

CIRCULAR DATED 20 MARCH 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold all your shares in M1 Limited (the “**Company**”), you should hand this Circular, the Notice of Annual General Meeting and the Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited 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	:	5 April 2014 at 2.30 p.m.
Date and time of Annual General Meeting	:	7 April 2014 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:

- “AGM”** : The eleventh Annual General Meeting of the Company to be held on 7 April 2014, notice of which, dated 20 March 2014, accompanies the annual report of the Company for the financial year ended 31 December 2013
- “Articles”** : The Articles of Association of the Company for the time being
- “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, includes 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 Controlling Shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family, or Controlling Shareholder/his immediate family has 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 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 Kannan Ramesh and Mr Chow Kok Kee
- “Axiata”** : Axiata Group Berhad
- “Board”** : The Board of Directors of the Company
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 20 March 2014
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “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

DEFINITIONS

	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 for the time being
“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 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
“Income Tax Act”	: The Income Tax Act of Singapore (Chapter 134), as amended or modified from time to time
“Interested Persons”	: (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
“Keppel”	: Keppel Corporation Limited
“Khazanah Nasional”	: Khazanah Nasional Berhad
“Latest Practicable Date”	: 25 February 2014, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the SGX-ST
“Listing Rules”	: The listing rules of the SGX-ST set out in the Listing Manual including any amendments made thereto up to the Latest Practicable Date
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“M1” or the “Company”	: M1 Limited
“Memorandum”	: The Memorandum of Association of the Company

DEFINITIONS

“network infrastructure”	: Infrastructure in relation to domestic and international cable connectivity and wireless networks
“NTA”	: Net tangible assets
“Ordinary Resolution”	: The ordinary resolution of the Company in relation to the proposed renewal of the Share Purchase Mandate or the proposed renewal of the Shareholders’ Mandate for Interested Person Transactions, as the case may be
“Registrar”	: The Registrar of Companies
“Relevant Period”	: The period commencing from the date on which the last AGM was held and expiring on the date the next AGM 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
“SIC”	: Securities Industry Council
“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
“Shareholders’ Mandate”	: The Shareholders’ mandate for Interested Person Transactions pursuant to Chapter 9 of the Listing Manual
“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 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 (5%) of the issued voting shares of the Company
“Take-over Code”	: The Singapore Code on Take-overs and Mergers
“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

DEFINITIONS

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

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

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

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

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

LETTER TO SHAREHOLDERS

M1 LIMITED

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

Directors:

Teo Soon Hoe (Chairman) – Non-Executive
Karen Kooi Lee Wah – Executive
Roger Barlow – Independent
Chow Kok Kee – Independent
Jamaludin Ibrahim – Non-Executive
Kannan Ramesh – Independent
Low Huan Ping – Non-Executive
Alan Ow Soon Sian – Independent

Registered Office:

10 International Business Park
Singapore 609928

20 March 2014

**To: The Shareholders of
M1 Limited**

Dear Sir/Madam

1. INTRODUCTION

- 1.1 **AGM.** The Directors of the Company are seeking Shareholders' approval for the following proposals at the AGM of the Company (collectively, the "**Proposals**"):-
- (a) the proposed renewal of the Share Purchase Mandate; and
 - (b) the proposed renewal of the Shareholders' Mandate for Interested Person Transactions.
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposals to be tabled at the 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 ("**2013 AGM**") on 5 April 2013 (the "**2013 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 2013 Share Purchase Mandate were set out in the Company's Circular to the Shareholders dated 20 March 2013.

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The authority conferred pursuant to the 2013 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2013 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 AGM to be held on 7 April 2014 at 2.30 pm, to seek the approval of the 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 the AGM dated 20 March 2014, accompanying the Annual Report for the financial year ended 31 December 2013 of the Company, convening the AGM to be held on 7 April 2014 and (b) Ordinary Resolution No. 11 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 Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 10% limit described in paragraph 2.3.1 below 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 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and 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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- 2.9 **Taxation.** Pursuant to Section 10J of the Income Tax Act, a company which buys back its own shares using funds other than contributed capital is deemed as having paid a dividend to the shareholders from whom the shares are purchased or acquired.

As Singapore adopts a one-tier system of corporate taxation, any dividend paid by the Company will be treated as tax-exempt (one-tier) dividend.

From a Shareholder's perspective, the tax treatment of the receipts from the buy-back would depend on whether or not the sale is by way of a Market Purchase or an Off-Market Purchase.

Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases through the normal ready counters will be treated for income tax purposes like any other disposal of shares and not as a dividend. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or a capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase, where the share buyback is made otherwise than on the SGX-ST, and such Shareholders are not transferees to whom Section 10N of the Income Tax Act applies, being proceeds made pursuant to an equal access scheme authorised by the Company in advance at the AGM, will be treated for income tax purposes as the receipt of a dividend.

The above statements are general in nature and are based on certain aspects of current tax laws in Singapore which are in force as of the date of this Circular and are subject to any changes in such laws, or in the interpretation of these laws occurring after the date of this Circular, which changes could be made on a retroactive basis. These statements should not be regarded as a comprehensive description of all the tax considerations that may be relevant to a decision to vote in favour of or against the Share Purchase Mandate.

Shareholders should note that the foregoing statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Share Purchase Mandate. Shareholders who are in doubt as to their respective tax positions or any such tax implications 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 with a Director 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, *inter alia*, will be presumed to be acting in concert, namely:

LETTER TO SHAREHOLDERS

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies;
- (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;
- (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 and companies controlled by any of the above persons.

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.

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 and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

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 (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

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Other than as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

2.10.4 **Substantial Shareholders and Directors**

Based on the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of Axiata Investments (Singapore) Limited before the purchase of Shares is 265,410,150 Shares or 28.69% of the issued Shares based on 925,068,782 issued Shares as at the Latest Practicable Date. The shareholdings of Axiata Investments (Singapore) Limited after the purchase of Shares assuming (a) the Company purchases 92,506,878 Shares, being the maximum 10% of the issued Shares under the Share Purchase Mandate and (b) there is no change in the number of Shares held by Axiata Investments (Singapore) Limited, will be 265,410,150 Shares or 31.88% of the issued Shares.

In the above illustration, as at the Latest Practicable Date, the voting rights of Axiata Investments (Singapore) Limited and persons acting in concert with it may increase to 30% or more of the issued Shares in the event that the Company purchases 92,506,878 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, Axiata Investments (Singapore) Limited and persons acting in concert with it will become obligated 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 Axiata Investments (Singapore) Limited and persons acting in concert with it will not increase to 30% or more of the issued Shares.

Save as disclosed, none of the other Substantial Shareholders or Directors (together with persons acting in concert with it or them) will become obligated to make a mandatory take-over offer for the Company under the Share Purchase Mandate if the Company purchases up to the maximum 10% of the issued Shares under the Share Purchase Mandate.

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 SIC 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 Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

- (a) one (1) month immediately preceding the announcement of the Company's annual results; and
- (b) two (2) weeks immediately preceding the announcement of the Company's results for the first, second and third quarters.

LETTER TO SHAREHOLDERS

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its 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 355,199,782 Shares, representing 38.40% of the issued 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 262,692,904 Shares, representing 31.55% of the reduced issued Shares of the Company. 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 proposed 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.** The Company has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE

- 3.1 **Background.** The Shareholders' Mandate was first approved by the Shareholders on 3 April 2007 and was last renewed at the 2013 AGM on 5 April 2013 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 Company's circular to Shareholders dated 20 March 2013 (the "**2013 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 2013 Circular.

The Shareholders' Mandate will expire at the forthcoming AGM to be held on 7 April 2014. The Directors propose that the Shareholders' Mandate be renewed at the forthcoming AGM in the terms of the Ordinary Resolution to be proposed at the 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 Shareholders' Mandate, the scope of the Shareholders' 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 Shareholders' 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 Shareholders' 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

LETTER TO SHAREHOLDERS

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 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 2013, the consolidated NTA of the Group was approximately S\$395,096,000. 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 2014 are published, 5% of the latest audited NTA of the Group would be approximately S\$19,754,800.

3.4 General Mandate. Chapter 9 of the Listing Manual permits the Company, however, to seek a mandate from the 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 Rule 920(1)(c) of the Listing Manual, 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 Shareholders' Mandate at the 2013 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 Shareholders' Mandate. The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders' Mandate for the quarterly financial periods which the

LETTER TO SHAREHOLDERS

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 Shareholders' Mandate during the financial year, and in the Annual Reports for subsequent financial years that the Shareholders' 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 Teo Soon Hoe and Mr Jamaludin Ibrahim (the "**Interested Directors**") are deemed to be interested in the proposed Shareholders' Mandate for the following reasons:

- (a) Mr Teo Soon Hoe is the Senior Executive Director of Keppel; and
- (b) Mr 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 the Shareholders on the renewal of the Shareholders' Mandate. They and their respective 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 Shareholders' Mandate at the forthcoming 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 Shareholders' Mandate at the forthcoming 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	%
Teo Soon Hoe	41,850	nm ⁽¹⁾	-	-
Karen Kooi Lee Wah	1,100,000	0.119	-	-
Roger Barlow	-	-	-	-
Chow Kok Kee	-	-	-	-
Jamaludin Ibrahim	-	-	-	-
Low Huan Ping	-	-	-	-
Kannan Ramesh	-	-	-	-
Alan Ow Soon Sian	-	-	-	-

Notes:

⁽¹⁾ "nm" means not meaningful.

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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 ⁽¹⁾	28.69
Axiata	-	-	265,410,150 ⁽¹⁾	28.69
Temasek	-	-	179,399,360 ⁽²⁾	19.39
Keppel Telecoms Pte Ltd	178,864,000	19.34	-	-
Keppel Communications Pte Ltd	-	-	178,864,000 ⁽³⁾	19.34
Keppel Data Centres Pte. Ltd.	-	-	178,864,000 ⁽³⁾	19.34
Keppel Telecommunications & Transportation Ltd	-	-	178,864,000 ⁽³⁾	19.34
Keppel	-	-	178,864,000 ⁽³⁾	19.34
SPH Multimedia Private Limited	124,453,000	13.45	-	-
Singapore Press Holdings Limited	-	-	124,453,000 ⁽⁴⁾	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 the 179,399,360 Shares in which Keppel, DBS Group Holdings Ltd and Fullerton Fund Management Company Ltd 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.

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 11,

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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 Shareholders' Mandate for Interested Person Transactions.** The Directors who are considered independent for the purposes of the Shareholders' Mandate (other than the Interested Directors) (the "**Independent Directors**"), have reviewed the scope, review procedures, the rationale and the benefits of the Shareholders' Mandate and are of the view that the renewal of the Shareholders' Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of Resolution 12, being the Ordinary Resolution relating to the renewal of the Shareholders' 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 AGM and wish to appoint a proxy to attend and vote at the 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 registered office of the Company at 10 International Business Park, Singapore 609928, not less than 48 hours before the time appointed for the 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 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the AGM.

7. INSPECTION OF DOCUMENTS

The following documents may be inspected at the office of the Company Secretary 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 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2013; and
- (b) the Memorandum and Articles,

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 make any statement in this Circular misleading.

Yours faithfully
for and on behalf of the Board of Directors of
M1 LIMITED

TEO SOON HOE
Chairman

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FURTHER INFORMATION ON SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. **Rationale for the Shareholders' 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 Shareholders' 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 below with the specified classes of Interested Persons set out in paragraph 4 below, provided such Interested Person Transactions are on the EAR Group's normal commercial terms.

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

The Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' Mandate will apply to the Interested Person Transactions (as described in paragraph 5 below) 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.

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

5. **Categories of Interested Person Transactions.** The Interested Person Transactions with the Interested Persons (as described in paragraph 4 above) which will be covered by the Shareholders' 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 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 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 Annual Reports for subsequent financial years that the Shareholders' 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***

Review Procedures

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

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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 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 will be taken into account.

(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

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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 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 above), 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 Shareholders' 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 Shareholders' Mandate.** If approved by Shareholders at the AGM which is scheduled to be held on 7 April 2014, the Shareholders' Mandate will be renewed from the date of passing of the Ordinary Resolution relating to the renewal of the Shareholders' 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 Shareholders' 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.