

**CIRCULAR DATED 16 MARCH 2018**

**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. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Annual General Meeting and the Proxy Form to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, 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; and**
- (2) the proposed renewal of the Shareholders’ Mandate for Interested Person Transactions.**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	8 April 2018 at 2.30 p.m.
Date and time of Annual General Meeting	:	11 April 2018 at 2.30 p.m.
Venue of Annual General Meeting	:	The Fullerton Hotel Singapore Ballrooms 2 & 3 Lower Lobby 1 Fullerton Square Singapore 049178

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## DEFINITIONS

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

- “2017 AGM”** : The 15th Annual General Meeting of the Company held on 12 April 2017
- “2017 Circular”** : The Company’s circular to Shareholders dated 21 March 2017
- “2018 AGM”** : The 16th Annual General Meeting of the Company to be held on 11 April 2018, as set out in the Notice of AGM
- “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
- “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, Ms Elaine Lee Kia Jong and Mr Tan Wah Yeow (appointed on 13 February 2018)
- “Axiata”** : Axiata Group Berhad

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## DEFINITIONS

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<b>“Board”</b>	:	The Board of Directors of the Company at the date of this Circular and from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 16 March 2018
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Constitution”</b>	:	The constitution of the Company for the time being
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the total number of issued shares, excluding treasury shares and subsidiary holdings, 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
<b>“Directors”</b>	:	The directors of the Company at the date of this Circular and from time to time
<b>“EAR Group”</b>	:	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 Interested Person(s), has control over the associated company
<b>“EPS”</b>	:	Earnings per Share
<b>“FY”</b>	:	Financial year ended 31 December
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“immediate family”</b>	:	In relation to a person, means his spouse, child, adopted child, step-child, sibling and parent

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## DEFINITIONS

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<b>“Interested Person”</b>	: (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
<b>“Interested Person Transaction” or “IPT”</b>	: Transaction between a member of the EAR Group and an Interested Person
<b>“IPT Mandate”</b>	: The Shareholders’ mandate for certain types of Interested Person Transactions pursuant to Chapter 9 of the Listing Manual, as further described in Section 3 and Appendix A of this Circular
<b>“Keppel”</b>	: Keppel Corporation Limited
<b>“Khazanah Nasional”</b>	: Khazanah Nasional Berhad
<b>“Latest Practicable Date”</b>	: 22 February 2018, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST, as amended or modified from time to time
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities
<b>“M1” or the “Company”</b>	: M1 Limited
<b>“network infrastructure”</b>	: Infrastructure in relation to domestic and international cable connectivity and wireless networks
<b>“Notice of AGM”</b>	: The notice convening the 2018 AGM dated 16 March 2018
<b>“NTA”</b>	: Net tangible assets
<b>“Ordinary Resolution”</b>	: The ordinary resolution of the Company in relation to the proposed renewal of the Share Purchase Mandate or the proposed renewal of the IPT Mandate, as the case may be
<b>“Proposals”</b>	: The proposals to be tabled at the 2018 AGM, namely the proposed renewal of the Share Purchase Mandate, and the proposed renewal of the IPT Mandate
<b>“Relevant Parties”</b>	: Axiata Investments (Singapore) Limited and Tan Sri Jamaludin Ibrahim, together with their concert parties

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## DEFINITIONS

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<b>“Relevant Period”</b>	: The period commencing from the date of the Ordinary Resolution passed to approve the Share Purchase Mandate 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 Ordinary Resolution relating to the Share Purchase Mandate is passed
<b>“Securities Accounts”</b>	: Securities accounts maintained by Depositors with CDP but does not include securities sub-accounts maintained with a Depository Agent
<b>“SFA”</b>	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	: 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
<b>“Share Purchase Mandate”</b>	: General 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
<b>“Shares”</b>	: Ordinary shares in the capital of the Company
<b>“Substantial Shareholder”</b>	: A person who has an interest or interests in one (1) or more voting shares in the Company, and the votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all the voting Shares in the Company
<b>“Take-over Code”</b>	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>“Temasek”</b>	: Temasek Holdings (Private) Limited
<b>“S\$” and “S\$ cents”</b>	: Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
<b>“%” or “per cent.”</b>	: 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 SFA.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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## DEFINITIONS

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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 statute or enactment is a reference to that statute or 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.

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## LETTER TO SHAREHOLDERS

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### M1 LIMITED

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

#### Directors:

Danny Teoh Leong Kay (Chairman) — Non-Executive Director  
Karen Kooi Lee Wah — Executive Director  
Jamaludin Ibrahim — Non-Executive Director  
Low Huan Ping — Non-Executive Director  
Chow Kok Kee — Independent Director  
Huang Cheng Eng — Independent Director  
Elaine Lee Kia Jong — Independent Director  
Moses Lee Kim Poo — Independent Director  
Lionel Lim Chin Teck — Independent Director  
Alan Ow Soon Sian — Independent Director  
Tan Wah Yeow — Independent Director

#### Registered Office:

10 International Business Park  
Singapore 609928

16 March 2018

**To: The Shareholders of  
M1 Limited**

Dear Sir/Madam

### 1. INTRODUCTION

- 1.1 **2018 AGM.** The Directors are seeking Shareholders' approval for the following proposals at the 2018 AGM (collectively, the "**Proposals**"):
- (a) the proposed renewal of the Share Purchase Mandate; and
  - (b) the proposed renewal of the IPT Mandate.
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposals to be tabled at the 2018 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 ("**2017 AGM**") on 12 April 2017 (the "**2017 Share Purchase Mandate**") to enable the Company to purchase or acquire its issued Shares. The



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rationale for, the authority and limitations on, and the financial effects of, the 2017 Share Purchase Mandate were set out in the 2017 Circular.

The authority conferred pursuant to the 2017 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2017 AGM and expiring on the date of the forthcoming 2018 AGM. If the proposed resolution for the renewal of the Share Purchase Mandate is approved at the 2018 AGM, the mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

The Constitution expressly permits the Company to purchase or otherwise acquire Shares issued by it. The purchase or acquisition of Shares by the Company will be made in accordance with the Constitution of the Company, the Listing Manual, the Companies Act, and such other laws and regulations as may for the time being be applicable.

Accordingly, the Directors are convening the 2018 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 16 March 2018 convening the 2018 AGM and (b) Resolution 13 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

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which they believe will not result in any material adverse effect to the financial position of the Company or the Group, and/or affect the listing status of the Company on 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.

**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 or acquired 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 2018 AGM at which the renewal of the Share Purchase Mandate is approved, 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 or subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

**For illustrative purposes only**, on the basis of 925,200,482 Shares in issue as at the Latest Practicable Date, and disregarding 12,037,300 Shares held in treasury and no Shares are held as subsidiary holdings 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 2018 AGM, not more than 92,520,048 Shares (representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) 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 2018 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

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## LETTER TO SHAREHOLDERS

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- (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.

### 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 (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme defined in Section 76C of the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST ("**Off-Market Purchase**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as 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 the offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that the offers may 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 Manual, 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;

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## LETTER TO SHAREHOLDERS

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- (3) the reasons for the proposed purchase or acquisition of Shares by the Company;
- (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 the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (7) whether Shares purchased or acquired 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 the Shares 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 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

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## LETTER TO SHAREHOLDERS

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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 to the extent permitted under the Companies Act. 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.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

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

2.5.1 ***Maximum Holdings***

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

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 into treasury shares of a greater or smaller number 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 (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;

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## LETTER TO SHAREHOLDERS

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- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); 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;
- (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 or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority ("**ACRA**").

The Company shall notify the ACRA within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include *inter alia*, date of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

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 acceptances of the offer for the Off-Market Purchase.

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## LETTER TO SHAREHOLDERS

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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. Pursuant to Section 76F(4) of the Companies Act, the Company is solvent (a) if there is no ground on which the Company could be found to be unable to pay its debts; (b)(i) if it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and (c) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

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.

- 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 or acquired 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

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## LETTER TO SHAREHOLDERS

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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 statements of the Group for the financial year ended 31 December 2017, are based on the assumptions set out below:

- (a) based on 925,200,482 Shares in issue (excluding treasury shares and subsidiary holdings) 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 2018 AGM, not more than 92,520,048 Shares (representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) 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 92,520,048 Shares at the Maximum Price of S\$1.88 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 92,520,048 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$173,937,690; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 92,520,048 Shares at the Maximum Price of S\$1.97 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 92,520,048 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$182,264,495.

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 2017; and (iii) the Company had purchased or acquired 92,520,048 Shares (representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) at the Latest Practicable Date) on 1 January 2017, the financial effects of the purchase or acquisition of 92,520,048 Shares by the Company pursuant to the Share Purchase Mandate



## LETTER TO SHAREHOLDERS

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 are set out below:

### **Market Purchases**

<b>As at 31 December 2017</b>	<b>Group</b>		<b>Company</b>	
	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>
Shareholders' Funds <sup>(1)</sup>	428,880	254,741	376,035	201,896
Current Assets	319,677	273,197	239,164	195,762
Current Liabilities	269,513	397,172	229,347	360,084
Total Borrowings	450,000	577,659	450,000	580,737
Cash and Cash Equivalents	46,480	-	43,402	-
Number of Shares ('000)	925,200	832,680 <sup>(2)</sup>	925,200	832,680

### **Financial Ratios**

Basic Earnings per Share <sup>(3)</sup> (S\$)	0.14	0.15	0.12	0.12
Net Asset per Share (S\$)	0.46	0.31	0.41	0.24
Net Debt/EBITDA (%)	1.29	1.85	1.30	1.86
Current Ratio <sup>(4)</sup> (times)	1.19	0.69	1.04	0.54
Return on Equity <sup>(5)</sup> (%)	31.47	37.21	27.49	32.60

### **Off-Market Purchases**

<b>As at 31 December 2017</b>	<b>Group</b>		<b>Company</b>	
	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>
Shareholders' Funds <sup>(1)</sup>	428,880	246,391	376,035	193,546
Current Assets	319,677	273,197	239,164	195,762
Current Liabilities	269,513	405,522	229,347	368,434
Total Borrowings	450,000	586,009	450,000	589,087

## LETTER TO SHAREHOLDERS

Cash and Cash Equivalents	46,480	-	43,402	-
Number of Shares ('000)	925,200	832,680 <sup>(2)</sup>	925,200	832,680

### **Financial Ratios**

Basic Earnings per Share <sup>(3)</sup> (S\$)	0.14	0.15	0.12	0.12
Net Asset per Share (S\$)	0.46	0.30	0.41	0.23
Net Debt/EBITDA (%)	1.29	1.88	1.30	1.89
Current Ratio <sup>(4)</sup> (times)	1.19	0.67	1.04	0.53
Return on Equity <sup>(5)</sup> (%)	31.47	37.68	27.49	33.05

### **Notes:**

- (1) The Share purchases or acquisitions may be made out of a combination of profits and capital, which will be decided at the time of the share purchases or acquisitions, at the Directors' discretion.
- (2) The number of Shares in issue will be 925,200,482 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 832,680,434.
- (3) In the event that the Share purchases or acquisitions 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 and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). 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.

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## LETTER TO SHAREHOLDERS

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### **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, if such increase results in the change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert with a Director could become obliged to make a take-over offer for the Company 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, 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;
- (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;

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## LETTER TO SHAREHOLDERS

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- (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 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 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 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

### **2.10.4 Substantial Shareholders and Directors**

Tan Sri Jamaludin Ibrahim, who is a Director, is a director of Axiata<sup>1</sup>. Accordingly, Tan 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

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<sup>1</sup> Axiata is deemed to be interested in the Shares held by Axiata Investments (Singapore) Limited pursuant to Section 4 of the SFA.

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## LETTER TO SHAREHOLDERS

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Investments (Singapore) Limited, Tan 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 2018 AGM; and (b) there is no change in their direct holdings of Shares between the date of the 2018 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 2018 AGM and after the full exercise of the Share Purchase Mandate will be as follows:

		As at the date of the 2018 AGM		After the full exercise of the Share Purchase Mandate	
		Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(3)</sup>
Axiata Investments (Singapore) Limited <sup>(2)</sup>		265,410,150	28.69	265,410,150	31.87
Tan Sri Jamaludin Ibrahim		-	-	-	-

**Notes:**

- (1) Based on 925,200,482 Shares in issue (excluding treasury shares and subsidiary holdings) and the declarations received by the Company from the Directors and Substantial Shareholders up to the Latest Practicable Date.
- (2) Khazanah Nasional and Axiata are deemed to be interested in the 265,410,150 Shares held by Axiata Investments (Singapore) Limited pursuant to Section 4 of the SFA.
- (3) Based on 832,680,434 Shares in issue (excluding treasury shares and subsidiary holdings) 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 92,520,048 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.

**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.**

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## LETTER TO SHAREHOLDERS

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2.11 **Listing Rules.** While the Listing Manual does 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 356,047,032 Shares, representing 38.48% 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 263,526,984 Shares, representing 31.65% 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.

2.12 **Previous Share Purchases.** As at the Latest Practicable Date, the Company had purchased or acquired 5,000,000 Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2017 AGM. The highest and lowest price paid was S\$1.82 and S\$1.74 respectively. The total consideration paid for all purchases was S\$8,938,125.05, excluding commission, brokerage and goods and services tax.

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## LETTER TO SHAREHOLDERS

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### 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 2017 AGM on 12 April 2017 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 2017 Circular, provided that such transactions are made on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the 2017 Circular.

The IPT Mandate will expire at the 2018 AGM to be held on 11 April 2018. Accordingly, the Directors propose that the IPT Mandate be renewed at the 2018 AGM in the terms of the Ordinary Resolution to be proposed at the 2018 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 Appendix A 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:

- (a) 5% of the Group's latest audited consolidated NTA of the listed company and its subsidiary companies; or
- (b) 5% of the Group's latest audited consolidated NTA of the listed company and its subsidiary companies, when aggregated with other transactions entered into with the same Interested Person during the same financial year. The aggregation will exclude

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## LETTER TO SHAREHOLDERS

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any transaction that has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders.

For the purposes of aggregation, any Interested Person Transaction which is below S\$100,000 is to be excluded.

For illustration purposes, based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2017, the consolidated NTA of the Group was approximately S\$414,026,000. 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 2018 are published, 5% of the latest audited NTA of the Group would be approximately S\$20,701,300.

- 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 Appendix A of this Circular ("**Review Procedures**") have not changed since Shareholders approved the IPT Mandate at the 2017 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



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## LETTER TO SHAREHOLDERS

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financial year, and in the annual reports for subsequent financial years that the IPT Mandate 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 Danny Teoh Leong Kay and Tan Sri Jamaludin Ibrahim (the “**Interested Directors**”), are deemed to be interested in the proposed IPT Mandate for the following reasons:

- (a) Mr Danny Teoh Leong Kay is the nominee director of Keppel; and
- (b) Tan 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 2018 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 2018 AGM.

## 4. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

4.1 **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	%
Danny Teoh Leong Kay	20,000	0.002	-	-
Karen Kooi Lee Wah	406,300	0.044	-	-
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	-	-	-	-

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## LETTER TO SHAREHOLDERS

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Tan Wah Yeow - - - -

4.2 **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	28.69	-	-
Khazanah Nasional	-	-	265,410,150 <sup>(1)</sup>	28.69
Axiata	-	-	265,410,150 <sup>(1)</sup>	28.69
Temasek	-	-	184,819,690 <sup>(2)</sup>	19.98
Keppel Telecoms Pte Ltd	178,864,000	19.33	-	-
Keppel Communications Pte Ltd	-	-	178,864,000 <sup>(3)</sup>	19.33
Keppel Data Centres Pte. Ltd.	-	-	178,864,000 <sup>(3)</sup>	19.33
Keppel Telecommunications & Transportation Ltd	-	-	178,864,000 <sup>(3)</sup>	19.33
Keppel	-	-	178,864,000 <sup>(3)</sup>	19.33
SPH Multimedia Private Limited	124,453,000	13.45	-	-
Singapore Press Holdings Limited	-	-	124,453,000 <sup>(4)</sup>	13.45

**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 184,819,690 Shares in which Keppel Corporation Limited group and its other associates 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.

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## LETTER TO SHAREHOLDERS

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### 5. DIRECTORS' RECOMMENDATIONS

- 5.1 **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 13, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.
- 5.2 **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 14, being the Ordinary Resolution relating to the renewal of the IPT Mandate set out in the Notice of AGM.

### 6. ACTION TO BE TAKEN BY SHAREHOLDERS

- 6.1 **Appointment of Proxies.** Shareholders who are unable to attend the 2018 AGM and wish to appoint a proxy to attend and vote at the 2018 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 72 hours before the time appointed for the 2018 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.
- 6.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the 2018 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2018 AGM.

### 7. 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 up to the date of the 2018 AGM:

- (a) the annual report of the Company for the financial year ended 31 December 2017; and
- (b) the Constitution.

### 8. 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

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## LETTER TO SHAREHOLDERS

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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**  
DANNY TEOH LEONG KAY  
Chairman

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## APPENDIX A

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### 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.

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:

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- (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 the provision and obtaining of network infrastructure and the provision and obtaining of general services for network infrastructure as set out in sub-paragraphs (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

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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 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

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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 sub-paragraph (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 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



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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 2018 AGM which is scheduled to be held on 11 April 2018, 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.

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