EAR Group. The EAR Group will only enter into such forex, swaps and options transactions with such Mandated Interested Person, provided that such rates quoted are no less favourable than the rates quoted by such bankers.

Debt Securities and Preference Shares. Prior to the subscription of debt securities and preference shares issued by, or purchase of debt securities or preference shares from, Mandated Interested Persons, the EAR Group will only enter into the subscription or purchase of such debt securities or preference shares, provided that the price(s) at which the EAR Group subscribes for or purchases such debt securities or preference shares will not be higher than the price(s) at which such debt securities or preference shares are subscribed for or purchased by third parties.

Prior to the issue or sale to Mandated Interested Persons of debt securities or preference shares, the EAR Group will only issue or sell such debt securities or preference shares to Mandated Interested Persons provided that the price(s) at which the EAR Group issues or sells such debt securities or preference shares will not be lower than the price(s) at which such debt securities or preference shares are issued or sold to third parties. The EAR Group will also comply with all applicable laws and regulations in connection with the issue or sale of such debt securities or preference shares to Mandated Interested Persons.

For the purpose of the Shareholders' Mandate, any preference shares to be subscribed or purchased from Mandated Interested Persons, or to be issued or sold to Mandated Interested Persons, will not carry any voting rights, except in the circumstances set out in Sections 180(2)(a), (b) and (c) of the Companies Act, Chapter 50 of Singapore.

Threshold limits

In addition to the review procedures, the EAR Group will monitor the Treasury Transactions entered into by the EAR Group as follows:

Placement and Debt Securities and Preference Shares. Where the aggregate value of funds placed with, and debt securities or preference shares subscribed which are issued by, or purchased from, the same Mandated Interested Person shall at any time exceed an amount equivalent to 25% of the consolidated shareholders' funds of the StarHub Group (based on the StarHub Group's latest audited accounts), each subsequent placement of funds with, or subscription or purchase of debt securities or preference shares issued by, the same Mandated Interested Person shall require the prior approval of the Audit Committee.

APPENDIX 1

Placements of funds with, and subscription of debt securities issued by, or purchased from, the same Mandated Interested Person which do not in the aggregate exceed the respective limits set out above will not require the prior approval of the Audit Committee and shall be reviewed on a quarterly basis by the Audit Committee.

Borrowings and Debt Securities and Preference Shares. Where the aggregate value of funds borrowed from, and debt securities or preference shares issued or sold to, the same Mandated Interested Person shall at any time exceed an amount equivalent to 25% of the consolidated shareholders' funds of the StarHub Group (based on the StarHub Group's latest audited accounts), each subsequent borrowing of funds from and debt securities or preference shares issued or sold to, the same Mandated Interested Person shall require the prior approval of the Audit Committee.

Borrowing of funds from and debt securities or preference shares issued or sold to, the same Mandated Interested Person which do not in the aggregate exceed the respective limits set out above will not require the prior approval of the Audit Committee and shall be reviewed on a quarterly basis by the Audit Committee.

Forex, Swaps and Options. Where the aggregate of the principal amount of all forex, swaps and options transactions entered into with the same Mandated Interested Person exceeds at any one time the equivalent of 25% of the consolidated shareholders' funds of the StarHub Group (based on the StarHub Group's latest audited accounts), each subsequent forex, swap and options transaction entered into with the same Mandated Interested Person shall require the prior approval of the Audit Committee.

Entry into of forex, swaps and options transactions with the same Mandated Interested Person where the principal amounts thereof do not in the aggregate exceed the limit set out above will not require the prior approval of the Audit Committee and shall be reviewed on a quarterly basis by the Audit Committee.

Transactions falling within the above categories, if any, will be reviewed at least quarterly by the Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

Other Review Procedures

The EAR Group has also implemented the following procedures for the identification of Mandated Interested Persons and the recording of all the EAR Group's interested person transactions:

- (i) StarHub will maintain a register of all transactions carried out with Mandated Interested Persons, whether mandated or non-mandated. StarHub's internal audit plan will incorporate a review of all interested person transactions whether mandated or non-mandated; and

APPENDIX 1

- (ii) on a quarterly basis, StarHub's internal auditors will submit a report to the Audit Committee of all recorded interested person transactions, and the basis of such transactions, entered into by the EAR Group.

In addition, the Audit Committee will include the review of the EAR Group's interested person transactions as part of its standard procedures while examining the adequacy of the EAR Group's internal controls.

In the event that a member of StarHub's Board of Directors, a member of the Audit Committee or an authorised reviewing officer (where applicable) has a conflict of interests in relation to any interested person transaction, he will abstain from reviewing that particular transaction. In such instances, an alternative approving authority will be responsible for reviewing the transaction. StarHub's Board of Directors will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into pursuant to the Shareholders' Mandate.

The Audit Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the EAR Group and the Mandated Interested Persons are conducted on normal commercial terms. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to StarHub and its minority shareholders, StarHub will (pursuant to Rule 920(1)(b)(iv) and (vii) of the Listing Manual) revert to shareholders for a fresh mandate based on new guidelines and procedures for transactions with Mandated Interested Persons.

StarHub's Board of Directors shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within StarHub as they deem appropriate.

7. Audit Committee's Statements

The Audit Committee (currently comprising Messrs Kua Hong Pak, Nihal Vijaya Devadas Kaviratne CBE, Lim Ming Seong and Teo Ek Tor) has reviewed the terms of the Shareholders' Mandate and is satisfied that the review procedures for interested person transactions with the EAR Group, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that such interested person transactions will be made with the relevant class of Mandated Interested Persons in accordance with normal commercial terms, and are hence not prejudicial to StarHub and its minority shareholders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

STARHUB LTD

(Incorporated in the Republic of Singapore)
Co. Reg. No. 199802208C

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of StarHub Ltd (the “**Company**”) will be held at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 on 14 April 2014 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Sixteenth Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications the following Resolutions, which will be proposed as Ordinary Resolutions:

Resolution 1: Ordinary Resolution

The Proposed Renewal of the Share Purchase Mandate

That:

- (1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (a) on-market purchase(s) (“**Market Purchase**”), transacted on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) through the SGX-ST’s trading system, through one or more duly licensed dealers appointed by the Company for such purpose; and/or
 - (b) off-market purchase(s) (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (a) the date on which the next Annual General Meeting of the Company is held; and
 - (b) the date by which the next Annual General Meeting of the Company is required by law to be held;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(3) in this Resolution:

“Average Closing Price” means the average of the closing market prices of a Share over the last five Market Days, on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the SGX-ST for any corporate action which occurs after the relevant five-Market Day period;

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

“Maximum Limit” means that number of issued Shares representing 10% of the issued ordinary shares of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase, 110% of the Average Closing Price; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

Resolution 2: Ordinary Resolution

The Proposed Renewal of the Shareholders’ Mandate for Interested Person Transactions

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (**“Chapter 9”**) of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Circular to the shareholders of the Company dated 21 March 2014 (the **“Circular”**) with any party who is of the class of interested persons described in Appendix 1 to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) the approval given in paragraph (1) above (the “**Shareholders’ Mandate**”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders’ Mandate and/or this Resolution.

Resolution 3: Ordinary Resolution

The Proposed Adoption of the PSP 2014

That:

- (1) the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan (together, the “**Existing Share Plans**”) be and are hereby terminated, provided that such termination shall be without prejudice to the rights of holders of options and awards accepted and outstanding under the Existing Share Plans as at the date of such termination;
- (2) a new performance share plan to be known as the “StarHub Performance Share Plan 2014” (the “**PSP 2014**”), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, under which awards (“**PSP 2014 Awards**”) or fully paid-up Shares, their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive directors) of the Company, its subsidiaries and associated companies, details of which are set out in the Circular, be and is hereby approved;
- (3) the Directors of the Company be and are hereby authorised:
 - (a) to establish and administer the PSP 2014; and
 - (b) to modify and/or alter the PSP 2014 at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the PSP 2014, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the PSP 2014; and
- (4) the Directors of the Company be and are hereby authorised to grant PSP 2014 Awards in accordance with the provisions of the PSP 2014 and to allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of PSP 2014 Awards under the PSP 2014, provided that:
 - (a) the aggregate number of (A) (i) New Shares allotted and issued and/or to be allotted and issued, (ii) issued Shares (including Shares held in treasury) delivered and/or to be delivered, and (iii) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to the PSP 2014 and the RSP 2014 (as defined in Resolution 4), (B)

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (i) New Shares to be allotted and issued, (ii) issued Shares (including Shares held in treasury) to be delivered, and (iii) Shares to be released in the form of cash in lieu of Shares, pursuant to outstanding options or awards granted under the StarHub Pte Ltd Share Option Plan 2000, the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, and (C) New Shares which may be delivered pursuant to options and/or awards granted under any other share scheme adopted by the Company after the adoption date of the PSP 2014 and for the time being in force, shall not exceed 8% of the total number of issued Shares of the Company (excluding treasury shares) from time to time;
- (b) the aggregate number of Shares to be delivered pursuant to PSP 2014 Awards and RSP 2014 Awards (as defined in Resolution 4 below) under the PSP 2014 and the RSP 2014 respectively in any one financial year shall not exceed 0.8% of the total number of issued Shares (excluding treasury shares) from time to time; and
- (c) the aggregate number of Shares which may be delivered pursuant to Awards granted to Parent Group Executives or Non-Executive Directors of the Parent Group (each as defined in the Circular) (whose services have been seconded to a company within the Group and who shall be regarded as Group Employees (as defined in the Circular) for the purposes of the PSP 2014) shall not exceed 20% of the Shares available under the PSP 2014.

Resolution 4: Ordinary Resolution

The Proposed Adoption of the RSP 2014

That:

- (1) a new restricted stock plan to be known as the “StarHub Restricted Stock Plan 2014” (the “**RSP 2014**”), the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting, under which awards (“**RSP 2014 Awards**”) or fully paid-up Shares, their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive directors) of the Company, its subsidiaries and associated companies, details of which are set out in the Circular, be and is hereby approved;
- (2) the Directors of the Company be and are hereby authorised:
- (a) to establish and administer the RSP 2014; and
- (b) to modify and/or alter the RSP 2014 at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the RSP 2014, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the RSP 2014; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) the Directors of the Company be and are hereby authorised to grant RSP 2014 Awards in accordance with the provisions of the RSP 2014 and to allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of RSP 2014 Awards under the RSP 2014, provided that:
- (a) the aggregate number of (A) (i) New Shares allotted and issued and/or to be allotted and issued, (ii) issued Shares (including Shares held in treasury) delivered and/or to be delivered, and (iii) Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to the RSP 2014 and the PSP 2014, (B) (i) New Shares to be allotted and issued, (ii) issued Shares (including Shares held in treasury) to be delivered, and (iii) Shares to be released in the form of cash in lieu of Shares, pursuant to outstanding options or awards granted under the StarHub Pte Ltd Share Option Plan 2000, the StarHub Share Option Plan 2004, the StarHub Performance Share Plan and the StarHub Restricted Stock Plan, and (C) New Shares which may be delivered pursuant to options and/or awards granted under any other share scheme adopted by the Company after the adoption date of the RSP 2014 and for the time being in force, shall not exceed 8% of the total number of issued Shares of the Company (excluding treasury shares) from time to time;
 - (b) the aggregate number of Shares to be delivered pursuant to RSP 2014 Awards and PSP 2014 Awards under the RSP 2014 and the PSP 2014 respectively in any one financial year shall not exceed 0.8% of the total number of issued Shares (excluding treasury shares) from time to time; and
 - (c) the aggregate number of Shares which may be delivered pursuant to Awards granted to Parent Group Executives or Non-Executive Directors of the Parent Group (whose services have been seconded to a company within the Group and who shall be regarded as Group Employees for the purposes of the RSP 2014) shall not exceed 20% of the Shares available under the RSP 2014.

By Order of the Board

Veronica Lai
Company Secretary

Singapore, 21 March 2014

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time of the Extraordinary General Meeting.
- (3) The Company may use its internal sources of funds of the Group or external borrowings or a combination of both to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the existing issued Shares (excluding treasury shares) as at 24 February 2014 (the "**Latest Practicable Date**"), the purchase by the Company of 10% of its issued Shares (excluding treasury shares) will result in the purchase or acquisition of 172.3 million Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 172.2 million Shares at the Maximum Price of S\$4.349 for one Share (being the price equivalent to 105% of the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 172.2 million Shares is S\$748.9 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 172.2 million Shares at the Maximum Price of S\$4.556 for one Share (being the price equivalent to 110% of the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 172.2 million Shares is S\$784.5 million.

The illustrative financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed renewal of the Share Purchase Mandate on the audited financial statements of the Company for the financial year ended 31 December 2013 are set out in paragraph 2.7.4 of the Circular.

STARHUB LTD

(Incorporated in the Republic of Singapore)
Co. Reg. No. 199802208C

PROXY FORM

Extraordinary General Meeting

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of StarHub Ltd, this Circular 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 such CPF investors and shall be ineffective 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 Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting ("**EGM**") of the Company to be held at StarHub Auditorium, 67 Ubi Avenue 1, #03-01 (South Wing) StarHub Green, Singapore 408942 on 14 April 2014 at 10.30 a.m. (or as soon thereafter following the conclusion or adjournment of the Sixteenth Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the EGM 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 EGM and at any adjournment thereof.

	For *	Against *
<u>Resolution 1: Ordinary Resolution</u> To approve the proposed renewal of the Share Purchase Mandate.		
<u>Resolution 2: Ordinary Resolution</u> To approve the proposed renewal of the Shareholders' Mandate for Interested Person Transactions.		
<u>Resolution 3: Ordinary Resolution</u> To approve the proposed adoption of the StarHub Performance Share Plan 2014.		
<u>Resolution 4: Ordinary Resolution</u> To approve the proposed adoption of the StarHub Restricted Stock Plan 2014.		

* If you wish to exercise all your votes "For" or "Against" the Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the Resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of _____ 2014.

Total Number of Shares held

Signature(s) or Common Seal of member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

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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, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. 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. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
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. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Extraordinary 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.
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 Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp

STARHUB LTD
112 Robinson Road
#05-01
Singapore 068902
Attn: The Share Registrar

Seal here
