

CIRCULAR DATED 21 MARCH 2016

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 or transferred your ordinary shares in the capital of M1 Limited (the “**Company**”), please immediately forward this Circular, the Notice of Annual General Meeting and the Proxy Form to the purchaser or transferee or to the stockbroker, bank or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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.



M1 LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199206031W)

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; and**
- (3) the proposed adoption of the M1 Share Plan 2016.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	4 April 2016 at 2.30 p.m.
Date and time of Annual General Meeting	:	6 April 2016 at 2.30 p.m.
Venue of Annual General Meeting	:	The Fullerton Hotel Singapore, Ballroom 2, Lower Lobby, 1 Fullerton Square, Singapore 049178

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DEFINITIONS

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

- “2002 Options”** : Options granted under the 2002 Scheme
- “2002 Scheme”** : The share option scheme of the Company known as the “M1 Share Option Scheme” which expired on 7 November 2012
- “2013 Options”** : Options granted under the 2013 Scheme
- “2013 Scheme”** : The existing share option scheme of the Company known as the “M1 Share Option Scheme 2013”
- “2015 AGM”** : The 13th Annual General Meeting of the Company held on 13 April 2015
- “2015 Circular”** : The Company’s circular to Shareholders dated 27 March 2015
- “2016 AGM”** : The 14th Annual General Meeting of the Company to be held on 6 April 2016, notice of which, dated 21 March 2016, accompanies the annual report of the Company for the financial year ended 31 December 2015
- “2016 Plan”** : The proposed share plan of the Company to be known as the “M1 Share Plan 2016”
- “associate”** : In relation to an Interested Person who is a director, chief executive officer or Controlling Shareholder:
- (i) where such Interested Person is an individual, an immediate family member 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 the 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 the Controlling Shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more; and
 - (ii) where a Controlling Shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or such other company or companies taken together have (directly or indirectly) an interest of 30% or more

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“associated company”	: A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
“approved exchange”	: 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
“Audit Committee”	: The audit committee of the Company, comprising Mr Alan Ow Soon Sian, Mr Chow Kok Kee and Ms Elaine Lee Kia Jong
“Axiata”	: Axiata Group Berhad
“Board”	: The Board of Directors of the Company at the date of this Circular and from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 21 March 2016
“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Constitution”	: The constitution of the Company for the time being
“Controlling Shareholder”	: A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares, excluding treasury shares, in the Company (however, the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder); or (b) in fact exercises control over the Company
“Directors”	: The directors of the Company at the date of this Circular and from time to time
“EAR Group”	: The following entities at risk: (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group or the Group and the

DEFINITIONS

	Interested Person(s), has control over the associated company
“EPS”	: Earnings per Share
“FY”	: Financial year ended 31 December
“Group”	: The Company and its subsidiaries
“immediate family”	: In relation to a person means his spouse, child, adopted child, step-child, sibling and parent
“Interested Person”	: (a) A director, chief executive officer or Controlling Shareholder of the Company; or (b) An associate of any such director, chief executive officer or Controlling Shareholder
“Interested Person Transaction” or “IPT”	: Transaction between a member of the EAR Group and an Interested Person
“IPT Mandate”	: The Shareholders’ mandate for Interested Person Transactions pursuant to Chapter 9 of the Listing Manual
“Keppel”	: Keppel Corporation Limited
“Khazanah Nasional”	: Khazanah Nasional Berhad
“Latest Practicable Date”	: 25 February 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST, as amended or modified from time to time
“Listing Rules”	: The listing rules of the SGX-ST set out in the Listing Manual, as amended or modified from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“M1” or the “Company”	: M1 Limited
“network infrastructure”	: Infrastructure in relation to domestic and international cable connectivity and wireless networks
“Notice of AGM”	: The notice convening the 2016 AGM dated 21 March 2016
“NTA”	: Net tangible assets
“Ordinary Resolution”	: The ordinary resolution of the Company in relation to the

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	proposed renewal of the Share Purchase Mandate, the proposed renewal of the IPT Mandate or the proposed adoption of the 2016 Plan, as the case may be
“Proposals”	: The proposals to be tabled at the 2016 AGM, namely the proposed renewal of the Share Purchase Mandate, the proposed renewal of the IPT Mandate and the proposed adoption of the 2016 Plan
“Registrar”	: The Registrar of Companies
“Relevant Parties”	: Axiata Investments (Singapore) Limited, Dato’ Sri Jamaludin Ibrahim, together with their concert parties
“Relevant Period”	: The period commencing from the date on which the last annual general meeting of the Company was held and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Purchase Mandate is passed
“Securities Accounts”	: Securities accounts maintained by Depositors with CDP but does not include securities sub-accounts maintained with a Depository Agent
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
“Share Purchase Mandate”	: General and unconditional mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Shares”	: Ordinary shares in the capital of the Company
“subsidiary”	: As defined in Section 5 of the Companies Act
“Substantial Shareholder”	: A person (including a corporation) who has an interest in not less than five per cent. of the issued voting shares of the Company
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time

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“ Temasek ”	: Temasek Holdings (Private) Limited
“ S\$ ” and “ S\$ cents ”	: Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“ % ” 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 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

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 or term defined under the Companies Act or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act or the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

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

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

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

M1 LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199206031W)

Directors:

Choo Chiau Beng (Chairman) — Non-Executive
Karen Kooi Lee Wah — Executive
Jamaludin Ibrahim — Non-Executive
Low Huan Ping — Non-Executive
Chow Kok Kee — Independent
Huang Cheng Eng — Independent
Elaine Lee Kia Jong — Independent
Moses Lee Kim Poo — Independent
Lionel Lim Chin Teck — Independent
Alan Ow Soon Sian — Independent

Registered Office:

10 International Business Park
Singapore 609928

21 March 2016

**To: The Shareholders of
M1 Limited**

Dear Sir/Madam

1. INTRODUCTION

1.1 **2016 AGM.** The Directors are seeking Shareholders' approval for the following proposals at the 2016 AGM (collectively, the "**Proposals**"):

- (a) the proposed renewal of the Share Purchase Mandate;
- (b) the proposed renewal of the IPT Mandate; and
- (c) the proposed adoption of the 2016 Plan.

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposals to be tabled at the 2016 AGM.

1.3 **SGX-ST.** The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **The Proposed Renewal of the Share Purchase Mandate.** It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. The Share Purchase Mandate was first approved by Shareholders on 25 March 2004 and was last renewed at the annual general meeting ("**2015 AGM**") on 13 April 2015 (the "**2015 Share Purchase Mandate**") to enable the Company to purchase or acquire its issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the 2015 Share Purchase Mandate were set out in the 2015 Circular.

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The authority conferred pursuant to the 2015 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2015 AGM and expiring on the date when the next annual general meeting of the Company is held, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

Accordingly, the Directors are convening the 2016 AGM to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. In this regard, a resolution will be proposed as an Ordinary Resolution pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Purchase Mandate. Kindly refer to (a) the Notice of AGM dated 21 March 2016, accompanying the annual report for the financial year ended 31 December 2015 of the Company, convening the 2016 AGM and (b) Resolution 14 under the heading "Special Business" set out in the Notice of AGM.

2.2 Rationale for Share Purchase Mandate. The renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its issued Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in paragraph 2.3.1 at any time during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) the Share Purchase Mandate will allow the Company to have greater flexibility in managing its capital structure and dividend policy;
- (b) the Share Purchase Mandate is an expedient and cost-efficient way for the Company to return surplus cash/funds, if any, which is in excess of the foreseeable financial and investment needs of the Group, to its Shareholders; and
- (c) in managing the business of the Group, management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchase is one of the ways through which the return on equity of the Group may be enhanced.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in paragraph 2.3.2, 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 the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

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2.3 **Authority and Limits on the Share Purchase Mandate.** The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate are summarised below:

2.3.1 *Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the issued Shares of the Company (ascertained as at the date of the last annual general meeting of the Company or at the date of the 2016 AGM at which the renewal of the Share Purchase Mandate is approved, whichever is higher, unless the number of issued Shares of the Company has been reduced in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the number of issued Shares of the Company shall be taken to be the number of issued Shares of the Company as altered). Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit.

For illustrative purposes only, on the basis of 937,237,782 Shares in issue as at the Latest Practicable Date, and disregarding 241,100 Shares held in treasury as at the Latest Practicable Date, and assuming that:

- (a) no further Shares are issued;
- (b) no further Shares are purchased or acquired by the Company; and
- (c) no further Shares are held by the Company as treasury shares,

on or prior to the 2016 AGM, not more than 93,723,778 Shares (representing 10% of the issued Shares (excluding treasury shares) of the Company as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate during the duration referred to in paragraph 2.3.2.

2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the 2016 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

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

whichever is the earliest.

LETTER TO SHAREHOLDERS

2.3.3 *Manner of Purchases or Acquisitions of Shares*

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

- (a) an on-market purchase (“**Market Purchase**”), transacted through the SGX-ST’s trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) an off-market purchase (“**Off-Market Purchase**”) effected pursuant to an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Rules and the Companies Act, as amended or modified from time to time, 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 the abovementioned 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 offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in

LETTER TO SHAREHOLDERS

the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares where relevant, and the total consideration paid for the purchases; and

- (7) whether Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 *Purchase Price*

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must 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 pursuant to an equal access scheme, 110% of the Average Closing Price,

(the “**Maximum Price**”) in either 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 for the five consecutive Market Days, on which the Shares are transacted on the SGX-ST immediately preceding the date of a Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action that occurs after the relevant five Market Days; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and 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:

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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.

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.

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. Also, a subdivision or consolidation of any treasury share is 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 any share scheme, whether for its employees, directors or other persons;
- (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 of Singapore.

2.5.4 *Reporting Requirements regarding Treasury Shares*

As required under Listing Rule 704(28), the Company will make an immediate announcement to SGX-ST regarding any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;

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- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 **Reporting Requirements.** Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases, the total number of Shares purchased by the Company, the Company's issued Shares before and after the purchase of Shares, and the amount of consideration paid by the Company for the purchases.

Listing Rule 886 specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.7 **Source of Funds.** The Company may only apply funds for the purchase or acquisition of the Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company may purchase or acquire its own Shares out of capital, as well as from its distributable profits so long as the Company is solvent.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Purchase Mandate. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would materially and adversely affect the financial position of the Group.

LETTER TO SHAREHOLDERS

- 2.8 **Financial Effects.** It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions of Shares and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total issued Shares will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/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 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.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would materially and adversely affect the financial position of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as working capital requirements, availability of financial resources, capital structure, the foreseeable expansion and investment plans of the Group and the prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhancing the earnings and/or the NTA value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 31 December 2015, are based on the assumptions set out below:

- (a) based on 937,237,782 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming no further Shares are issued, no further Shares are purchased or acquired by the Company and no further Shares are held by the Company as treasury shares on or prior to the 2016 AGM, not more than 93,723,778 Shares (representing 10% of the issued Shares (excluding treasury shares) of the Company as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 93,723,778 Shares at the Maximum Price of S\$2.68 for one Share (being the price equivalent to five per cent. above 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 93,723,778 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$251,179,725.58; and

LETTER TO SHAREHOLDERS

- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 93,723,778 Shares at the Maximum Price of S\$2.81 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares on 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 93,723,778 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$263,363,816.74.

Based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds or external borrowings or a combination of both; (ii) the Share Purchase Mandate had been effective on 1 January 2015; and (iii) the Company had purchased or acquired 93,723,778 Shares (representing 10% of its issued Shares (excluding treasury shares) at the Latest Practicable Date) on 1 January 2015, the financial effects of the purchase or acquisition of 93,723,778 Shares by the Company pursuant to the Share Purchase Mandate on the audited financial accounts of the Group for the financial year ended 31 December 2015 are set out below:

Market Purchases

As at 31 December 2015	Before Share Purchase S\$'000	<u>Group</u> After Share Purchase S\$'000
Shareholders' Funds ⁽¹⁾	413,213	155,045
Current Assets	260,459	250,486
Current Liabilities	561,805	810,000
Total Borrowings	353,800	601,995
Cash and Cash Equivalents	9,973	-
Number of Shares	937,187,782	843,464,004 ⁽²⁾

Financial Ratios

Basic Earnings per Share ⁽³⁾ (S\$)	0.191	0.206
Net Asset per Share (S\$)	0.441	0.184
Net Debt/EBITDA (%)	1.006	1.761
Current Ratio ⁽⁴⁾ (times)	0.5	0.3
Return on Equity ⁽⁵⁾ (%)	44.2	63.1

LETTER TO SHAREHOLDERS

Off-Market Purchases

As at 31 December 2015	Before Share Purchase S\$'000	<u>Group</u> After Share Purchase S\$'000
Shareholders' Funds ⁽¹⁾	413,213	142,511
Current Assets	260,459	250,486
Current Liabilities	561,805	822,534
Total Borrowings	353,800	614,529
Cash and Cash Equivalents	9,973	-
Number of Shares	937,187,782	843,464,004 ⁽²⁾

Financial Ratios

Basic Earnings per Share ⁽³⁾ (S\$)	0.191	0.205
Net Asset per Share (S\$)	0.441	0.169
Net Debt/EBITDA (%)	1.006	1.798
Current Ratio ⁽⁴⁾ (times)	0.5	0.3
Return on Equity ⁽⁵⁾ (%)	44.2	64.5

Notes:

- (1) The Share purchases may be made out of a combination of profits and capital, which will be decided at the time of the share purchases, at the Directors' discretion.
- (2) The number of Shares in issue will be 937,187,782 Shares in the event that the Share purchases are held as treasury shares. In the event that the Share purchases are cancelled, the number of Shares in issue will be 843,464,004.
- (3) In the event that the Share purchases are held as treasury shares, such Shares are excluded in this computation.
- (4) Current Ratio means the ratio of current assets to current liabilities.
- (5) Return on Equity means the net profit over average shareholders' equity.

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 its issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase

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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 an extent if such exercise would materially and adversely affect the financial position of the Group. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

2.9 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.10 **Take-over Implications.** Appendix 2 to 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 the Shares, the proportionate interest in the voting rights of a Shareholder and persons acting in concert with him in the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

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), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies, 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. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;

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- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by 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.

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 to 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 to 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 under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors or their concert parties would increase by more than one per cent. 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 to 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 one per cent. in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

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2.10.4 *Substantial Shareholders and Directors*

Dato' Sri Jamaludin Ibrahim, who is a Director, is a director of Axiata¹. Accordingly, Dato' Sri Jamaludin Ibrahim is presumed to be acting in concert with Axiata Investments (Singapore) Limited pursuant to Appendix 2 to the Take-over Code (Axiata Investments (Singapore) Limited, Dato' Sri Jamaludin Ibrahim, together with their concert parties, the "**Relevant Parties**").

Based on the direct holdings of Shares of the Relevant Parties as at the Latest Practicable Date, and assuming that (a) there is no change in their direct holdings of Shares between the Latest Practicable Date and the date of the 2016 AGM; and (b) there is no change in their direct holdings of Shares between the date of the 2016 AGM and the date of the full exercise of the Share Purchase Mandate, the direct holdings of Shares of the Relevant Parties as at the date of the 2016 AGM and after the full exercise of the Share Purchase Mandate will be as follows:

		As at the date of the 2016 AGM		After the full exercise of the Share Purchase Mandate	
		Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽³⁾
Axiata Investments (Singapore) Limited ⁽²⁾		265,410,150	28.33	265,410,150	31.46
Dato' Sri Jamaludin Ibrahim		-	-	-	-

Notes:

- (1) Based on 936,996,682 Shares in issue (excluding treasury shares) and the declarations received by the Company from the Directors and Substantial Shareholders up to the Latest Practicable Date.
- (2) Khazanah Nasional Berhad and Axiata are deemed to be interested in the 265,410,150 Shares held by Axiata Investments (Singapore) Limited pursuant to Section 7 of the Companies Act.
- (3) Based on 843,514,004 Shares in issue (excluding treasury shares) after the full exercise of the Share Purchase Mandate.

In the above illustration, as at the Latest Practicable Date, the voting rights of the Relevant Parties may increase to 30% or more of the issued Shares in the event that the Company purchases 93,723,778 Shares, being the maximum 10% of the issued Shares as at the Latest Practicable Date under the Share Purchase Mandate. In the event that their voting rights increase to 30% or more of the issued Shares, the Relevant Parties will, unless exempted, become obliged to make a mandatory take-over offer under Rule 14 of the Take-over Code.

The Company intends to monitor and limit the extent of its repurchases under the Share Purchase Mandate such that the voting rights of the Relevant Parties will not increase to 30% or more of the issued Shares.

¹ Axiata is deemed to be interested in the Shares held by Axiata Investments (Singapore) Limited pursuant to Section 7 of the Companies Act.

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Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council of Singapore and/or their professional advisers at the earliest opportunity.

2.11 **Listing Rules.** While the Listing Rules do not expressly prohibit purchase of shares by a listed company during any particular time or times, because the listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices on securities dealings as reflected in Listing Rule 1207(19), the Company will not purchase or acquire any Shares through Market Purchases during the period of:

- (a) one month immediately preceding the announcement of the Company’s annual results; and
- (b) two weeks immediately preceding the announcement of the Company’s results for the first, second and third quarters.

The Company is required under Listing Rule 723 to ensure that at least 10% of its Shares (excluding treasury shares) are in the hands of the public. The term “public”, as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 367,069,532 Shares, representing 39.18% of the issued Shares (excluding treasury shares), are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 273,345,754 Shares, representing 32.41% of the reduced issued Shares of the Company (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares 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.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

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2.12 **Previous Share Purchases.** As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 241,100 Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2015 AGM. The highest and lowest price paid was S\$2.50 and S\$2.47 per Share respectively and the total consideration paid for all purchases was S\$600,917.64, excluding commission, brokerage and goods and services tax.

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

3.1 **Background.** The IPT Mandate was first approved by Shareholders on 3 April 2007 and was last renewed at the 2015 AGM on 13 April 2015 to enable the EAR Group or any member thereof to enter into any transactions falling within the types of Interested Person Transactions described in the 2015 Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in the 2015 Circular.

The IPT Mandate will expire at the 2016 AGM to be held on 6 April 2016. The Directors propose that the IPT Mandate be renewed at the 2016 AGM in the terms of the Ordinary Resolution to be proposed at the 2016 AGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next annual general meeting of the Company.

The rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of Interested Persons, the particulars of the Interested Person Transactions and the review procedures for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged and are set out in the Appendix to this Circular.

Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons.

3.2 **Chapter 9 of the Listing Manual.** Chapter 9 of the Listing Manual governs transactions by the Company, as well as transactions by other members of the EAR Group, with the Interested Persons. When Chapter 9 of the Listing Manual applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the same Interested Person during the financial year reaches, or exceeds, certain materiality thresholds, the Company is required to make an immediate announcement, or to make an immediate announcement and seek Shareholders' approval for that transaction.

3.3 **Shareholders' Approval.** Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the Company at risk to the Interested Persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and/or Shareholders' approval as the case may be would be required in respect of Interested Person Transactions if certain financial thresholds (which are based on the value of the transactions as compared with the Group's latest audited NTA) are reached or exceeded. In particular, Shareholders' approval is required for an Interested Person Transaction of a value equal to, or which exceeds:

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- (a) 5% of the Group's latest audited NTA; or
- (b) 5% of the Group's latest audited NTA, when aggregated with other transactions entered into with the same Interested Person during the same financial year.

Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2015, the consolidated NTA of the Group was approximately S\$413,213,000. In relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated accounts of the Group for the financial year ending 31 December 2016 are published, 5% of the latest audited NTA of the Group would be approximately S\$20,660,650.

3.4 **General Mandate.** Chapter 9 of the Listing Manual permits the Company, however, to seek a mandate from 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) that may be carried out with the Interested Persons.

3.5 **Audit Committee's Statement.** Pursuant to Listing Rule 920(1)(c), the Audit Committee confirms that:

- (i) the review procedures for Interested Person Transactions set out in the Appendix of this Circular ("**Review Procedures**") have not changed since Shareholders approved the IPT Mandate at the 2015 AGM; and
- (ii) the Review Procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the Review Procedures are inadequate or inappropriate to ensure that the Interested Person Transactions will be on normal commercial terms, and will be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.6 **Disclosure of Interested Person Transactions pursuant to IPT Mandate.** The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate

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continues to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

3.7 **Abstention from Voting.** Certain Directors, namely, Mr Choo Chiau Beng and Dato' Sri Jamaludin Ibrahim (the "**Interested Directors**"), are deemed to be interested in the proposed IPT Mandate for the following reasons:

- (a) Mr Choo Chiau Beng is the nominee director of Keppel; and
- (b) Dato' Sri Jamaludin Ibrahim is the Managing Director/President and Group Chief Executive Officer of Axiata.

The Interested Directors will therefore abstain from making any recommendation to Shareholders on the renewal of the IPT Mandate. They and their associates will also abstain from voting, whether in person or by representative or proxy, in respect of their shareholdings, if any, in respect of the Ordinary Resolution relating to the renewal of the IPT Mandate at the 2016 AGM, and will not accept any appointment as proxies, unless specific instructions as to voting are given.

Temasek, Khazanah Nasional, Keppel and Axiata, each being Interested Persons (and their respective associates) will abstain from voting their shareholdings, if any, in respect of the Ordinary Resolution relating to the renewal of the IPT Mandate at the 2016 AGM.

4. THE PROPOSED ADOPTION OF THE M1 SHARE PLAN 2016

4.1 **2013 Scheme.** The Company has an existing share option scheme known as the "M1 Share Option Scheme 2013" (the "**2013 Scheme**") which was adopted on 5 April 2013. The duration of the 2013 Scheme is 10 years commencing on the date of adoption, that is, 10 years commencing on 5 April 2013. The Company does not have in place any other share plan or share scheme.

The Company is proposing to adopt the 2016 Plan, to be known as the "M1 Share Plan 2016", to replace the 2013 Scheme, which will terminate following the adoption of the 2016 Plan by Shareholders at the 2016 AGM. There are outstanding options under the 2013 Scheme, details of which are set out in paragraph 4.2.

The Company had also in 2002 adopted the M1 Share Option Scheme (the "**2002 Scheme**") which expired on 7 November 2012. There are outstanding options under the 2002 Scheme, details of which are set out in paragraph 4.2.

4.2 **Existing Options.** As at the Latest Practicable Date:

- (a) there are outstanding and unexercised options granted under the 2002 Scheme (the "**2002 Options**") to subscribe for up to an aggregate of 5,837,700 Shares, representing approximately 0.62% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date;
- (b) there are outstanding and unexercised options granted under the 2013 Scheme (the "**2013 Options**") to subscribe for up to an aggregate of 32,465,000 Shares, representing approximately 3.46% of the issued Shares (excluding treasury shares)

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as at the Latest Practicable Date;

- (c) an aggregate of 57,722,300 Shares, representing approximately 6.16% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, have been delivered upon exercise of 2002 Options granted since the commencement of the 2002 Scheme; and
- (d) an aggregate of 2,350,000 Shares, representing approximately 0.25% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, have been delivered upon exercise of 2013 Options granted since the commencement of the 2013 Scheme.

Details of 2002 Options outstanding and unexercised as at the Latest Practicable Date are as follows:

Date of Grant	Exercise Period	Subscription Price (\$)	No. of Shares comprised in unexercised Options	No. of Participants
6 Feb 07	7 Feb 08 – 5 Feb 17	\$2.17	130,000	2
11 Feb 08	12 Feb 09 – 10 Feb 18	\$1.90	250,000	4
2 Feb 09	3 Feb 10 – 1 Feb 19	\$1.60	115,000	3
3 Feb 10	4 Feb 11 – 2 Feb 20	\$2.04	298,000	5
7 Feb 11	8 Feb 12 – 6 Feb 21	\$2.44	1,851,700	18
30 Jan 12	31 Jan 13 – 29 Jan 22	\$2.43	3,193,000	29

Details of 2013 Options outstanding and unexercised as at the Latest Practicable Date are as follows:

Date of Grant	Exercise Period	Subscription Price (\$)	No. of Shares comprised in unexercised Options	No. of Participants
2 May 13	3 May 14 – 1 May 23	\$3.24	6,279,000	66
23 Jan 14	24 Jan 15 – 22 Jan 24	\$3.31	7,706,000	74
22 Jan 15	23 Jan 16 – 21 Jan 25	\$3.64	8,980,000	82
22 Jan 16	23 Jan 17 – 21 Jan 26	\$2.48	9,500,000	92

Save as disclosed in this Circular, 2002 Options and 2013 Options outstanding as at the Latest Practicable Date are not subject to any material conditions.

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Details of 2002 Options granted to Directors as at the Latest Practicable Date are as follows:

Name of Director: Ms Karen Kooi Lee Wah

Dates of Grant	No. of Shares comprised in 2002 Options granted since commencement of the 2002 Scheme	No. of Shares allotted pursuant to 2002 Options since commencement of the 2002 Scheme
09 Nov 02	1,275,000	1,275,000
04 Feb 04	500,000	500,000
03 Feb 05	550,000	550,000
02 Feb 06	450,000	50,000
06 Feb 07	470,000	470,000
11 Feb 08	470,000	470,000
02 Feb 09	480,000	480,000
04 Jun 09	320,000	320,000
03 Feb 10	800,000	800,000
07 Feb 11	800,000	34,300
30 Jan 12	800,000	0

Details of 2013 Options granted to Directors as at the Latest Practicable Date are as follows:

Name of Director: Ms Karen Kooi Lee Wah

Dates of Grant	No. of Shares comprised in 2013 Options granted since commencement of the 2013 Scheme	No. of Shares allotted pursuant to 2013 Options since commencement of the 2013 Scheme
02 May 13	800,000	0
23 Jan 14	800,000	0
22 Jan 15	800,000	0
22 Jan 16	800,000	0

No 2002 Options or 2013 Options have been granted to Controlling Shareholders or associates (as defined in the Listing Manual) of such Controlling Shareholders.

4.3 **Definitions.** For purposes of paragraphs 4.4 to 4.8 and in relation to the 2016 Plan, the following expressions shall have the following meanings:

“Associated Company” means a company in which at least 20 per cent. but not more than 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 Executive” means any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the 2016 Plan in accordance with the rules of the 2016 Plan;

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

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“**Award**” means the contingent award of Shares to be granted under the rules of the 2016 Plan;

“**Award Date**” means in relation to an Award, the date on which the Award is granted pursuant to the rules of the 2016 Plan;

“**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 nominated by the Board, duly authorised and appointed by the Board to administer the 2016 Plan;

“**Group Executive**” means any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the 2016 Plan in accordance with the rules of the 2016 Plan;

“**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 within the Company or the relevant subsidiary, as the case may be;

“**Market Value**” means, in relation to a Share, on any day, a price determined by the Committee to be equal to the average of the last dealt prices of a Share on the SGX-ST over the five consecutive trading days immediately preceding that day, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST rounded up in the case of cents (if applicable) to the nearest whole cent;

“**Non-Executive Director**” means a director of (a) the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director; or (b) an Associated Company, other than an Associated Company Executive Director;

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

“**Performance-related Award**” means an Award in relation to which a Performance Condition is specified;

“**Performance Condition**” means in relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award;

“**Performance Period**” means in relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition is to be satisfied;

“**Release**” means in relation to an Award, the release, at the end of each Vesting Period, of the Shares to be released on such date and “**Released**” shall be construed accordingly;

“**Release Schedule**” means in relation to an Award, a schedule in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released at the end of each Vesting Period;

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“Released Award” means an Award which has been released in accordance with the rules of the 2016 Plan;

“Retention Period” means the period during which a Participant is to retain a specified number or proportion of Shares, as determined by the Committee;

“Vesting” means in relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly;

“Vesting Date” means in relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to the rules of the 2016 Plan; and

“Vesting Period” means in relation to an Award, a period or periods, the duration of which is to be determined by the Committee on the Award Date.

4.4 **Rationale.** The 2016 Plan is a share incentive scheme, intended to replace the 2013 Scheme which will be terminated following the adoption of the 2016 Plan.

The 2016 Plan will enable the Company to achieve the following objectives:

- (a) the motivation of each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) the retention of key employees and executive and non-executive directors of the Group and Associated Companies whose contributions are essential to the long-term growth and prosperity of the Group;
- (c) to instill loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Company;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders;
- (e) to align the interests of Participants with the interests of Shareholders; and
- (f) to give recognition to the contributions made or to be made by Non-Executive Directors as well as Associated Company Executives to the success of the Group.

The 2016 Plan is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group, and to give recognition to outstanding employees and directors of the Group and Associated Companies who have contributed to the growth of the Group.

While the 2016 Plan will cater principally to Group Executives, it is recognised that there are other persons who can make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include non-executive members of the Board and employees and directors of

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Associated Companies. These persons are also eligible for selection, at the absolute discretion of the Committee, to participate in the 2016 Plan.

Non-executive directors of the Group are generally persons from different professions and working backgrounds. The Company regards this category of persons as an important resource pool from which the Group is able to tap for business contacts and networking, and for the benefit of their experiences and insights. The 2016 Plan provides the Company with a means to give recognition to them for their special assistance or extra efforts expended in furthering the Company's and/or the Group's interests, such as in introducing or facilitating business opportunities for the Group, or expending additional time on management oversight, or on significant corporate exercises or projects that may be undertaken by the Company or the Group from time to time.

Employees and directors of Associated Companies are persons who are in a position to provide valuable support and inputs to the Company through their close working relationship and/or business association with the Group. They provide assistance and support to the Company on a continuing basis in the development and implementation of business strategies, investments and projects in which the Company and/or the Group has interests. The Company recognises that the continued support of these persons is important to the growth and development of the Group, its well-being and stability. The ability to include such persons under the 2016 Plan would provide the Company with the flexibility to explore and determine the most appropriate method to acknowledge contributions or special efforts made by them over periods of time.

Awards granted under the 2016 Plan 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, in the case of Performance-related Awards, after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the 2016 Plan, and the length of the Vesting Period in respect of each Award will be determined on a case-by-case basis.

For Performance-related Awards, an extended Vesting Period is imposed beyond the Performance Condition completion date. Therefore, under the 2016 Plan, 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 Condition(s). 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-related Award may be granted, for example, with a Performance Condition 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.

- 4.5 **Information relating to the 2016 Plan.** The following is a summary of the principal terms of the 2016 Plan and is qualified in its entirety by reference to the more detailed information of the 2016 Plan as set out in the rules of the 2016 Plan:

4.5.1 ***Eligibility***

The following persons, unless they are also Controlling Shareholders or associates of

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such Controlling Shareholders, shall be eligible to participate in the 2016 Plan, at the absolute discretion of the Committee:

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

Controlling Shareholders and their associates will not be eligible to participate in the 2016 Plan.

4.5.2 ***Selection of 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 2016 Plan, will be determined at the absolute discretion of the Committee, which will take into account such criteria as it considers fit, including (but not limited to) his rank, job performance, years of service, potential for future development and, in the case of a Non-Executive Director, his Board and committee appointment(s) and attendance, his contribution to the success and development of the Group and (in the case of a Performance-related Award) the difficulty with which the Performance Condition may be achieved within the Performance Period.

4.5.3 ***Awards***

The Committee may grant Awards at any time during the period when the 2016 Plan is in force, provided that (i) no Award shall be granted during the period of two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year and during the period of one month immediately preceding the announcement of the Company's annual results, and (ii) in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Awards may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.

The Committee shall decide in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) in the case of a Performance-related Award:

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- (i) the Performance Period; and
- (ii) the Performance Condition;
- (e) the Vesting Period(s);
- (f) the Release Schedule; and
- (g) the Retention Period.

As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award, the matters referred to in (b) to (g) above.

Participants are not required to pay for the grant of Awards.

An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and issue and/or transfer of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

4.5.4 ***Events prior to the Vesting Date***

An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event that an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;
- (b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (c) subject to the rules of the 2016 Plan, where the Participant is a Group Executive or an Associated Company Executive, upon the Participant ceasing at any time to be in the employment of the Group or an Associated Company, as the case may be, for any reason whatsoever;
- (d) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award; or
- (e) the company by which the Participant is employed ceasing to be a company within the Group or an Associated Company or the undertaking or part of the

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undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company.

In any of the following events, namely:

- (a) where a Participant ceases at any time to be in the employment of the Group or an Associated Company, as the case may be, by reason of his:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) retirement at or after the legal retirement age; or
 - (iii) resignation before the legal retirement age with the consent of the Committee; or
- (b) where a Participant, being a Non-Executive Director, ceases to be a director of the Company, the relevant subsidiary of the Company or the relevant Associated Company, as the case may be, for any reason whatsoever,

any Award held by such Participant as at the date (“**cessation date**”) of such cessation of employment or such cessation to be a director, as the case may be, in respect of which (in the case of a Performance-related Award) the Committee had determined prior to the cessation date that the Performance Condition has been satisfied but which has not yet been Released and in respect of which a Vesting Period(s) shall expire within the period of 18 months from such cessation date, shall be preserved until the end of such 18-month period and shall be subject to Release to the Participant in accordance with the Release Schedule specified in respect of that Award subject to the provisions of the 2016 Plan. For the avoidance of doubt, an Award which is not Released within such 18-month period shall lapse without any claim whatsoever against the Company. Further, if a Participant dies within such 18-month period, an Award which is not Released shall immediately lapse upon his death without any claim whatsoever against the Company.

If a Participant dies while still in the employment of the Group or an Associated Company and at the date of his death holds any Award in respect of which (in the case of a Performance-related Award) the Committee had determined prior to the date of his death that the Performance Condition has been satisfied but which has not yet been Released and in respect of which a Vesting Period(s) shall expire within the period of 18 months from the date of his death, such Award shall be preserved until the end of such 18-month period and shall be subject to Release to the duly appointed personal representatives of the Participant in accordance with the Release Schedule specified in respect of that Award subject to the provisions of the 2016 Plan. For the avoidance of doubt, an Award which is not Released within such 18-month period shall lapse without any claim whatsoever against the Company.

In the case of any other event approved in writing by the Committee, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the

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Shares which are the subject of any Award or to preserve all or part of any Award until the end of each Vesting Period and subject to the provisions of the 2016 Plan.

If before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies under the Companies Act; or
- (c) the shareholders of the Company pass a resolution for a members' solvent voluntary winding-up (other than for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award. 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 Period(s) which has elapsed.

4.5.5 **Release of Awards**

Subject, in relation to a Performance-related Award, to the Committee having determined that the Performance Condition has been satisfied and provided, in relation to all Awards, that the relevant Participant has continued to be a Group Executive, an Associated Company Executive or a Non-Executive Director, as the case may be, from the Award Date up to the end of the relevant Vesting Period and provided further that, in the opinion of the Committee, the job performance of the relevant Participant has been satisfactory, upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date.

4.5.6 **Adjustment Events**

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation issue or rights issue, capital reduction, subdivision or consolidation of shares or distribution, or otherwise howsoever) shall take place or if the Company shall make a capital distribution or a declaration of a dividend (whether interim or final and whether in cash or *in specie*), 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 the 2016 Plan,

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

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previously entitled and shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants; and
- (c) 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 or any other stock exchange on which the Shares are quoted or listed during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

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.

4.5.7 ***Cancellation***

If before any Vesting Date in respect of any Award, the Committee in its absolute discretion determines that:

- (a) that Award has been granted on the basis of materially inaccurate financial statements; and/or
- (b) the Participant has engaged in conduct that has directly or indirectly caused, resulted in and/or contributed to:
 - (i) any financial loss or reputational harm to the Company, the Group and/or an Associated Company; and/or
 - (ii) the need for a restatement of the financial results or financial statements of the Company, the Group and/or an Associated Company,

then the Committee may at its absolute discretion cancel all or part of that Award.

4.5.8 ***Retention Period***

Shares that are allotted and issued or transferred to a Participant on the Release of an Award shall be subject to the Retention Period specified in the Award Letter relating to such Award.

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4.5.9 *Size and Duration*

The total number of Shares which may be delivered pursuant to Awards granted under the 2016 Plan 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 2016 Plan;
- (b) 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 2013 Options; and
- (c) 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 2016 Plan and for the time being in force,

shall not exceed 10% of the total number of issued Shares (excluding treasury shares) on the day preceding that date.

The maximum limit of 10% will provide for sufficient Shares to support the use of Awards in the Company's overall long-term incentive and compensation strategy. In addition, it will provide the Company with the means and flexibility to apply Awards as incentive tools in a meaningful and effective manner to encourage staff retention and to align Participants' interests more closely with those of Shareholders.

In determining the number of new Shares available on any date for the grant of Awards under the 2016 Plan, Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the 2016 Plan.

The 2016 Plan will continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the 2016 Plan is adopted by the Company at the 2016 AGM, provided always that the 2016 Plan 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 2016 Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

4.5.10 *Operation of the 2016 Plan*

Subject to the Companies Act and the Listing Rules, the Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of:

- (a) an allotment and issue of new Shares; and/or

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- (b) the transfer of existing Shares, including any Shares held by the Company in treasury.

The delivery of Shares in the form of existing Shares purchased from the market or from Shares held in treasury will not be subject to any limit as they do not involve the issuance of new Shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the Release of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or transferring existing Shares.

The financial effects of the above methods are discussed in paragraph 4.7.

The Committee may determine to make a Release of Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted and issued or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

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 shall have the absolute discretion to determine whether the Performance Condition in relation to an Award has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have 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.

4.5.11 **Modifications**

The 2016 Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee. However:

- (a) 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 fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards; and

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- (b) no modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

No alteration shall be made to the rules of the 2016 Plan which relate to matters contained in Listing Rules 844 to 849 and Listing Rules 853 to 854 to the advantage of Participants, except with the prior approval of Shareholders in general meeting.

4.5.12 *Disclosures in Annual Report*

For so long as the 2016 Plan continues in operation, the Company will make such disclosures (or include the appropriate negative statements) in its annual report as from time to time required by the Listing Manual including the following (where applicable):

- (a) the names of the members of the Committee administering the 2016 Plan;
- (b) in respect of the following Participants of the 2016 Plan:
 - (i) Directors of the Company; and
 - (ii) Participants (other than those in sub-paragraph (i) above) who have received Shares pursuant to the Release of Awards granted under the 2016 Plan which represent five per cent. or more of the aggregate of:
 - (1) the total number of new Shares available under the 2016 Plan; and
 - (2) the total number of existing Shares delivered pursuant to Awards Released under the 2016 Plan,

the following information:

- (aa) the name of the Participant; and
- (bb) the following particulars relating to Awards Released under the 2016 Plan:
 - (i) the number of new Shares allotted and 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; and
- (c) in relation to the 2016 Plan, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted under the 2016 Plan since the commencement of the 2016 Plan to the end of the financial year under review;

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- (ii) the aggregate number of Shares comprised in Awards which have Vested under the 2016 Plan during the financial year under review and in respect thereof, the proportion of:
 - (1) new Shares allotted and issued; and
 - (2) 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 2016 Plan; and
- (iii) the aggregate number of Shares comprised in Awards granted under the 2016 Plan which have not been Released as at the end of the financial year under review.

4.6 **Role and composition of the Committee.** The Remuneration Committee, whose function includes assisting the Board in overseeing matters such as executive compensation and succession planning, will be designated as the Committee responsible for the administration of the 2016 Plan. The Committee will consist of Directors, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him.

4.7 **Financial Effects.** Financial Reporting Standard 102, Share-based payment ("**FRS 102**"), is effective for the financial statements of the Company for the financial year beginning 1 January 2005. Under the 2016 Plan, Participants may receive Shares or their equivalent cash value, or a combination 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 Award Date and the Vesting Date. The total amount of the charge over the Vesting Period is determined by reference to the fair value of each Award granted at the Award Date and the number of Shares Released 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 Shares comprised in 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 delivers Shares upon the Release of an Award by way of an allotment and issue of new Shares or the transfer of existing Shares. The amount of the charge to the profit and loss account also depends on whether the Performance Condition attached to an Award is a "market condition", that is, a condition which is related to the market price of the Shares. If the Performance Condition is a market condition, the probability of the Performance Condition being met is taken into account in estimating the fair value of the Shares comprised in

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Awards granted at the Award Date, and no adjustments to amounts charged to the profit and loss account is made if the market condition is not met. On the other hand, if the Performance Condition is not a market condition, the probability of the Performance Condition being met is not taken into account in estimating the fair value of the Shares comprised in Awards granted at the Award Date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would be Released. Thus, where the Performance Conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards are not ultimately Released.

The financial effects of the 2016 Plan are discussed below.

4.7.1 **Share Capital**

The 2016 Plan will result in an increase in the Company's issued ordinary share capital only if new Shares are allotted and issued to the Participants. The number of new Shares allotted and issued will depend on, *inter alia*, the number of Shares comprised in Awards granted under the 2016 Plan. In any case, the total number of new Shares which may be delivered pursuant to Awards granted under the 2016 Plan shall not exceed the 10% limit described in paragraph 4.5.9. If, instead of allotting and issuing new Shares to Participants, existing Shares are transferred to Participants, the 2016 Plan will have no impact on the Company's issued ordinary share capital.

4.7.2 **EPS**

The 2016 Plan is likely to result in a charge to earnings over the period from the Award Date to the Vesting Date, computed in accordance with the requirements of FRS 102, as well as an increase in the number of Shares issued if new Shares are allotted and issued pursuant to the 2016 Plan. These will have a dilutive impact on EPS.

It should be noted that the delivery of Shares to Participants under the 2016 Plan will generally be contingent upon prescribed Performance Conditions being met.

4.7.3 **NTA**

The allotment and issue of new Shares to Participants will have no effect on the NTA of the Company. However, if instead of allotting and issuing new Shares to Participants, existing Shares are purchased from the open market and delivered to Participants or the Company makes a Release of Award in the form of cash rather than Shares, the NTA will decrease by the cost of the existing Shares delivered or the cash payment, respectively.

- 4.8 **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 2016 Plan, subject to independent Shareholders' approval for the 2016 Plan 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 2016 Plan, the new Shares, the Company and/or its subsidiaries.

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5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 **Directors' Interests in Shares.** The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

<u>Directors</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	Number of Shares	%	Number of Shares	%
Choo Chiau Beng	200,000	0.021	-	-
Karen Kooi Lee Wah	1,000,000	0.107	-	-
Jamaludin Ibrahim	-	-	-	-
Low Huan Ping	-	-	-	-
Chow Kok Kee	-	-	-	-
Huang Cheng Eng	-	-	-	-
Elaine Lee Kia Jong	-	-	-	-
Moses Lee Kim Poo	-	-	-	-
Lionel Lim Chin Teck	-	-	-	-
Alan Ow Soon Sian	-	-	-	-

5.2 **Substantial Shareholders' Interests in Shares.** The interests of the Substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

<u>Substantial Shareholders</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	Number of Shares	%	Number of Shares	%
Axiata Investments (Singapore) Limited	265,410,150	28.33	-	-
Khazanah Nasional	-	-	265,410,150 ⁽¹⁾	28.33
Axiata	-	-	265,410,150 ⁽¹⁾	28.33
Temasek	-	-	182,470,091 ⁽²⁾	19.47
Keppel Telecoms Pte Ltd	178,864,000	19.09	-	-
Keppel Communications Pte Ltd	-	-	178,864,000 ⁽³⁾	19.09
Keppel Data Centres Pte. Ltd.	-	-	178,864,000 ⁽³⁾	19.09
Keppel Telecommunications & Transportation Ltd	-	-	178,864,000 ⁽³⁾	19.09

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Keppel	-	-	178,864,000 ⁽³⁾	19.09
SPH Multimedia Private Limited	124,453,000	13.28	-	-
Singapore Press Holdings Limited	-	-	124,453,000 ⁽⁴⁾	13.28

Notes:

- (1) Each of Khazanah Nasional and Axiata is deemed to be interested in the 265,410,150 Shares held by Axiata Investments (Singapore) Limited.
- (2) Temasek is deemed to be interested in an aggregate of 182,470,091 Shares in which its associated companies have or are deemed to have an interest.
- (3) Keppel Communications Pte Ltd, Keppel Data Centres Pte. Ltd., Keppel Telecommunications & Transportation Ltd and Keppel are deemed to be interested in the 178,864,000 Shares held by Keppel Telecoms Pte Ltd.
- (4) Singapore Press Holdings Limited is deemed to be interested in the 124,453,000 Shares held by SPH Multimedia Private Limited.

6. DIRECTORS' RECOMMENDATIONS

- 6.1 **Proposed Renewal of the Share Purchase Mandate.** The Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 14, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.
- 6.2 **Proposed Renewal of the IPT Mandate.** The Directors who are considered independent for the purposes of the IPT Mandate (other than the Interested Directors), have reviewed the scope, review procedures, the rationale and the benefits of the IPT Mandate and are of the view that the renewal of the IPT Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 15, being the Ordinary Resolution relating to the renewal of the IPT Mandate set out in the Notice of AGM.
- 6.3 **Proposed Adoption of the 2016 Plan.** The Directors are eligible to participate in, and are therefore interested in, the 2016 Plan. They have accordingly abstained from making any recommendation in respect of Resolution 16, being the Ordinary Resolution relating to the proposed adoption of the 2016 Plan set out in the Notice of AGM.

In addition, the Company will procure persons who are eligible to participate in the 2016 Plan, and are Shareholders, to abstain from voting on Resolution 16.

The Company will procure that the Directors and persons who are eligible to participate in the 2016 Plan decline to accept appointment as proxies for Shareholders to vote on Resolution 16 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 16.

Save as disclosed above, none of the Directors has any interest, direct or indirect, in the 2016 Plan.

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7. ACTION TO BE TAKEN BY SHAREHOLDERS

- 7.1 **Appointment of Proxies.** Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf should sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's share registrar Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, not less than 48 hours before the time appointed for the 2016 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the meeting if he wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
- 7.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2016 AGM.

8. INSPECTION OF DOCUMENTS

The following documents may be inspected at the office of the Company at 10 International Business Park, Singapore 609928, during normal business hours for not less than 14 days from the date of this Circular up to the date of the 2016 AGM:

- (a) the annual report of the Company for the financial year ended 31 December 2015;
- (b) the Constitution; and
- (c) the proposed rules of the 2016 Plan.

9. 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 Proposals, and the Company and its subsidiaries which are relevant to the Proposals, 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

M1 LIMITED
CHOO CHIAU BENG
Chairman

APPENDIX

FURTHER INFORMATION ON SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. **Rationale for the IPT Mandate.** It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group and the Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Interested Persons or the obtaining of goods and services from them.

In view of the time-sensitive nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable members of the EAR Group in the ordinary course of their businesses, to enter into the categories of Interested Person Transactions set out in paragraph 5 with the specified classes of Interested Persons set out in paragraph 4, provided such Interested Person Transactions are on the EAR Group's normal commercial terms.

2. **Scope of the IPT Mandate.** The IPT Mandate will cover Interested Person Transactions as set out in paragraph 5.

The IPT Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3. **Benefit to Shareholders.** The IPT Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided they are undertaken on the EAR Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into Interested Person Transactions within the scope of the IPT Mandate. This will substantially reduce administrative time and expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives, without compromising corporate objectives and adversely affecting the business opportunities available to the EAR Group.

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4. **Classes of Interested Persons.** The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 5) which are carried out with the following classes of Interested Persons:
- (a) Temasek (being a Controlling Shareholder of the Company) and its associates (excluding Keppel and its associates);
 - (b) Khazanah Nasional (being a Controlling Shareholder of the Company) and its associates (excluding Axiata and its associates);
 - (c) Keppel (being a Controlling Shareholder of the Company) and its associates; and
 - (d) Axiata (being a Controlling Shareholder of the Company) and its associates.

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

5. **Categories of Interested Person Transactions.** The Interested Person Transactions with the Interested Persons (as described in paragraph 4) which will be covered by the IPT Mandate and the benefits to be derived therefrom are as follows:

(a) ***General Transactions***

The following transactions are in connection with the provision to, or the obtaining from, 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):

- (i) the provision and obtaining of info-communications traffic delivery, network infrastructure, content, applications, products and services;
- (ii) the provision and obtaining of general services for office space, network equipment and network infrastructure;
- (iii) the provision and obtaining of warehousing and storage services and facilities;
- (iv) the provision and obtaining of professional, consultancy, subcontracting and outsourcing services; and
- (v) the 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 (i) to (iv) above.

The transactions set out in sub-paragraphs (i) to (v) above arise in the normal course of business of the Company and/or are necessary for the day-to-day operations of the Company. In addition, in relation to the transactions relating to

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the provision and obtaining of network infrastructure and the provision and obtaining of general services for network infrastructure as set out in subparagraphs (i) and (ii) above, the Company will disclose the nature of such transactions during the forthcoming financial year in its annual report, and in the annual reports for subsequent financial years that the IPT Mandate continues to be in force.

(b) ***Treasury Transactions***

Treasury transactions (“**Treasury Transactions**”) comprise the placement of funds with an Interested Person. The EAR Group may be able to benefit from competitive rates and quotes in an expedient manner in addition to third party financial institutions.

6. **Review Procedures for Interested Person Transactions.** The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders:

(a) ***General Transactions***

In general, there are procedures established by the EAR Group to ensure that Interested Person Transactions with 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 Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(aa) ***Provision of Services or the Sale of Products***

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group’s pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group’s usual business practices and pricing policies, consistent with the usual margin to be obtained

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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 Interested Persons for such services or products, the Approving Authority (as defined below) will take into consideration factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, payment terms, contractual compliance, duration of contract and strategic purposes of the transaction.

(bb) ***Obtaining of Services or the Purchasing of Products***

The review procedures are:

- (i) all purchases or leases made by the EAR Group, including purchases or leases from Interested Persons, are governed by the same internal control procedures as applicable to the obtaining of services or the purchasing of products from third parties, including the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best products and/or services on the best terms. In determining whether the price and terms offered by vendors, including Interested Persons, are fair and reasonable, the Approving Authority (as defined in subparagraph (ii) below) will take into consideration factors such as, but not limited to, delivery schedules, specification compliance, contractual compliance, payment terms, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (ii) in the event that quotations from unrelated third party vendors 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), the approving authority within the authorised monetary limits of the EAR Group (“**Approving Authority**”), being either the Board, Chief Executive Officer (“**CEO**”), or Chief Financial Officer (“**CFO**”) or Heads of Departments of the EAR Group (as long as they have no interest, direct or indirect in that transaction), will determine whether the price and terms offered by the Interested Persons are fair and reasonable. If the Approving Authority has an interest in the transaction, whether direct or indirect, the reasonableness of the price and terms shall be determined by the Audit Committee.

(b) ***Treasury Transactions***

In relation to the placement with any Interested Person of its funds, the Company will require that quotations shall be obtained from the Interested Person and at

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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 the Interested Person, provided that the interest rate quoted is not less than the highest of the rates quoted by such principal bankers.

7. **Approving Authorities.** In addition to the review procedures (as described in paragraph 6), in order to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has internal control procedures which detail matters such as the constitution of internal Approving Authorities and their monetary jurisdictions.

In the event that a member of the Approving Authority (where applicable) has an interest in relation to any Interested Person Transaction, whether direct or indirect, he will abstain from reviewing that particular transaction. In such instances, an alternative Approving Authority will be responsible for reviewing that transaction.

8. **Register of Interested Person Transactions.** The Company will maintain a register of all transactions carried out with Interested Persons pursuant to the IPT Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to, the identity of the Interested Person, the amount of the Interested Person Transaction, the basis of determining the transaction prices and supporting evidence and quotations obtained to support such basis.

The register of Interested Person Transactions shall be prepared, maintained and monitored by a personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the Audit Committee.

9. **Review by the Audit Committee.** The Audit Committee shall review the Interested Person Transactions on a quarterly basis. In addition, the Audit Committee shall review the internal audit report on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with on a half-yearly basis.

If, during these half-yearly reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, to ensure that the mandated Interested Person Transactions will be conducted based on the EAR Group's normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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10. **Validity Period of the IPT Mandate.** If approved by Shareholders at the 2016 AGM which is scheduled to be held on 6 April 2016, the IPT Mandate will be renewed from the date of passing of the Ordinary Resolution relating to the renewal of the IPT Mandate, and will (unless revoked or varied by the Company in a general meeting) continue in force until the conclusion of the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting of the Company and at each subsequent Annual General Meeting of the Company, subject to the satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.