



# ENABLING A DIGITAL FUTURE

INNOVATING

PARTNERING

DIGITALISING



## OUR BUSINESS

M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to over 2 million customers. Since the launch of commercial services in 1997, M1 has achieved many firsts, including the first operator to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). With a continual focus on network quality, customer service, value and innovation, M1 links anyone and anything; anytime, anywhere.

For more information, visit [www.m1.com.sg](http://www.m1.com.sg)

## OUR VISION

To be the leader in communications, distinguished by innovativeness and dedication to our customers, people and shareholders.

## OUR MISSION

Linking anyone and anything; anytime, anywhere.

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## DIGITALISING



# INNOVATING

The telecommunications sector powers digital transformation across industries, connecting cities, people and machines; anytime, anywhere. As a leading communications service provider, we continue to innovate to bring customers new technologies, fresh solutions and quality services to cater to their evolving needs in the digital era

## NB-IoT

Southeast Asia's first commercial nationwide NB-IoT (Narrowband Internet of Things) network offers hyper-connectivity to millions of devices, sensors, and services, to catalyse smart solutions, innovation, and support Singapore's transformation into a Smart Nation

## Largest Wireless@SG Network

More than 10,000 access points

## 4.5G HetNet

More than 300 small cell/WiFi network deployed at high-traffic hotspots

## Next-Generation Unified Operations Monitoring Centre

Real-time information for monitoring of network services, IT infrastructure, IoT and digital solutions in private and public clouds



From 300Mbps to 10Gbps service plans to satisfy light users, hardcore gamers, SOHO dwellers, enterprises and more

The world's first symmetrical 10Gbps connectivity with ultra fast upload and download speeds islandwide

## UNIQUE PROPOSITIONS

### M1 DATA PASSPORT

Unique roaming service with affordable rates for customers to use their local data bundle overseas



**\$S\$10**  
a month onwards

**56**  
popular destinations worldwide



### M1 MOBILE GUARD - ASIA'S FIRST NETWORK-BASED MOBILE MALWARE DETECTION SOLUTION

The smartphone has become an essential part of users' lives, be it to make financial transactions or as a store for personal and professional information. To help customers protect themselves from cyber threats, M1 Mobile Guard is a network-based anti-malware solution that offers always-on protection in a convenient and affordable way



**400%**  
increase in smartphone infections in 2016\*

\* Nokia Malware Report (March 2017)

# PARTNERING

Our partnerships with leading technology and digital solution companies enable us to jointly develop and acquire new approaches and capabilities to capture opportunities in the digital economy

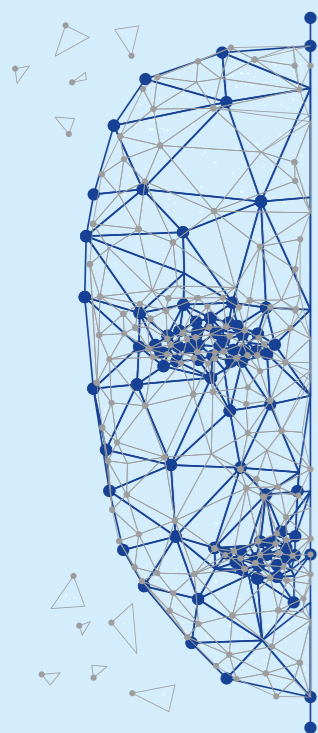


## NB-IoT ENERGY MANAGEMENT AND UTILITIES METERING SOLUTIONS WITH ANACLE

**M1** and Anacle jointly offer NB-IoT Energy Management and Utilities Metering solutions. Power and water consumption can be intelligently collected and efficiently processed through our NB-IoT network and presented sensibly to end users through smart use of data analytics. This allows our commercial, industrial and even residential customers to effectively monitor their energy usage and at the same time, facilitates sustainable planning and reduction of carbon footprint by planning agencies



## ADVANCED DATA ANALYTICS



### PROFILE AND BEHAVIOUR DATA

#### VIDEO ANALYTICS WITH TRAKOMATIC FOR RETAIL INDUSTRY

M1, in partnership with Trakomatic, enables retail businesses and shopping malls to discover ways consumers interact in a physical retail environment using video and sensor technology. These innovative video analytics can be applied to video feeds from M1's digital signage and retailers' shop front CCTV. Consumer footfall, browsing and purchasing patterns, as well as other consumer profiles can be analysed and provide useful and actionable insight to Retail and F&B Outlets and Shopping Mall operators. This enhances their marketing and advertising capabilities, shopfront mercantile displays and attractiveness based on consumer preferences and trends

#### TRANSPORTATION ANALYTICS WITH TERALYTICS TO IMPROVE COMMUTERS' LIVES

With a growing population and the pursuit of a car-lite environment in Singapore, there is a need to improve the efficiency and responsiveness of public transportation. M1 and Teralytics teamed up to use telco-enabled data analytics to empower day-to-day operational effectiveness and forward planning of public transport networks



# DIGITALISING

From driving online and app services, advancing in-house data analytics capability, to ongoing paperless and network virtualisation initiatives, we are accelerating our journey into a digital society

## EMBRACING DIGITALISATION

# M1

is a forward-looking company at the forefront of digitalisation. We promote a culture of continuous innovation with regular reviews to improve operational efficiencies, business systems and customer experience. Ongoing digitalisation efforts will further enhance our customer touch-points, reduce costs and shorten time-to-market of new products and services, providing a seamless digital experience for our customers

## BENEFITS

### Increased Activities on Digital Channels

- 56% of total transactions were made online in 2017
- 78% of smartphone customers use My M1 App to manage their services
- 2.8 times increase in My M1 App bill payment amount in 2017

### Cost Savings

Digitalisation of shops and customer service channels led to higher efficiency and headcount reduction

### Environment Footprint Reduction

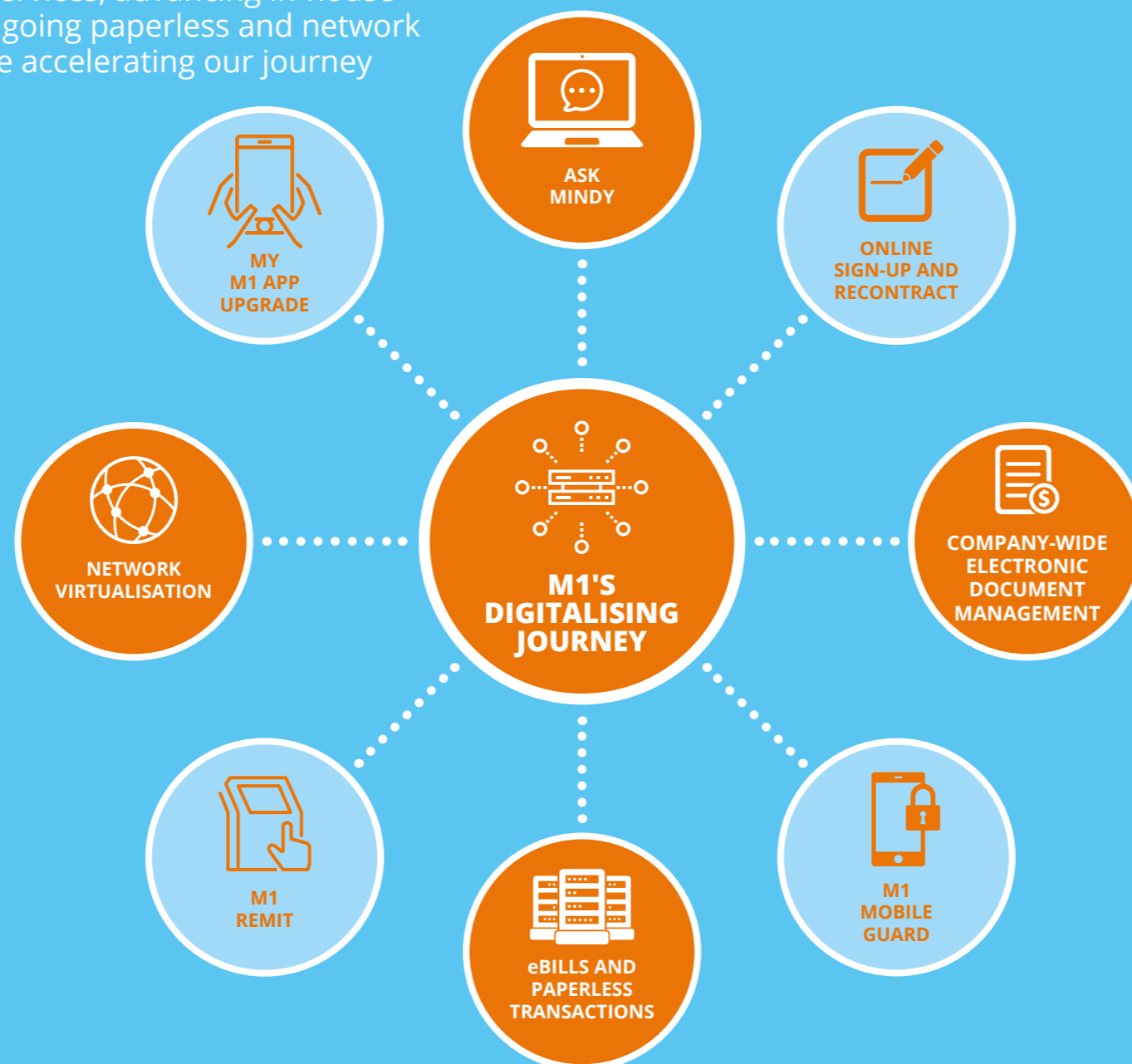
Through driving adoption of eBills and paperless transactions at all shops, we have greatly reduced our paper usage and environmental impact

### Seamless Customer Experience

From simple online ordering of the latest handsets to a host of seamless and easy self-help digital services, customers enjoy greater convenience and reduced wait times

### Faster Time-to-Market

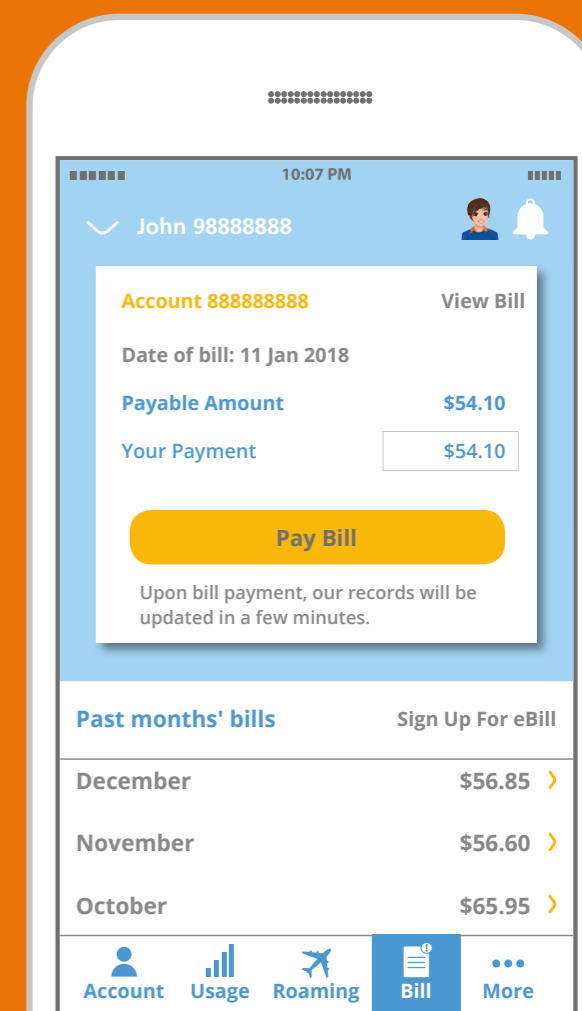
With more streamlined operations and increased digital capabilities, there is greater agility in launching new products and services



EXPANDED DIGITAL CHANNELS

## MY M1 APP

From monitoring data usage, subscription of value-added services to bill payments, customers can easily manage their services with M1 from their mobile devices



## M1 REMIT

With our mobile remittance service, customers can securely transfer money to major banks and cash pick-up outlets in 9 countries on their mobile phones anytime, anywhere



## No More Queues

Remit funds on mobile devices

WHAT WE DO

M1 offers a wide range of mobile and fixed communications services to consumers and corporate customers

CONSUMER

- Mobile**

  - Broad range of postpaid and prepaid mobile services enabling customers to call, message, access internet and apps, stream music and videos, whether at home or travelling overseas
- Fixed**

  - Fibre broadband connectivity services with up to 10Gbps speeds, voice, WiFi, home network and security solutions
- Value-Added Services**

  - Host of mobile and fixed value-added services to cater to customers' evolving needs, including mobile remittance, cybersecurity protection, and My M1 App for account-related services

CORPORATE

- Total Communications**

  - Mobile, fixed and a suite of converged communication services to support the needs of our corporate customers, who range from small businesses to large multinational companies and government agencies
- Fibre Broadband, Managed Services and Cloud Services**

  - Up to 10Gbps symmetrical PON connectivity services
  - Unified Communications
  - Wireless@SG
  - SIP Trunk
  - Virtual server and storage
  - Backup-as-a-Service
- Corporate Mobile**

  - Enterprise mobile plans with attractive data and roaming packages
- ICT, Digital and Data Analytics Solutions**

  - Integrated service provider with end-to-end service delivery
  - Advanced analytics, data management, data visualisation, and data discovery solutions
  - Digital signage
- IoT Solutions**

  - IoT connectivity solutions with Southeast Asia's first nationwide NB-IoT network
  - Partnerships in offering end-to-end IoT solutions across sectors such as Retail, Fintech, Transportation and Smart Nation

2017 HIGHLIGHTS



**MOBILE CUSTOMERS**  
(End 2017)  
**2.03m**  
**+19,000**



**FIBRE CUSTOMERS**  
(End 2017)  
**189,000**  
**+29,000**

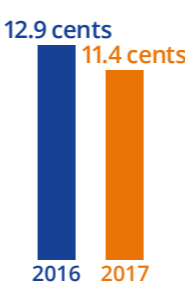
MOBILE DATA AS A % OF SERVICE REVENUE

**55.7%**



CASH DISTRIBUTION PER SHARE (DECLARED)

**11.4 cents**



CAPITAL EXPENDITURE

**S\$151m**

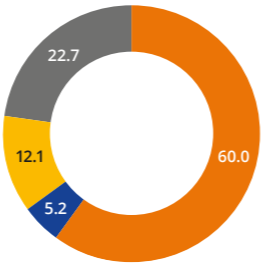


NET DEBT/EBITDA

**1.3x**

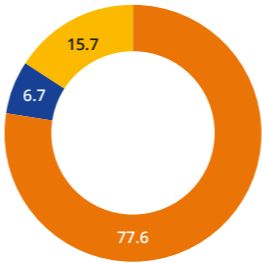


OPERATING REVENUE MIX (%)



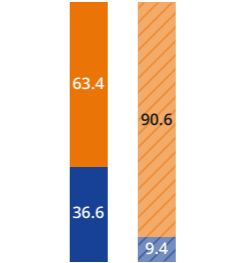
- Mobile Telecommunications
- International Call Services
- Fixed Services
- Handset Sales

SERVICE REVENUE MIX (%)



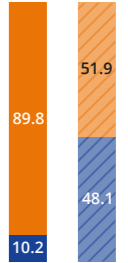
- Mobile Telecommunications
- International Call Services
- Fixed Services

MOBILE CUSTOMER/REVENUE MIX (%)



- Customer: Postpaid, Prepaid
- Revenue: Postpaid, Prepaid

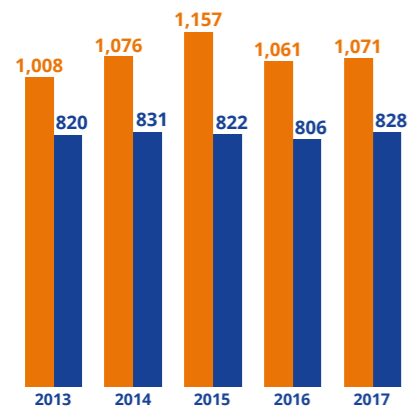
FIXED RESIDENTIAL AND CORPORATE CUSTOMER/REVENUE MIX (%)



- Customer: Residential, Corporate
- Revenue: Residential, Corporate

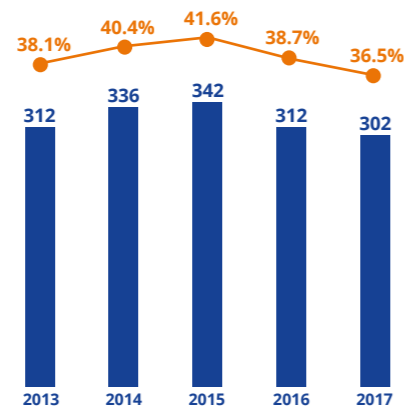
# PERFORMANCE HIGHLIGHTS

## OPERATING AND SERVICE REVENUES



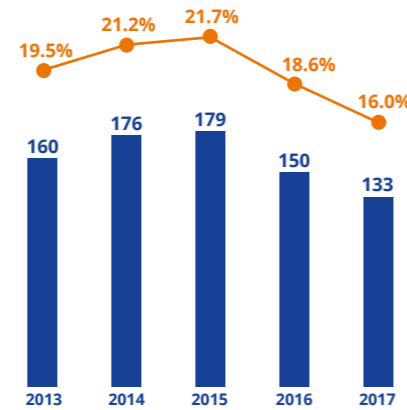
● Operating revenue (\$m)  
● Service revenue (\$m)

## EBITDA



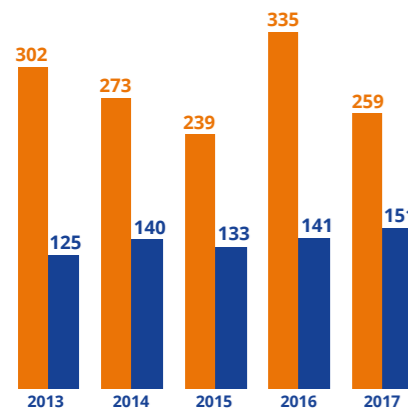
● EBITDA margin on service revenue  
● EBITDA (\$m)

## NET PROFIT AFTER TAX



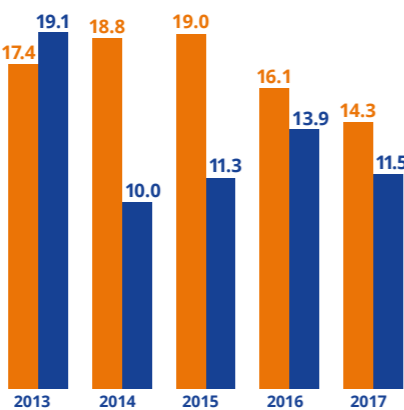
● Net profit after tax margin on service revenue  
● Net profit after tax (\$m)

## CASH FLOW AND CAPITAL EXPENDITURE



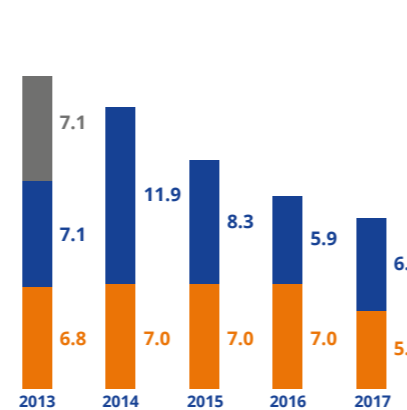
● Net cash flow from operating activities (\$m)  
● Capital expenditure (\$m)

## EARNINGS AND FREE CASH FLOW PER SHARE



● Earnings per share (basic) (cents)  
● Free cash flow per share (cents)

## CASH DISTRIBUTION PER SHARE (DECLARED)



● Interim dividend (cents)  
● Final dividend (cents)  
● Special dividend (cents)

## OPERATING HIGHLIGHTS

### Mobile Telecommunications

Number of mobile customers ('000)

	2017	2016	Change (%)
Postpaid	1,292	1,247	3.6
Prepaid	747	772	-3.3
Total	2,038	2,019	1.0

Market share<sup>1</sup> (%)

	2017	2016	Change (%)
Postpaid	25.2	24.8	-
Prepaid	22.0	22.5	-
Overall	24.0	23.8	-

Singapore mobile penetration rate<sup>1</sup> (%)

	2017	2016	Change (%)
	149.6	149.8	-

Average revenue per user (ARPU, S\$ per month)

	2017	2016	Change (%)
Postpaid (excludes Data plan)	55.8	58.0	-3.8
Postpaid (excludes Data plan and adjusted) <sup>2</sup>	48.7	50.3	-3.2
Data plan	12.7	14.8	-14.2
Prepaid	10.7	12.2	-12.3

Non-voice services as a % of service revenue

	2017	2016	Change (%)
	55.7	54.0	-

Average monthly churn rate (%)

	2017	2016	Change (%)
	1.3	1.0	-

Acquisition cost per postpaid customer (S\$)

	2017	2016	Change (%)
	404	369	9.5

Number of fibre customers ('000)

	2017	2016	Change (%)
	189	160	18.1

ARPU (Fibre, S\$ per month)

	2017	2016	Change (%)
	43.5	45.1	-3.5

<sup>1</sup> Based on IMDA statistics as at November 2017

<sup>2</sup> After adjustment for ARPU allocated to handset sales

## FINANCIAL HIGHLIGHTS

	2017	2016	Change (%)
Operating revenue (\$m)	1,071.1	1,060.9	1.0
Mobile telecommunications	642.5	640.0	0.4
International call services	55.9	61.3	-8.9
Fixed services	129.7	104.2	24.5
Handset sales	243.0	255.4	-4.9
EBITDA (\$m)	302.4	312.1	-3.1
Net profit after tax (\$m)	132.5	149.7	-11.5
Free cash flow (\$m)	106.7	129.6	-17.6
Net assets (\$m)	428.9	403.4	6.3
Net debt (\$m)	403.5	390.0	3.5
Financial ratios			
Net debt/equity (x)	0.9	1.0	-
Net debt/EBITDA (x)	1.3	1.2	-
EBITDA/interest (x)	30.6	46.2	-
ROE (%)	31.8	36.7	-
ROCE (%)	16.9	19.9	-

Note: Figures may not add up due to rounding

# HOW WE CREATE VALUE



## LETTER TO SHAREHOLDERS

**With great ambition and optimism, we look forward to our next 20 years and our role in enabling a digital future for all**

In 2017, we celebrated our 20<sup>th</sup> anniversary. As we reflect on our journey and plan our future, we are mindful that our business environment today is more complex than it has ever been.

Almost every industry is undergoing major changes, catalysed by the latest wave of disruptive technologies. From virtual or augmented reality, to the Internet of Things (IoT), advances in data analytics, cloud solutions and more, digital disruption is building an exciting new future. We see the emergence of new industries and ground-breaking business models across all industries. The telecom sector is not spared. Today, we have to reckon with new competitors from outside our industry. As we evolve, we too are adopting disruptive technologies and building new capabilities quickly.

At M1, it is deeply embedded in our culture to challenge and push boundaries, be ready to quickly adopt new practices, and to collaborate cohesively and with agility in executing our strategic plans. These virtues have been integral to our success in the past 20 years, and they will continue to serve us well in this rapidly-changing market.

Since M1's launch in 1997, we have built a strong reputation for our innovation, excellent service and network quality. In our short history, we have constantly challenged the status quo and stayed ahead of the curve in anticipating industry trends – first to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). Most recently, in August 2017, we launched Southeast Asia's first commercial nationwide NB-IoT (Narrowband Internet of Things) network, the second such network worldwide. We are proud of our leadership in innovation, and will continue to pioneer more firsts in the telecom industry.

In this digital age, one of our key assets is network data. With advances in data analytics, we can obtain both macro and micro insights into customer behaviour, usage patterns, preferences and interests as they happen. These insights allow us to create increasingly

personalised offerings, improve network performance and enhance the customer experience. In B2B terms, M1 is able to use our unique anonymised data to provide big data solutions to corporate customers.

We will continue to invest in our information and communications technology (ICT) capabilities and strengthen our portfolio of digital services to transform to a Smart Communications Provider to capture new opportunities that the digital economy brings. Our ongoing digitalisation to improve operational efficiencies will generate cost savings while providing our customers with a seamless digital experience.

With great ambition and optimism, we look forward to our next 20 years and our role in enabling a digital future for all.

### FINANCIAL HIGHLIGHTS

In 2017, service revenue posted consecutive quarter-on-quarter growth to close the year at S\$828.1 million, 2.8% higher year-on-year. Fixed services revenue grew by a strong 24.5% to S\$129.7 million, and this accounted for 15.7% of service revenue compared to 12.9% a year ago. This growth was driven by a larger customer base and contribution from the corporate segment. International call services revenue decreased 8.9% to S\$55.9 million, on continued mobile data substitution. Operating revenue increased 1.0% to S\$1,071.1 million.

EBITDA decreased by 3.1% to S\$302.4 million mainly due to higher handset loss. Net profit after tax for the year decreased by 11.5% to S\$132.5 million as a result of increased depreciation and amortisation expenses and higher interest expense.

Mobile data usage continued to grow, with 2017 revenue from mobile data increasing 1.7 percentage points year-on-year to 55.7% of service revenue. Average data usage per postpaid smartphone customer increased to 4.3GB per month in the fourth quarter of 2017, compared to 3.6GB per month a year ago.

The Group's balance sheet remains healthy, with net debt-to-EBITDA at 1.3 times as at end 2017.

### PERFORMANCE HIGHLIGHTS

M1's total customer base grew to 2.23 million as at end 2017.

Postpaid customer base increased by 45,000 year-on-year to 1.29 million. To cater to our customers' growing mobile data needs, we launched the mySIM<sup>3</sup> plans to offer more value, including Singapore's first unlimited data 4G mobile plan, as well as mySIM<sup>®</sup> plans with bundled handsets.

We also expanded our unique M1 Data Passport service for customers with the launch of two new regional Data Passports – one for nine ASEAN destinations and the other for 23 Asia destinations. With the M1 Data Passport made available in 56 popular destinations worldwide, the number of M1 customers using our data roaming services has increased more than 50% in 2017, with roaming traffic increasing more than 150%.

For corporate customers, we made available M1 Enterprise Mobile plans in April, offering unlimited local messaging and voice calls, as well as up to 12GB data bundles usable across 56 overseas destinations at attractive rates.

During the year, we introduced two new digital services to enhance customers' digital lifestyle. In April, we launched a new mobile remittance service – M1 Remit. Now, our mobile customers can access real-time exchange rates and remit funds anytime, anywhere, through a mobile app or a browser on their smart device. In September, we launched Asia's first network-based mobile malware detection solution – M1 Mobile Guard to offer always-on protection.

Our prepaid customer base decreased by 25,000 to 747,000, following the shutdown of the 2G network in the second quarter of 2017. During the year, we continued to enhance our prepaid propositions to cater to customers' changing preferences for digital and over-the-top (OTT) services. New prepaid roaming plans, with choice of roaming to 12 or 17 popular destinations, including Australia, Hong Kong, Japan, New Zealand and the United States, were launched in June. The M1 Prepaid Portal and M1 Prepaid

App were also made available to enable our prepaid customers to conveniently check balances, top up and purchase data packs that meet their needs.

Fibre customer base increased by 29,000 to 189,000, driven by our competitive service plans, tactical promotions and bundled solutions such as mesh WiFi systems.

We continued to make inroads into the corporate and government segment with major contract wins. This segment continues to grow and currently makes up around 50% of our fixed services revenue. We have also strengthened our product and service offerings, and capabilities in areas such as ICT solutions. In October, we launched the world's first symmetrical 10Gbps PON (passive optical network) connectivity service, as well as our next-generation unified operations monitoring centre for real-time monitoring of network services and IT infrastructure in both private and public clouds.

### OUTLOOK

In the near term, market conditions will remain challenging.

The anticipated entry of new mobile service providers in 2018 is likely to ramp up competitive intensity. As a highly customer-centric company backed by quality assets and strong capabilities, M1 is poised to compete. We will continue to improve our services, deepen our segmented offerings and deliver superior customer experience to attract and retain customers.

We are well-placed to capture new opportunities in the IoT and Smart Nation space. As a leading IoT solutions provider, we continue to partner world-class solution providers to expand the suite of IoT products and services for various sectors. However, as it is a new technology and the ecosystem is evolving, mass adoption will take time.

Our Corporate and ICT business will continue to grow. We are building and acquiring competencies, and forming key partnerships with technology and solution providers, to strengthen and expand our corporate solutions, such

## A YEAR OF PROGRESS



**2.8%**  
higher service  
revenue year-on-year,  
closing the year  
at S\$828.1m



**1.3**  
times net  
debt-to-EBITDA  
as at end 2017



**2.23m**  
total customer  
base as at end 2017

LETTER TO  
SHAREHOLDERS

As a leading IoT solution provider, we are well-placed to capture new opportunities in the IoT and Smart Nation Space

as in areas of managed infrastructure and security solutions, Smart Nation initiatives, as well as cloud and data analytics.

From strengthening our core connectivity infrastructure, building digital and ICT capabilities, to digitalising our operations, we are on track to transform into a Smart Communications Provider and build new revenue streams that will deliver growth and long-term value for our stakeholders.

**CORPORATE CITIZENSHIP**

M1 is committed to responsible and sustainable business practices, as well as creating shared value for both our business and society at large. Corporate social responsibility is embedded in our corporate governance framework at M1. Through long-term partnerships and regular engagements with stakeholders and beneficiaries, we strive to achieve sustained positive outcomes in empowering individuals and enriching communities.

We constantly update our products and services to offer meaningful value to customers and society at large. In our multi-year partnership with Info-communications Media Development Authority (IMDA) as the appointed vendor for its NEU PC Plus Programme, Home Access Programme and Digital TV Assistance Scheme, M1 has helped to enable thousands of students and underprivileged households to access and enjoy the benefits of communications technology.

In all our business operations, we act responsibly and ethically, complying with laws and regulations, and supporting voluntary and best practice guidelines. Aligning with our own business values and principles, our Supplier Code of Conduct sets out the ethical standards we expect our suppliers to meet or exceed regarding issues such as human rights, health and safety, and environmental protection.

Our people are key to the success of our business, and we offer every opportunity for them to realise their potential at M1, progressing their careers in a safe, welcoming and inclusive environment. Employees are encouraged to further their knowledge

and broaden their skill sets through in-house training programmes, as well as external courses and longer-term learning such as post-graduate study. Reflecting this aim, the number of training courses attended by M1 employees rose by 30% in 2017 compared to the previous year.

We celebrate workplace equality and diversity – rewarding people on their capabilities and experience – regardless of gender, age or ethnicity. We have a strong culture of collaboration across functions, with robust processes and policies in place to support organisational growth. This enhances our ability to innovate and adapt to change. With active staff engagement, we align our people to our corporate objectives and motivate them to work together to achieve our goals.

We continually review our business operations to identify ways to reduce our impact on the environment while still increasing productivity and delivering consistent quality service to our customers. For example, an increase in the use of recycled NEWater for equipment cooling purposes at various M1 sites has reduced our consumption of potable water, from 100% in 2014 to 77% in 2017. We will continue our efforts to conserve resources in our networks, facilities and general operations.

Within the community, we continue to focus on our support of the arts, sports events and adopted charities. In 2017, we contributed more than S\$1.9 million to the community, through direct sponsorships, donations and funds raised.

Since launching commercial operations in 1997, M1 has supported the arts as we believe a thriving arts scene is important in enriching quality of life and strengthening social bonds in our multi-cultural nation. In 2017, we were accorded the National Arts Council Patron of the Arts Award for the 18<sup>th</sup> consecutive year in recognition of our sustained contribution to the arts.

The importance we place on the values that are instilled by sports has driven our ongoing support for netball in Singapore. Our association with the sport began in 2009 and, over the

years, we have sponsored schools and community netball initiatives from primary schools to national level. Combining our support for netball with our support for underprivileged children and youths-at-risk, we organised a charity exhibition match between M1 management and Singapore Members of Parliament in 2017, and in appreciation, pledged S\$50,000 to the beneficiaries of our adopted charities.

Further fundraising activities during the year raised more than S\$500,000 for these charities, while staff volunteers dedicated their time to organising regular outings for the underprivileged young beneficiaries.

**DISTRIBUTION TO SHAREHOLDERS**

M1 remains committed to maintaining a sustainable dividend policy that will enhance long-term shareholder value. For 2017, the Board of Directors has proposed a final dividend of 6.2 cents, bringing total dividends declared to 11.4 cents, representing a payout of 80% of our full-year net profit after tax.

In determining the dividend payout, the Board of Directors took into consideration the Company's cash flow, financial leverage, investment requirements and the resources available to pursue new business opportunities which may arise in the near or medium term, as well as the outlook on the competitive landscape and economy.

**A NOTE OF THANKS**

Firstly, on behalf of the Board, we would like to thank former Chairman Mr Choo Chiau Beng for his strong leadership, dedication and invaluable contribution to M1 during his three years on the Board. Mr Choo, who stepped down from the Board on 1 January 2018, strategically guided the Company through a fast-evolving telecommunications market with his dedicated service, business acumen and drive.

The Board would also like to thank Mr Alan Ow for his dedicated service to the M1 Board since February 2009. Mr Ow retires from office at the Annual General Meeting on 11 April 2018 and

will not be seeking re-appointment. As Chairman of the Audit Committee and member of the Remuneration and Risk Committees, he has contributed significantly to the M1 Board, particularly on audit, risk management and governance matters.

We welcome Mr Tan Wah Yeow to the Board as our new Independent Non-Executive Director and look forward to tapping his varied skills and deep experience.

In closing, we wish to thank our customers and shareholders for making the journey with us, as well as all staff of M1 who put forward their best at work every day, undeterred by the relentless pace of competition and industry shifts. With M1's collective strength, we will forge ahead to strengthen our market position in the digital world, excited about our opportunities and confident in meeting a vibrant future.

**DANNY TEOH LEONG KAY**  
Chairman

**KAREN KOOI LEE WAH**  
Chief Executive Officer

CORPORATE  
CITIZENSHIP



OUR BUSINESS

Supplier code of conduct which sets ethical standards implemented across M1's entire supply chain



OUR PEOPLE

M1 employees attended 30% more training courses in 2017



OUR  
COMMUNITY

More than S\$1.9 million contributed to community programmes

OPERATING  
REVIEW

M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to more than two million customers. 2017 marked the 20<sup>th</sup> year of M1's launch in Singapore

Since the launch of commercial services in 1997, M1 has achieved many firsts, including the first operator to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). With a continual focus on network quality, customer service, value and innovation, M1's mission is to link anyone and anything; anytime, anywhere.

The M1 Group holds Facilities-Based Operator and Services-Based Operator licences for the provision of telecommunication systems and services, a Telecommunication Dealer's Class Licence, for the import and sale of telecommunication equipment, and a Remittance Licence to provide outward remittance services.

M1 operates nationwide 4.5G/LTE (Long Term Evolution) Advanced and 3G/High Speed Packet Access (HSPA) networks, capable of download speeds of up to 300Mbps. We offer customers a wide range of data, voice and value-added mobile services, with or without a device. Both mobile and fixed-line customers can access our International Direct Dial (IDD) services through the 002, 021 and 033 prefixes. M1 also trades wholesale voice minutes with other international and local service providers, and provides dark fibre services to carriers and data centres.

In the fixed space, M1 has a range of residential fibre broadband services that offer speeds of up to 10Gbps, including fixed voice and other value-added services.

For the corporate segment, M1's extensive suite of mobile and fixed services includes symmetrical connectivity solutions of up to 10Gbps, managed services, cloud solutions, cybersecurity solutions, Internet of Things (IoT) and data centre services. Our dedicated and highly-committed team of corporate account managers, along with our technical crew, provide customers with reliable support, round-the-clock.



OUR  
MILESTONES  
SINCE  
ESTABLISHMENT

- Commercial launch of mobile services in April 1997
- Achieved 10% mobile market share within a month of launch, and profitability in the first full year of operations in 1998
- Listed on the Singapore Exchange in December 2002
- First operator in Singapore to launch:
  - 3G mobile services commercially in February 2005
  - Nationwide mobile broadband services in December 2006
  - Fibre broadband services on the NGNBN commercially in September 2010
  - Mobile broadband service on our 4G network in June 2011
  - Nationwide 4G service in September 2012
  - Singapore's fastest corporate broadband service on the NGNBN in May 2014
  - Nationwide LTE-Advanced service in December 2014
  - Commercial nationwide NB-IoT (Narrowband Internet of Things) network in August 2017
  - Symmetrical 10Gbps PON (passive optical network) corporate connectivity service in October 2017

2.03m

total mobile customer base as at end 2017

First NB-IoT

commercial nationwide network in Singapore

189,000

total fibre customer base as at end 2017

+24.5%

year-on-year fixed services revenue

OPERATING  
REVIEW

M1 launched the world’s first symmetrical 10Gbps PON connectivity service, as well as next-generation unified operations monitoring centre for real-time monitoring of network services and IT infrastructure in both private and public clouds

For 2017, M1’s operating revenue increased 1.0% year-on-year to S\$1,071.1 million. Service revenue continued its quarterly growth trend to close the year at S\$828.1 million, 2.8% higher year-on-year. Fixed services revenue increased 24.5% year-on-year to S\$129.7 million, and accounted for 15.7% of service revenue compared to 12.9% a year ago. Mobile data revenue increased 1.7 percentage points year-on-year to 55.7% of service revenue.

Net profit after tax decreased 11.5% year-on-year to S\$132.5 million, mainly due to higher handset loss, as well as higher depreciation and amortisation, and interest expenses. Net profit after tax margin on service revenue closed 2.6 percentage points lower at 16.0%. Free cash flow decreased 17.9% to S\$106.4 million as a result of working capital changes and higher capital expenditure. Net debt-to-EBITDA as at end 2017 remained healthy at 1.3 times.

As at end 2017, M1 had a total of 2,227,000 customers, comprising 1,292,000 postpaid, 747,000 prepaid and 189,000 fibre customers.

MARKET DEVELOPMENTS

Based on Info-communications Media Development Authority’s (IMDA) statistics as at end November 2017, Singapore’s mobile market penetration rate was 149.6%, compared to 149.8% as at end 2016. There were a total of 8.4 million mobile subscriptions comprising 60.6% postpaid and 39.4% prepaid subscriptions.

For fixed broadband, the residential broadband penetration rate was 94.5% as at end November 2017. From end 2016 to November 2017, the total fibre market including both residential and corporate subscriptions grew 0.9% to 1,468,700. Over the same period, cable and digital subscription line (xDSL) subscriptions fell 23.8% to 185,800, and 47.0% to 35,000, respectively.

MOBILE  
TELECOMMUNICATIONS

POSTPAID MOBILE

Our postpaid mobile segment continues to be the key contributor to our revenue, making up 63.4% of our total mobile customer base as at end 2017 and 90.6% of our 2017 mobile telecommunications revenue. In 2017, we added 45,000 postpaid customers to bring our postpaid base to 1,292,000.

Driven by faster networks and devices, mobile data usage grew in 2017. Average data usage per smartphone customer increased to 4.3GB per month in the fourth quarter of 2017, up from 3.6GB per month a year ago.

Through the year, we continued to enhance and expand our products and services.

In February 2017, to provide customers more flexibility and value in using their local data bundles in overseas destinations, we launched two new regional Data Passports – one for nine ASEAN destinations and the other for 23 Asia destinations. With M1 Data Passport available in 56 popular destinations worldwide, the number of M1 customers using our data roaming services increased by more than 50% in 2017, with roaming traffic growing by more than 150%.

During the year, we made available several innovative large data plans to cater to consumers’ growing data needs for social networking, and video and music streaming services on the move. In August, we launched Singapore’s first unlimited data 4G mobile plan, mySIM³ 98 at S\$98 a month. This was followed in October by the introduction of our mySIM⁴ plans, with subsidised handsets included. The four new mySIM⁴ plans start from 5GB data, 100 minutes of voice calls and 100 SMS at S\$40 a month, to unlimited data, voice calls and SMS, at S\$118 a month. We also released our mySIM⁵ share plan,

enabling mySIM³ and mySIM⁴ customers to share their plan bundles with up to two other lines.

Stepping up our payment and cyber security service offerings continues to be a priority. In March, M1 customers gained the convenience of paying for purchases, from the App Store and for Apple Music and iTunes, directly from their postpaid mobile service accounts. To offer consumers always-on cyber protection, in September we launched M1 Mobile Guard, Asia’s first network-based mobile malware detection solution. Subsequently, in December, we unveiled our new and improved M1 Cyber Guardian self-help portal. Enhanced features empower parents to monitor online time and content for their children across all their devices.

For corporate customers, we released M1 Enterprise Mobile plans in April. The service offers unlimited local messaging and voice calls, as well as data bundles of up to 12GB, usable across 56 popular business destinations at attractive rates.

We continued to partner device manufacturers to make a selection of new handsets, tablets, wearables and accessories available to our customers. Key models launched during the year include Apple iPhone X, iPhone 8 and iPhone 8 Plus, Samsung Galaxy S8, S8+ and Note 8, Huawei Mate 10, Mate 10 Pro, P10 and Nova lite, LG V30+ and G6, Oppo R11s and R11s Plus, as well as Sony XZ Premium.

PREPAID MOBILE

M1’s prepaid mobile service is mainly used by the migrant worker community, transient visitors to Singapore such as business travellers and tourists, and resident customers including parents who want to manage their children’s mobile usage.

In 2017, our prepaid customer base decreased by 25,000 to 747,000, largely due to the cessation of 2G

network and services in April. In terms of usage trend, we continued to see the substitution of traditional voice services including IDD by the usage of OTT (over-the-top) services via cellular or WiFi networks, as well as increasing preference for data-centric services.

During the year, we enhanced our prepaid propositions to cater to customers’ changing preferences. We also strengthened our services and tariffs in addition to the distribution of cards and top-ups on digital and traditional channels.

In 2015, we enabled our prepaid customers to use their data bundles in Malaysia and Indonesia, and three more destinations were added in 2016. In June 2017, we enhanced the prepaid roaming plans with the unique feature of bundled voice minutes for making short important calls when overseas. In addition, we launched two new plans offering the options to roam to 12 or 17 popular destinations, including Australia, Hong Kong, Japan, New Zealand and the United States. These plans come with 2GB data and 10 voice minutes.

To meet our prepaid customers’ growing data needs, we launched M Cards that are bundled with larger data bundles in August 2017. 300MB, 500MB and 2GB data were bundled with the S\$2, S\$5 and S\$15 M Card activations respectively. In September, we further enhanced the attractiveness of data bundles by introducing larger data packs with free incoming calls, such as 7-day, 2GB Data Packs and 30-day, 6GB Data Packs. We also offered two new M Card Top-ups bundled with more data, SMS, local and international talktime.

In November, we introduced a new Tourist SIM Card. With a validity period of 10 days, the S\$50 Tourist SIM comes bundled with 100GB

local data, 5,000 local SMS and 3,000 local voice minutes. Besides local usage, tourists can enjoy 5GB roaming data in Hong Kong, Indonesia, Macau, Malaysia and Taiwan, and up to 50 voice minutes of international calls.

As a user experience enhancement, we launched M1 Prepaid portal in March 2017, and the M1 Prepaid App in November. Now, our prepaid customers can conveniently check balances, top up and purchase data packs on the go.

FIXED SERVICES

In 2017, we added 29,000 customers to bring our fibre customer base to 189,000. This increase was driven by our competitive service plans, tactical promotions and bundled solutions such as mesh WiFi systems.

The majority of our fibre base are residential customers. They can choose from a wide range of M1’s home fibre broadband plans and value-added services, from the lowest priced plan at S\$29 a month for 300Mbps to the ultra-fast 10Gbps plan at S\$189 per month.

The corporate fixed services business is a growth segment. While it made up 10% of our fibre base, the segment contributed around 50% of fixed services revenue for the year 2017. For this segment, we continued to strengthen our product offerings and competencies in areas such as ICT solutions. In October, M1 launched the world’s first symmetrical 10Gbps PON connectivity service, as well as next-generation unified operations monitoring centre for real-time monitoring of network services and IT infrastructure in both private and public clouds. We also expanded our fibre-to-the-building infrastructure with full redundancy capability to more than 55 shopping malls, offices and commercial buildings to better manage provision of service end-to-end.

.....

**4.3GB**  
**per month**

average postpaid data usage per smartphone customer

.....

**M1 Data**  
**Passport**

available in 56 destinations

.....

**M1 Prepaid**  
**App**

launched in November 2017

.....

**10% of our**  
**Fibre Base**

are corporate customers, contributing ~50% of fixed services revenue

# OPERATING REVIEW

## PRODUCTS AND SERVICES

M1's innovative and exciting products and services launched in 2017 include:

- **Mobile remittance service:** Launched in April, M1 Remit offers a fully digital experience for money remittance. This service enables customers to access real-time exchange rates and remit funds to their designated recipients anytime, anywhere, through a mobile application or a browser on their smart device. Recipients are able to cash-out as quickly as within an hour of the transaction, from over 23,000 cash agents and 640 banks in the destination countries – the biggest cash-out network for any mobile remittance service in Singapore. M1 Remit currently offers nine remittance destinations – Bangladesh, India, Indonesia, Myanmar, Malaysia, Sri Lanka, Pakistan, Philippines and Thailand.
- **M Card roaming services:** Launched in June, the prepaid roaming plans enable M Card customers to stay connected during their holidays and avoid the hassle of queuing to buy a local prepaid card upon arrival. The plans, priced at S\$15 and S\$28, are usable across 12 and 17 popular holiday destinations respectively, including Australia, Hong Kong, Japan, New Zealand and the United States – the widest selection of destinations of any prepaid roaming plan. The 2GB



data and 10 voice minutes available on both plans are valid for 10 days from the activation date.

- **Enhanced mySIM plans:** The new data-centric MySIM<sup>3</sup> 98 and MySIM<sup>e</sup> 118, launched in August and October respectively, offer our postpaid customers unlimited local data bundle. With the new mySIM<sup>e</sup> plans, customers have the option to get their favourite smartphone or tablet at a more affordable price. We also introduced the mySIM<sup>s</sup> share plan, which enables mySIM<sup>3</sup> and mySIM<sup>e</sup> customers to share their plans with up to two other lines.
- **Mobile malware detection solution:** In partnership with Nokia, we launched M1 Mobile Guard, Asia's first network-based mobile malware detection solution in September. Powered by Nokia's NetGuard Endpoint Security network-based anti-malware solution, M1 Mobile Guard offers users the convenience of always-on protection and device health assessment, detecting, alerting and eliminating any threats found. The service is available at S\$2 per month.
- **True gaming experience:** M1 GamePRO 1Gbps is a customised broadband plan for gamers. Running on a dedicated network with managed custom routing to overseas gaming servers, GamePRO users will enjoy a smoother gameplay with the highest prioritisation in data traffic and lower latency. In December, GamePRO was bundled with the Linksys WRT32X gaming router; this enables serious online gamers to enjoy an optimised gaming experience while simultaneously managing other online traffic in the home to ensure other devices and activities are not compromised.
- **All-in-one cyber parental control:** Launched in December, M1 Cyber Guardian is a network-based all-in-one solution that enables parents to monitor online time and content for their children across all their devices at home and on the go. Previously known as Internet Parent Control, this enhanced service packs additional features including a self-help portal that enables parents to better customise and manage a healthier internet usage experience for their children.
- **M1 Enterprise Mobile:** To better serve the needs of corporate customers, we released two M1 Enterprise Mobile plans in April. M1's Enterprise Mobile 6, priced at S\$61 a month, comes with a 6GB data bundle, as well as unlimited local voice minutes and messaging. The Enterprise Mobile 12 plan, priced at S\$75 a month, offers 12GB of data for corporate customers that require even more data. A key feature on both plans is the unique M1 Enterprise Data Passport enabling the customer's data bundle to be used across 56 popular business destinations. International voice calls are also available at an affordable S\$0.10 per minute through M1's unified communications service.
- **Next-generation symmetrical connectivity:** M1 made available the world's first symmetrical 10Gbps PON in October. The new symmetric PON service enables M1 to deliver highly reliable, low-latency symmetrical 10Gbps upload and download speeds with guaranteed bitrates islandwide. Enterprises can leverage on this connectivity for cloud computing, software-defined networking (SDN), 4K/8K video transfers, and other applications.

## M1 Remit

remit funds anytime, anywhere

## MySIM<sup>3</sup> 98

first unlimited local data  
4G mobile plan for postpaid  
customers

## M1 GamePRO

optimises gaming experience

## M1 Enterprise Mobile Plans

up to 6GB data bundle with  
unlimited local voice calls and data  
roaming across 56 destinations

OPERATING  
REVIEW

M1 launched Southeast Asia’s first and the world’s second commercial nationwide NB-IoT network. This network will catalyse smart solutions innovation and support Singapore’s transformation into a Smart Nation

- **Unified Operations Monitoring Centre (UOMC):** Launched in October, our next-generation UOMC enables our customers to access real-time information not just for network services, but also IT infrastructure in both private and public clouds. Advanced technology built into the architecture will deliver predictive information such as early warning of impending equipment failure. This enables customers to take proactive action to rectify potential faults before they occur. The UOMC can also partner and inter-operate with other security operating centres (SOCs), to address increasingly advanced cyber threats and to streamline IT incident management.
- **High-speed fibre network to buildings:** M1 has expanded its fibre network to enable high-speed corporate connectivity services at more than 55 shopping malls, offices and commercial buildings. This network enables M1 to better manage provision of services end-to-end, such as shorter activation within seven to 10 days of sign-up compared to the current 14 days, and provide service level agreement of up to 99.999%.
- **Cloud services for digital start-ups:** In November, M1 made available a new cloud offering designed for Singapore’s digital start-ups and Small and Medium Enterprises. The service empowers users to rapidly develop software-based products and grow their businesses without hefty up-front infrastructure expenditure. M1 also enhanced its next-generation Software-Defined Data Centre (SDDC) portfolio, powered by the VMware Cloud Provider™ programme, with container support through Pivotal Container Service™ (PKS). This new cloud offering allows access to production-grade Kubernetes and natively-supported toolkits, which supports faster

deployment of containerised workloads across private and public clouds. Digital start-ups can shorten the innovation cycle and go to market faster, while saving on investment in on-premise infrastructure.

SALES AND DISTRIBUTION

As at end 2017, we operated 11 M1 Shop outlets, to provide customers with convenient access to our products and services. To further expand our reach and accessibility, we also partnered exclusive distributors such as Arrow Communications, Big Box Singapore, and Handphone Shop, and conducted regular roadshows at high-traffic locations such as shopping malls, migrant worker dormitories, and major consumer technology events.

M1’s e-Shop exists to meet our customers’ increasing preference to engage with us online. Through our online pre-order and collection system, they enjoy a better service experience with the ability to: choose their preferred product models, make payment, and select their preferred location for collection or make arrangements for delivery. Customers who choose to collect their handsets from M1 Shop outlets enjoy shortened collection times of as low as 10 minutes. Customers also have the flexibility of collecting their handsets outside of our outlet operating hours as we offer the option of delivering to POP Stations islandwide for pick-up anytime, 24 hours a day, seven days a week. During the year, we saw an increase in utilisation of the online channel, especially during the launch of popular models. Online transactions made up 56% of total transactions in 2017, compared to 49% in the previous year.

BRAND

2017 marked the 20<sup>th</sup> year of M1’s launch in Singapore. To celebrate our anniversary, we partnered Cirque du Soleil once again to bring KOOZA, yet

another amazing and captivating Big Top production, to Singapore.

In June 2017, a new brand campaign, entitled “I’M1” was launched on TV, print, online and outdoor advertising channels. The campaign showed the inspirational story of M1, which has challenged industry status quo and championed choice for our customers for generations. Together, we have become the changemakers from all walks of life.

We continued to build affinity for the brand, as well as our products and services through engagement programmes with our customers on social media channels.

CUSTOMER EXPERIENCE

We continued to strengthen the customer experience across all touch points throughout the year.

Our postpaid customers are now using the refreshed My M1 App to obtain near real-time usage information and self-manage their account-related services, such as roaming and value-added service subscriptions. To date, 78% of our smartphone customers use My M1 App to manage their services. Adding to the success of the My M1 App, we introduced a similar App for our prepaid customers.

We also adopted leading-edge Artificial Intelligence technology to launch our very own Chatbot, Mindy, who assists customers with queries on our products and services.

The streamlining of the online Registration of Interest and Pre-Order for the purchase of newly-launched handsets was also warmly received by customers. Our new purchase flow involves less steps and clicks for a faster and smoother purchase experience.

At the heart of our excellent customer service is our staff. Their positive engagements with our customers were duly recognised at the highly-regarded annual Excellent Service Awards (EXSA).

M1 staff received 16 Star, 48 Gold, and 106 Silver awards compared to 11 Star, 41 Gold, and 94 Silver awards in the previous year. EXSA, a national award that recognises individuals for their outstanding service, is managed by seven industry bodies and supported by SPRING Singapore.

The Contact Centre Association of Singapore Awards 2017 also honoured our staff with both the Best Contact Centre Team Leader and Best Customer Service Professional of the Year awards.

Our continued efforts to better serve our customers have shown results with an improved score year-on-year in the Customer Satisfaction Index of Singapore for 2017, in both the Mobile Telecoms and Broadband segments.

NETWORKS

M1 has invested more than S\$2.0 billion in our mobile and fixed networks since our inception. Through continual investment in new networks and technology, we enhance the customer experience, improve business productivity and offer our customers the latest products and services, often ahead of competition.

Key network initiatives in 2017 include:

- **35Gbps in 5G trial:** Together with Huawei, M1 successfully demonstrated Singapore’s highest 5G transmission speeds of 35Gbps. 5G technology will support a massive number of low-latency connections critical to driving the next wave of virtual/augmented reality and IoT applications such as autonomous driving, and powering smart applications that will fundamentally transform lives of Singaporeans in a ‘Smart Nation’.
- **Cloud-based virtual core network:** Together with Huawei, M1 introduced Singapore’s first cloud-based virtual Enhanced Packet Core (vEPC) network solution, to enhance M1’s core network robustness and resiliency.

The solution also enables dynamic and more efficient use of network resources to support wide-ranging Smart Nation use cases, and shortens the time to market in the deployment of new IoT services. It will significantly improve network performance and enhance customer experience.

- **NB-IoT network:** M1 launched Southeast Asia’s first and the world’s second commercial nationwide NB-IoT network. This network will catalyse smart solutions innovation and support Singapore’s transformation into a Smart Nation. The IoT, in enabling hyper-connectivity to millions of devices, sensors and services, is a key Smart Nation building block. With the launch of M1’s NB-IoT network, solution providers and businesses can now develop and deploy new IoT-enabled solutions, such as smart energy management for buildings, asset tracking and fleet management. This will also fuel the development of many more solutions in the future.
- **Cessation of 2G services and retirement of 2G network:** The evolving technology landscape has seen consumers migrating to 3G and 4G technologies to enjoy more services and higher data speeds. This has brought along the retirement of the 2G network and cessation of 2G services, an exercise which was conducted in the second quarter of 2017. Working closely with IMDA, M1 partnered community groups to reach out to seniors and other 2G mobile users. At no additional cost, we assisted their transition to 3G/4G services without the need to re-contract to any plan; a range of affordable handsets was also made available for their use. First introduced to Singapore in 1994, the retirement of the 2G network has allowed for the re-allocation of scarce radio frequency spectrum to meet increasing demand for higher-speed mobile services.

55

additional shopping malls, offices and commercial buildings connected with M1’s fibre network

KOOZA

in partnership with Cirque du Soleil to celebrate our 20<sup>th</sup> anniversary

I’M1

brand campaign embodies M1’s inspirational story

16 Star  
48 Gold  
106 Silver

EXSA awards received by M1 staff

# OPERATING REVIEW

- Integrated Small Cell/WiFi (HetNet):** Customer demand for data continues to grow, driven by faster networks and high-bandwidth mobile applications such as video streaming, social media and online gaming. Heterogeneous Network (HetNet), the integration of large and small cells with different wireless radio technologies, such as cellular and WiFi, enables M1 to provide the best coverage and network capacity to meet this growing demand. M1 is the largest Wireless@SG WiFi operator in Singapore with more than 10,000 access points. To complement our advanced 4.5G network, M1 deployed an overlay of integrated small cells and WiFi equipment to 300 high-traffic hotspots nationwide, including MRT/LRT stations, bus interchanges, major commercial buildings, malls and popular outdoor areas around Marina Bay.
- Drones on 4.5G HetNet:** As drones become more commonplace today, M1 and Nanyang Technological University have conducted successful trials and embarked on research to develop M1's 4.5G Heterogeneous Network (HetNet) for the traffic-management of unmanned aerial systems (UAS) in Singapore's urban environment and its surrounding sea-to-shore coverage. The findings will provide valuable insights for unmanned operations using the future 5G Ultra-Reliable Low-Latency Communication (URLLC) network.



# FINANCIAL REVIEW

## OPERATING REVENUE

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
<b>Operating Revenue</b>			
Mobile telecommunication services	642.5	640.0	0.4%
International call services	55.9	61.3	-8.9%
Fixed services	129.7	104.2	24.5%
<b>Total service revenue</b>	<b>828.1</b>	805.5	2.8%
Handset sales	243.0	255.4	-4.9%
<b>Total</b>	<b>1,071.1</b>	1,060.9	1.0%

For 2017, service revenue increased 2.8% to S\$828.1 million, driven by higher Fixed Services revenue. Handset sales were 4.9% lower due to lower sales volume. Accordingly, operating revenue was 1.0% higher at S\$1,071.1 million for FY2017.

## MOBILE TELECOMMUNICATIONS REVENUE

	Group		
	Year Ended 31 December		
	2017 S\$m	2016 S\$m	YoY Change
<b>Mobile telecommunications revenue</b>			
Postpaid	582.3	569.7	2.2%
Prepaid	60.2	70.3	-14.3%
<b>Total</b>	<b>642.5</b>	640.0	0.4%
<b>ARPU (per month)</b>			
Postpaid (excludes Data Plan)	55.8	58.0	-3.8%
Postpaid (excludes Data Plan and adjusted) <sup>1</sup>	48.7	50.3	-3.2%
Data plan	12.7	14.8	-14.2%
Prepaid	10.7	12.2	-12.3%
Fibre Broadband	43.5	45.1	-3.5%
Mobile data contribution as a % of service revenue	55.7%	54.0%	

<sup>1</sup> After adjustment for ARPU allocated to handset sales

Mobile telecommunications revenue increased 0.4% to S\$642.5 million. On a segmental basis, postpaid revenue increased 2.2% to S\$582.3 million due to increased subscription revenue from take-up of higher-end plans and wholesale revenue contribution from MVNO. Prepaid revenue at S\$60.2 million was 14.3% lower year-on-year due to lower voice traffic.

Mobile data usage continued to grow with average smartphone data usage increasing to 4.3GB per month in the fourth quarter of 2017 from 3.6GB per month a year ago. Accordingly, mobile data revenue increased 1.7 percentage points to 55.7% of service revenue.

# FINANCIAL REVIEW

## INTERNATIONAL CALL SERVICES REVENUE

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
<b>International call services</b>			
Retail revenue	36.0	42.5	-15.4%
Wholesale and bilateral revenue	19.9	18.8	5.9%
<b>Total</b>	<b>55.9</b>	<b>61.3</b>	<b>-8.9%</b>
Total international retail minutes (in millions)	631	696	-9.4%

International retail minutes decreased 9.4% to 631 million minutes, due to decline in usage. Accordingly, international call services revenue decreased 8.9% to S\$55.9 million.

## HANDSET SALES

Handset sales decreased 4.9% to S\$243.0 million as a result of lower sales volume and selling price.

## OPERATING EXPENSES

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
Cost of sales	471.5	461.5	2.2%
Staff costs	122.5	115.0	6.6%
Advertising and promotion expenses	19.4	22.1	-12.2%
Depreciation and amortisation	129.9	126.8	2.5%
Allowance for doubtful debts	9.0	8.4	8.1%
Facilities expenses	86.4	86.4	-0.1%
Leased circuit costs	32.8	31.5	4.1%
Licence fees	3.8	4.2	-9.8%
Other general and administrative expenses	24.5	25.0	-2.1%
Foreign exchange (gain)/loss	0.1	(*)	@
<b>Total</b>	<b>899.9</b>	<b>880.9</b>	<b>2.2%</b>

\* Denotes less than S\$0.05 million

@ Denotes more than +/-300%

Operating expenses increased 2.2% to S\$899.9 million mainly due to higher cost of sales and staff costs.

## COST OF SALES

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
Handset costs	339.7	343.9	-1.2%
Traffic expenses	38.7	39.2	-1.2%
Wholesale costs of fixed services	56.1	45.1	24.4%
Other costs	36.9	33.3	10.9%
<b>Total</b>	<b>471.5</b>	<b>461.5</b>	<b>2.2%</b>

Cost of sales at S\$471.5 million for FY2017 was 2.2% higher year-on-year mainly due to higher wholesale costs of fixed services. Handset costs decreased 1.2% to S\$339.7 million due to lower sales volume and average unit costs. Wholesale costs of fixed services increased 24.4% to S\$56.1 million as a result of a larger fibre customer base.

## STAFF COSTS

Staff costs increased 6.6% to S\$122.5 million due to salary increment and bonus pay-outs.

## ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses decreased 12.2% to S\$19.4 million, due to lower marketing activities.

## DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenses increased 2.5% to S\$129.9 million mainly due to higher fixed asset base.

## ALLOWANCE FOR BAD AND DOUBTFUL DEBT

Allowance for bad and doubtful debt increased 8.1% to S\$9.0 million.

## FACILITIES EXPENSES

Facilities expenses at S\$86.4 million were stable year-on-year.

## LEASED CIRCUIT COSTS

Leased circuit costs at S\$32.8 million for FY2017 were 4.1% higher year-on-year.

## OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses decreased 2.1% to S\$24.5 million.

# FINANCIAL REVIEW

## FINANCE COSTS

Finance costs increased 46.5% to S\$9.9 million for FY2017 due to higher borrowings and interest rate.

## TAXATION

Provision for taxation increased 4.2% to S\$30.1 million for FY2017. FY2016 benefited from a write-back of overprovision for tax.

## NET PROFIT AFTER TAX

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
Net profit after tax	132.5	149.7	-11.5%
Net profit after tax margin (on service revenue)	16.0%	18.6%	

Net profit after tax at S\$132.5 million for FY2017 was 11.5% lower and net profit after tax margin was 16.0% of service revenue.

## EBITDA

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
EBITDA	302.4	312.1	-3.1%
EBITDA margin (on service revenue)	36.5%	38.7%	

EBITDA decreased 3.1% to S\$302.4 million.

EBITDA margin, as a percentage of service revenue, was lower at 36.5%.

## CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for FY2017 was S\$151.1 million as compared to S\$140.5 million for FY2016.

Capital commitment as at 31 December 2017 was S\$199.8 million which includes S\$188.0 million for the 700 MHz spectrum.

## LIQUIDITY AND CAPITAL RESOURCES

Group			
Year Ended 31 December			
	2017 S\$m	2016 S\$m	YoY Change
Profit before tax	162.6	178.6	-8.9%
Non-cash item and net interest expense adjustments	114.0	103.4	10.2%
Net change in working capital	(17.6)	52.9	(133.3%)
Net cash provided by operating activities	259.0	334.9	(22.7%)
Net cash used in investing activities	(160.6)	(220.2)	27.1%
Net cash used in financing activities	(63.0)	(113.7)	44.6%
Net change in cash and cash equivalents	35.5	1.0	@
Cash and cash equivalents at beginning of financial period	11.0	10.0	10.5%
Cash and cash equivalents at end of financial period	46.5	11.0	@
Free cash flow <sup>1</sup>	106.7	129.6	-17.6%

<sup>1</sup> Free cash flow refers to net cash provided by operating activities less current year capital expenditure and payment for spectrum rights

@ Denotes more than +/-300%

Operating cash flow decreased 22.7% to S\$259.0 million. Accordingly, free cash flow was 17.6% lower at S\$106.7 million.

## FINANCIAL LEVERAGE

As at end December 2017, gearing ratio was 0.9 times compared to 1.0 time as at end December 2016. Interest coverage ratio (EBITDA/Interest) was 30.6 times for 2017 compared to 46.2 times for 2016.

## BOARD OF DIRECTORS



**DANNY TEOH LEONG KAY, 62**  
Chairman

Mr Danny Teoh was appointed as a Non-Independent Non-Executive Director of M1 on 26 September 2017. He assumed the Board Chairmanship on 1 January 2018, succeeding Mr Choo Chiau Beng who stepped down upon reaching 70.

Mr Teoh spent 27 years in KPMG LLP, Singapore and over the years, held various senior positions including Member of Executive Committee, Head of Audit, Head of Financial Services, Head of Risk Advisory Services and Head of Marketing & Communications. He was the Managing Partner of KPMG LLP, Singapore from 2005 until his retirement from KPMG in September 2010.

Currently, Mr Teoh is an independent and non-executive Director of Keppel Corporation Ltd and chairs its Audit Committee. He also serves on the boards of DBS Bank Ltd, DBS Group Holdings Ltd, Changi Airport Group (Singapore) Pte Ltd, DBS Foundation Ltd and Ascendas-Singbridge Pte Ltd.

Mr Teoh qualified as a Chartered Accountant in the UK in 1981 and is an associate member of the Institute of Chartered Accountants of England and Wales. He is also a fellow of the Institute of Chartered Accountants Singapore.



**KAREN KOOI LEE WAH, 63**  
Chief Executive Officer

Ms Kooi was appointed as Chief Executive Officer and Executive Director of M1 on 22 April 2009. Ms Kooi was also the Acting Chief Executive Officer of M1 from 1 February 2009 to 22 April 2009.

Ms Kooi joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, Ms Kooi held various senior financial positions in large public listed companies, including Singapore Press Holdings Limited and City Developments Limited. She has over 30 years of experience in general and financial management.

Ms Kooi is a Fellow of the Association of Chartered Certified Accountants (UK) and holds a Master of Business Administration degree in Investment and Finance (Distinction) from the University of Hull in the UK.



**JAMALUDIN IBRAHIM, 58**

Tan Sri Jamaludin Ibrahim was appointed as a Non-Independent Non-Executive Director of M1 on 21 August 2008. He is President/Managing Director and Group Chief Executive Officer of Axiata Group Berhad, which he joined in March 2008. He is also a board member of Axiata Group Berhad, the Chairman of Celcom Axiata Berhad (Malaysia's premier mobile telecommunications company), and sits on the board of PT XL Axiata Tbk (Indonesia). He is also a board member of the GSMA Mobile for Development Foundation.

Tan Sri Jamaludin Ibrahim has about 36 years' experience in the ICT and telecommunications industry, holding management positions at IBM and Digital Equipment Malaysia. In 1997, he joined Maxis Communications Berhad, and was appointed Chief Executive Officer in 1998. In 2006, he was re-designated Group Chief Executive Officer. He joined Axiata, then called TM International Berhad, a month before the demerger with Telekom Malaysia Berhad, in 2008.

Tan Sri Jamaludin Ibrahim graduated from California State University in 1978 with a Bachelor of Science in Business Administration and minor in Mathematics. He obtained his Master of Business Administration from Portland State University, Oregon in 1980.



**LOW HUAN PING, 61**

Mr Low was appointed as a Non-Independent Non-Executive Director of M1 on 1 September 1994.

Mr Low is the Executive Vice President, Technology of SPH. He is also a director of iFast Corporation Ltd, Magzter Inc. and Shareinvestor.com Holdings Pte Ltd. Previously, he also served on the Boards of MediaCorp Press, Cyberway and Singapore CableVision, and was the CEO of SPH AsiaOne Ltd. Before joining SPH, he headed an IT Division in the Ministry of Defense System and Computer Organisation.

He was awarded the Overseas Merit Scholarship in 1975, and holds a Bachelor of Arts (Honours) and Master of Arts from Cambridge University, where he read Engineering and a Master of Science from National University of Singapore. Mr Low graduated from Harvard Business School's Advanced Management Program.



**CHOW KOK KEE, 65**

Mr Chow was appointed as an Independent Director of M1 on 16 February 2009. He is Managing Director of ACTA Investment & Services Pte Ltd, which provides business and financial-related services to companies.

Mr Chow has more than 15 years of extensive experience in the financial services industry. He worked in the government Administrative Service for six years from 1976, holding management positions in the Ministries of Defence and Education before joining DBS Bank in 1982. He was Senior Vice President of International and Correspondent Banking at DBS Bank.

A Colombo Plan Scholar, he holds a First Class Honours Bachelor of Engineering degree and a Bachelor of Commerce degree from the University of Newcastle, Australia, and a Master of Business Administration from the National University of Singapore. Mr Chow is a Fellow of the Singapore Institute of Directors, member of the Institute of Engineers, Australia and an associate of the Institute of Chartered Secretaries and Administrators, UK.



**HUANG CHENG ENG, 69**

Mr Huang was appointed as an Independent Director of M1 on 30 April 2015. He is also a board director of the Far East Organisation (FEO) Hospitality Asset Management Pte Ltd and the FEO Hospitality Trust Management Pte Ltd, the companies which manage the Far East Hospitality Trust.

Mr Huang has extensive experience in commercial and marketing activities. Before his retirement in 2010, Mr Huang was Executive Vice President – Marketing and the Regions at Singapore Airlines Limited (SIA), where he was overall in charge of commercial and marketing activities as well as SIA's overseas offices. From 1987 to 1996, he was in charge of air cargo and developed SIA Cargo into a full-fledged division. During his stint at SIA, he was also the Chairman of SIA Cargo Pte Ltd and Silkair Pte Ltd. He served on the boards of Virgin Atlantic Airways and the Singapore Tourism Board. He amassed 10 years of overseas experience, working in Taiwan, France and Hong Kong from 1977 to 1987.

Outside of the corporate sector, Mr Huang serves on the boards of MINDS (Movement for the Intellectually Disabled of Singapore) and the Children's Aid Society.

Mr Huang graduated from the University of Hawaii in 1971 with a Bachelor of Business Administration and obtained a Master in Business Administration from the Michigan State University in 1973. He attended the Stanford University Senior Executive Program in 1995.

# BOARD OF DIRECTORS



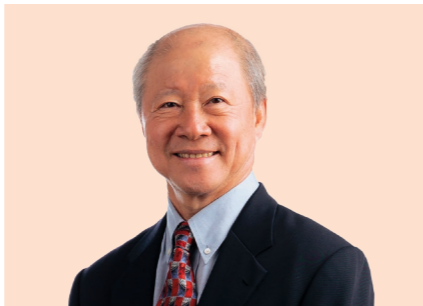
**ELAINE LEE KIA JONG**  
**(MRS ELAINE LIM), 62**

Mrs Elaine Lim was appointed as an Independent Director of M1 on 30 April 2015.

After a rich and varied background in journalism, hospitality and a two-year stint at The Singapore Exchange (SGX), Mrs Lim moved into consultancy practice where she founded and built up two of Singapore's largest public relations and investor relations consultancies. In particular, she is recognised for her unparalleled track record in capital market transactions, having supported more than 270 initial public offerings, as well as a number of landmark reverse takeovers and merger & acquisitions on the SGX.

She also serves on the boards of Lien Aid Limited and Chemical Industries (F.E.) Limited.

A graduate of the University of Chicago Booth Graduate School of Business, Mrs Lim was named the PR Professional of the Year in 1995 and awarded the Lifetime PR Achievement Award in 2012 by the Institute of Public Relations Singapore.



**MOSES LEE KIM POO, 66**

Mr Lee was appointed as an Independent Director of M1 on 1 June 2015.

Mr Lee is currently Chairman of Singapore Totalisator Board (Tote Board) and Sentosa Development Corporation (SDC), positions which he assumed on 1 January 2013. Both the Tote Board and SDC are statutory boards under the Ministry of Finance and Ministry of Trade and Industry respectively.

On 1 November 2013, Mr Lee was appointed independent non-executive director and Chairman of GuocoLand Limited.

Mr Lee retired from the Singapore Civil Service in October 2012 after a distinguished career in the Public Service. His appointments included being the Principal Private Secretary to the Prime Minister and Permanent Secretary in the Ministries of Labour, Community Development and Health.

Mr Lee was the Commissioner of the Inland Revenue Authority of Singapore (IRAS) from 2005 until his retirement in 2012. As the Commissioner, Mr Lee pushed for IRAS to excel in managing both tax compliance and customer service. In this increasingly globalised and competitive economy, IRAS has successfully engaged with the business community and international counterparts to ensure that the tax environment supports economic development.

Mr Lee was a President's Scholar and graduated with a Bachelor of Engineering (Mechanical & Production) (Hons-Class 1) from the University of Singapore and also holds a Master in Public Administration from Harvard University.



**LIONEL LIM CHIN TECK, 61**

Mr Lim was appointed as an Independent Director of M1 on 30 April 2015. He is currently Vice President and Managing Director of Pivotal Inc., for Asia Pacific and Japan, a fast-growing technology company specialising in digital transformation solutions for enterprises, including telecommunications, media and entertainment companies. Mr Lim is responsible for growing Pivotal's business, market share and expanding the company's customer momentum across these regions.

Mr Lim is a respected industry veteran with over 30 years of experience leading and managing global brands and organisations across the Asia Pacific region. He has a successful track record building and leading high-performing teams and growing enterprise technology brands. Prior to Pivotal Inc., Mr Lim served as President/ General Manager of CA Technologies in Asia Pacific and Japan. In addition, Mr Lim spent over 20 years at Sun Microsystems (now Oracle), where he held various senior leadership positions, including President and Chief Operating Officer of Sun Microsystems in Asia Pacific and Japan.

Mr Lim holds a Bachelor's Degree in Electrical and Electronics Engineering from the University of Melbourne. He is a member of the Singapore Institute of Directors and a cohort of the INSEAD International Directors Program 2014.



**ALAN OW SOON SIAN, 70**

Mr Ow was appointed as an Independent Director of M1 on 16 February 2009.

Mr Ow has extensive years of experience in the tax industry. He was the Senior Deputy Commissioner of Inland Revenue Authority of Singapore (IRAS) and Chief Executive Officer of the Tax Academy of Singapore until 30 November 2007.

He holds a Bachelor of Social Sciences degree (Honours) from the University of Singapore. He also attended the International Tax Program in Harvard Law School and the Advanced Management Program in Harvard Business School.

Mr Ow is the recipient of several Public Administration Medals (Bronze-1981, Silver-1985 and Gold-1997).



**TAN WAH YEOW, 57**

Mr Tan was appointed as an Independent Director of M1 on 13 February 2018.

Mr Tan started his career with KPMG UK in 1984 and returned to KPMG Singapore where he was subsequently admitted into the KPMG Singapore partnership in 1995. He held various leadership positions with KPMG LLP in Singapore and in the Asia Pacific region, with his last positions being Deputy Managing Partner of KPMG LLP Singapore and Head of Asia Pacific Healthcare Practice, before his retirement in September 2017.

Mr Tan is currently an independent director of Mapletree Logistics Trust Management Ltd. and Genting Singapore PLC. He also serves on the boards of Public Utilities Board Singapore (PUB), Gardens by the Bay, PUB Consultants Private Limited and VIVA Foundation for Children with Cancer.

Mr Tan holds a Bachelor of Science in Economics from the London School of Economics and Political Science. Mr Tan is a fellow of the Institute of Chartered Accountants of England & Wales and the Singapore Institute of Directors. He is also a fellow of the Institute of Singapore Chartered Accountants.

# SENIOR MANAGEMENT



**KAREN KOOI LEE WAH**  
Chief Executive Officer

Please see Ms Kooi's profile on page 32.



**PATRICK MICHAEL SCODELLER**  
Chief Operating Officer

Mr Scodeller joined M1 in August 1995. In January 2013, he was appointed as Chief Operating Officer responsible for the day-to-day activities of the main operational support functions, departments and infrastructure within M1, namely Engineering, Information Systems and Customer Service. He was a key member of the senior management team that planned, built and launched M1's networks from inception. Mr Scodeller also has oversight of the Enterprise Risk Management affairs of the M1 Group.

Mr Scodeller has more than 38 years of experience in the telecommunications industry, including various positions held with Telkom in South Africa, Cable and Wireless plc in the United Kingdom, Hong Kong Telecom CSL Limited in Hong Kong and in Malaysia.

Mr Scodeller is an Incorporated Engineer and a Member of the Institution of Engineering and Technology. He is a member of the board of M1 TeliNet Pte Ltd (formerly known as Wireless Intellect Labs Pte Ltd), and currently the Chairman and a member of the board of Singapore Internet Exchange Limited.



**LEE KOK CHEW**  
Chief Financial Officer and  
Chief Commercial Officer

Mr Lee joined M1 in August 2007 as Director, Business Development and Strategic Planning. He assumed responsibility as Head of Finance in April 2009 and was Chief Financial Officer from May 2010 to February 2014.

In January 2013, Mr Lee was appointed as Chief Commercial Officer to provide added focus on corporate strategy and commercial initiatives to drive business growth. Mr Lee re-assumed the Chief Financial Officer position on 20 March 2017.

Mr Lee was previously with Singapore Press Holdings Limited for 14 years and held various positions in sales, finance and operations. His last appointment prior to joining M1 was Chief Operating Officer of SPH Magazines Pte Ltd.

Mr Lee holds a Master of Business Administration degree and a Bachelor of Science (Honours) degree from the National University of Singapore.



**POOPALASINGAM SUBRAMANIAM**  
Chief Marketing Officer

Mr Subramaniam joined M1 in October 1999 and heads the Consumer and Marketing Communication functions. He also oversees the Company's distribution network, comprising both M1 Shop outlets and exclusive distributors.

With more than 30 years of local and regional sales and marketing experience in telecommunications, media and fast-moving consumer goods, Mr Subramaniam began his career at the Telecommunications Authority of Singapore and worked at New Zealand Milk Products (S) Pte Ltd and Singapore Press Holdings Limited before joining M1.

Mr Subramaniam holds a Bachelor of Business Administration (Honours) degree from the National University of Singapore and a Bachelor of Law (Honours) degree from the University of London.



**ALAN GOH**  
Chief Information Officer

Mr Goh joined M1 in March 2011. He leads the Information Systems department and is responsible for the overall information technology strategy, planning, implementation and operations of M1's technology infrastructure and application systems. These systems support business activities across sales, customer care, billing, payments, and call centre functions.

Prior to M1, he spent 14 years in the consulting business, with most of that time focusing in the communications and media industries. Graduated from the National University of Singapore, he holds a Bachelor of Science degree in Computer Science.

Mr Goh is the Vice President of IT Management Association (ITMA). He is also a member of the School Advisory Committee for Temasek Polytechnic's School of Informatics and IT.

# SENIOR MANAGEMENT



**DENIS SEEK**  
Chief Technical Officer

Mr Seek joined M1 in November 2014 as Director, Engineering and was appointed as Chief Technical Officer in May 2015. He has over 24 years of work experience in the telecommunications industry.

Prior to joining M1, Mr Seek was with Maxis Berhad and was based in Malaysia for more than eight years. His last-held position there was Head of Technology, Strategy and Network Planning.

Mr Seek started his career with Singapore Telecommunications Limited where he was involved in the planning and implementation of the initial mobile network in the Philippines. Thereafter, he was with M1 as Head of Radio Planning and Technology Development for more than 10 years before joining Maxis Berhad.

Mr Seek holds a Bachelor degree in Electrical Engineering (First Class Honours) from the National University of Singapore, a “Diplôme d’ingénieur” (equivalent to a Master’s degree) in Telecommunications from the “Institut National des Telecommunications”, France and a Master of Business Administration with distinction from Warwick University in the UK.



**ALEX TAN**  
Chief Innovation Officer

Mr Tan re-joined M1 Limited in June 2016 and helms M1’s product development, ICT and Digital Solutions teams. He is responsible for the transformation and growth of strategic businesses and digital services, beyond traditional telco connectivity.

Prior to M1, Mr Tan served as the Info-communications Development Authority of Singapore<sup>1</sup> (IDA) Covering Senior Director for Next Generation Infrastructure and National Information Infrastructure. He was responsible for the delivery of Singapore’s Smart Nation Platform and oversaw the development and industry growth of the communications infrastructure.

Mr Tan previously served in M1 as Head of Product Development, Head of Enterprise Services and Enterprise Network. Before M1 Limited, he was one of the Managing Directors and owners of QALA Singapore Pte Ltd and the QMax group of companies.

With over 18 years of industry and operational experience in data and telecommunications products and services, he has played major roles in various national telecommunication projects.

<sup>1</sup> The IDA merged with the Media Development Authority to become the Info-communications Media Development Authority in October 2016



**WILLIS SIM**  
Chief Corporate Sales and Solutions Officer

Mr Sim joined M1 in October 2009 and is in charge of Corporate Sales and Solutions.

Prior to joining M1, he was one of the Managing Directors and owners of QALA Singapore Pte Ltd and the QMax group of companies. While leading the group operations at QALA and QMax, he was responsible for the first commercial WIMAX service in Singapore as well as the islandwide deployment of Wi-Fi coverage in Singapore under the Wireless@SG initiative by the Info-communications Development Authority of Singapore (IDA).<sup>1</sup>

With over 15 years of industry and operational experience in data and telecommunication products and services, Mr Sim has played major roles in various national telecommunication projects initiated by government agencies such as the Maritime Port Authority of Singapore, Ministry of Education, IDA<sup>1</sup>, Government Technology Agency (GovTech) and Land Transport Authority.

Mr Sim holds a Bachelor of Science degree in Computer and Information Sciences (Honours) from the National University of Singapore.

<sup>1</sup> The IDA merged with the Media Development Authority to become the Info-communications Media Development Authority in October 2016



**LIM SOCK LENG**  
Director, Human Resource and Regulatory

Ms Lim joined M1 in October 1995. She is in charge of the Human Resource and Regulatory departments.

Prior to joining M1, Ms Lim was with the Administrative Service of the Singapore Civil Service, involved in policy making, financial control and planning, and has held positions in various Ministries including the Ministry of Home Affairs, the Ministry of Finance and the Ministry of Communications.

Ms Lim obtained a Bachelor of Arts (Honours) degree in Economics from the University of Tasmania, Australia, on a Colombo Plan Scholarship.



**KAREN TEO**  
Director, Legal Services and Company Secretary

Ms Teo joined M1 in October 2014 and heads the Legal department. Ms Teo is also the Company Secretary of M1.

Prior to joining M1, Ms Teo was an Equity Partner at TSMP Law Corporation. She has close to 15 years of corporate dispute resolution experience, specialising in cutting-edge commercial advisory/regulatory work and intellectual property disputes during her career in private practice. Her work was consistently recognised in legal journals such as the AsiaLaw Profiles and The Asia Pacific Legal 500.

Ms Teo graduated from the National University of Singapore in 2000 with an LLB (Honours), and holds a Masters in Banking & Financial Services Law from Boston University, where she was awarded the Dennis Aronowitz Prize for Academic Excellence in graduating top of her class.

She is an accredited Associate Mediator with the Singapore Mediation Centre, and is also admitted as a solicitor of England & Wales and an attorney and counsellor-at-law of New York State.

SENIOR  
MANAGEMENT



**STAMFORD LOW**  
Director, Customer Service

Mr Low joined M1 in January 2015 and heads the Customer Service department.

In his previous role at Carlson Wagonlit Travel, Mr Low led the Asia Pacific operations in customer experience management, contact channel management, productivity and efficient strategic initiatives, as well as business continuity and crisis management. Prior to this, Mr Low led the International SOS global service delivery for Concierge and Lifestyle services, focusing on service delivery structure, training and systems.

Before joining International SOS Pte Ltd, Mr Low also managed two award-winning call centres at DHL Express (Singapore) Pte Ltd and MobileOne Ltd. He is a certified COPC-2000(r) Coordinator as well as a COPC Six-Sigma Coordinator, and has represented Asia on the COPC Standards Committee.

Mr Low holds a Bachelor of Science degree from the National University of Singapore.



**KOH ANN HUAT**  
Director, Procurement and Facilities

Mr Koh joined M1 in August 1997 and has held various positions in Finance, Sales and Marketing, Information Systems and Engineering. In Mr Koh's most recent appointment as the Director of Procurement, he leads and is responsible for a diverse portfolio, including the centralised Procurement function, SIM and Number Management, Roaming and International Carrier Management as well as Facilities Management.

Prior to joining M1, Mr Koh was with the Defence Science and Technology Agency responsible for the planning, implementation and management of projects. Mr Koh was also formerly the Vice President of Procurement with Prudential Assurance Company Singapore (Pte) Ltd where he was instrumental in centralising the Procurement function and driving organisational change to ensure alignment and acceptance of the new function.

Mr Koh holds a Bachelor of Engineering (Honours) degree from the Nanyang Technological University. He also completed the General Management Program in Harvard Business School.



**IVAN LIM**  
Director, Corporate Communications and Investor Relations

Mr Lim joined M1 in September 2002 and has held positions in the Finance and Business Development departments before taking on his current appointment as Head of Corporate Communications & Investor Relations in January 2011.

Prior to joining M1, he was an Investment Analyst for over four years with various companies, including Indosuez WI Carr Securities Limited and OCBC Securities Private Limited.

Mr Lim holds a Bachelor of Science degree in Economics from the National University of Singapore and is a Chartered Financial Analyst.



**KWAN WAI LING**  
Director, Management Assurance Services

Ms Kwan joined M1 as Head of Management Assurance Services in June 2014. She has more than 20 years of work experience spanning financial and government sectors in areas such as technology, financial and operational assurances.

Holding various international and local roles with Standard Chartered Bank (Singapore) Limited and the former National Computer Board, Ms Kwan's contributions also extended to methodology development and special reviews of global projects and key initiatives of these organisations.

Ms Kwan has a Masters of Accountancy from Charles Sturt University in Australia and a Bachelor of Science (Computer and Information Sciences) degree from the National University of Singapore. She is also a Certified Public Accountant (Australia).

PARTICULARS OF DIRECTORS

(As at 31 December 2017)

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Danny Teoh Leong Kay</b>	Associate Member, Institute of Chartered Accountants, England & Wales	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 62 years		<b>Listed Companies</b>	
		Director	Keppel Corporation Limited
		Director	DBS Group Holdings Ltd
<b>Date first appointed</b> 26.09.2017	Fellow, Institute of Chartered Accountants, Singapore	<b>Principal or Other Directorships</b>	
		Director	Changi Airport Group (Singapore) Pte. Ltd.
<b>Length of service</b> 3 months	Diploma in Accounting, Newcastle-upon-Tyne Polytechnic, England	Director	DBS Bank Ltd
		Director	DBS Foundation Ltd
		Director	DBS Bank (China) Limited
		Director	Ascendas-Singbridge Pte. Ltd
<div><div>B</div><div>NC</div><div>RC</div></div>		<b>Major Appointments (other than directorships)</b>	
		Nil	
		<b>PAST DIRECTORSHIPS</b>	
		Director	Jakeley Investments Pte. Ltd
		Director	JTC Corporation
		Director	Singapore Olympic Foundation
		Director	CapitaLand Mall Trust Management Limited (Manager of CapitaLand Mall Trust)
<b>Karen Kooi Lee Wah</b>	Fellow, Association of Chartered Certified Accountants, UK	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 63 years		<b>Listed Companies</b>	
		Nil	
<b>Date first appointed</b> 22.04.2009	Master of Business Administration degree in Investment and Finance (Distinction), University of Hull, UK	<b>Principal or Other Directorships</b>	
		Director	M1 Net Ltd.
		Director	M1 Connect Pte. Ltd.
<b>Length of service</b> 8 years 8 months		Director	M1 Shop Pte Ltd
		Director	M1 TeliNet Pte. Ltd. (formerly known as Wireless Intellect Labs Pte Ltd)
<div><div>B</div></div>		<b>Major Appointments (other than directorships)</b>	
		Nil	
		<b>PAST DIRECTORSHIPS</b>	
		Director	Kliq Pte. Ltd.

B

 Board 

AC

 Audit Committee 

RC

 Risk Committee

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Jamaludin Ibrahim</b>	Master of Business Administration (Specialising in Quantitative Methods), Portland State University, Oregon, USA	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 58 years		<b>Listed Companies</b>	
		Managing Director / President & Group Chief Executive Officer	Axiata Group Berhad
<b>Date first appointed</b> 21.08.2008	Bachelor of Science in Business Administration and a minor in Mathematics, California State University, USA	Director	PT XL Axiata Tbk
		Alternate Director	Dialog Axiata PLC
<b>Length of service</b> 9 years 4 months		<b>Principal or Other Directorships</b>	
		Director / Chairman	Celcom Axiata Berhad
<div><div>B</div></div>		Director	Axiata Digital Services Sdn Bhd
		Trustee	Axiata Foundation
		<b>Major Appointments (other than directorships)</b>	
		Member	GSMA Mobile For Development Foundation
		<b>PAST DIRECTORSHIPS</b>	
		Director	Axiata Investments (Indonesia) Sdn Bhd
		Director	Axiata Investments (Singapore) Limited
		Director	Axiata SPV2 Berhad
		Director	edotco Malaysia Sdn Bhd
		Director	Escape Axiata Sdn Bhd
		Director	Universiti Tun Abdul Razak Sdn Bhd
		Director	Multimedia Development Corporation Malaysia
		Deputy Chairman	GSM Association
		Member	National Visual Arts Gallery of Malaysia
		Member	Academy of Science Malaysia (ASM)
		Member	Science Education Committee
		Member	Capital Raising Advisory Group, Securities Commission Malaysia
		Director	Malaysian Global Innovation & Creativity Centre Berhad
		Alternate Director	edotco Group Sdn Bhd

NC

 Nominating Committee 

RC

 Remuneration Committee  Denotes Committee Chairman

# PARTICULARS OF DIRECTORS



(As at 31 December 2017)

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Low Huan Ping</b>	Bachelor of Arts (Hons) and Master of Arts, Cambridge University	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 61 years	Master of Science, National University of Singapore	<b>Listed Companies</b>	
<b>Date first appointed</b> 01.09.1994	Advanced Management Program, Harvard Business School, USA	Director	iFast Corporation Ltd
<b>Length of service</b> 23 years 3 months		<b>Principal or Other Directorships</b>	
<div>B</div> <div>RIC</div> <div>RC</div>		Director	SPH Multimedia Pte Ltd
		Director	SPH AsiaOne Ltd
		Director	Zaobao.com Ltd
		Director	Shareinvestor.com Holdings Pte Ltd
		Director	Shareinvestor Pte Ltd
		Director	clickTRUE Pte Ltd
		Director	Kyosei Ventures Pte Ltd
		Director	Invest Media Pte Ltd
		Director	Magzter Inc.
		<b>Major Appointments (other than directorships)</b>	
		Executive Vice President, Information Technology	Singapore Press Holdings Limited
		Member, Advisory Committee for the Information and Communications Technology Degree Programme	Singapore Institute of Technology (SIT)
		<b>PAST DIRECTORSHIPS</b>	
		Director	Sl.com (Thailand) Co Ltd
		Director	21 Impact Co., Ltd
		Alternate Director	Streetsine Technology Group Pte Ltd (formerly known as CoSine Holdings Pte Ltd)
		Alternate Director	StreetSine Singapore Pte Ltd
		Director	SPH Media Fund Pte Ltd
		Director	Digi Ventures Private Limited
		Director	MediaCorp Press Ltd
		Alternate Director	MediaCorp TV Holdings Pte Ltd
		Alternate Director	701Search Pte Ltd

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Chow Kok Kee</b>	Bachelor of Engineering 1 <sup>st</sup> class Hons, University of Newcastle, Australia	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 65 years	Bachelor of Commerce University of Newcastle, Australia	<b>Listed Companies</b>	
<b>Date first appointed</b> 16.02.2009	Master of Business Administration, National University of Singapore	<b>Principal or Other Directorships</b>	
<b>Length of service</b> 8 years 10 months	Fellow, Singapore Institute of Directors	Director	ACTA Investment & Services Pte Ltd
<div>B</div> <div>AC</div> <div>NC</div> <div>RC</div>	Member, Institute of Engineers, Australia	Director	Transwater Services Pte Ltd
	Associate, Institute of Chartered Secretaries and Administrators, UK	<b>Major Appointments (other than directorships)</b>	
		Nil	
		<b>PAST DIRECTORSHIPS</b>	
		Director	Chosen Holdings Ltd
		Director	Valuetronics Holdings Ltd
		Director	Tuan Sing Holdings Ltd
<b>Huang Cheng Eng</b>	Bachelor of Business Administration, University of Hawaii	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 69 years	Travel Industry Management, East West Center Institution, University of Hawaii	<b>Listed Companies</b>	
<b>Date first appointed</b> 30.04.2015	Master of Business Administration, Michigan State University	Director	FEO Hospitality Asset Management Pte Ltd (REIT Manager Board of Far East Hospitality Trust)
<b>Length of service</b> 2 years 8 months	Management Development Program for Managers, INSEAD	<b>Principal or Other Directorships</b>	
<div>B</div> <div>RIC</div> <div>NC</div>	Stanford Executive Program, Graduate School of Business, Stanford University	Director	FEO Hospitality Trust Management Pte Ltd (Trustee-Manager Board of Far East Hospitality Business Trust)
	Managing Partnership & Strategic Alliances Program, INSEAD	<b>Major Appointments (other than directorships)</b>	
		Exco Member	MINDS (Movement for the Intellectually Disabled of Singapore)
		Exco Member	Children's Aid Society
		<b>PAST DIRECTORSHIPS</b>	
		Nil	




# PARTICULARS OF DIRECTORS

(As at 31 December 2017)

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Elaine Lee Kia Jong</b>	Master of Business Administration, University of Chicago Booth Graduate School of Business	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 62 years		<b>Listed Companies</b>	
		Director	Chemical Industries (F.E.) Limited
<b>Date first appointed</b> 30.04.2015	Fellow, Singapore Institute of Directors	<b>Principal or Other Directorships</b>	
		Director	Lien Aid Limited
<b>Length of service</b> 2 years 8 months		<b>Major Appointments (other than directorships)</b>	
		Director (Advisory)	Stamford Corporate Services Pte Ltd
  		<b>PAST DIRECTORSHIPS</b>	
		Director / Chairman	Citigate Dewe Rogerson, i.MAGE Pte Ltd
		Director	Singapore Land Authority
		Director	3Cnergy Limited
		Director	Staraim Pte Ltd
		Director	BIPP Company Pte Ltd
		Director	IRICS Company Pte Ltd
		Director	Singapore Institute of Directors
<b>Moses Lee Kim Poo</b>	President's Scholar, Bachelor of Engineering, Mechanical and Production (Hons-Class 1), University of Singapore	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 66 years		<b>Listed Companies</b>	
		Director / Chairman	GuocoLand Limited
<b>Date first appointed</b> 01.06.2015	Master in Public Administration, Harvard University, USA	<b>Principal or Other Directorships</b>	
		Chairman	Sentosa Development Corporation
<b>Length of service</b> 2 years 6 months		Chairman / Board Member	Singapore Totalisator Board
		<b>Major Appointments (other than directorships)</b>	
		Nil	
 		<b>PAST DIRECTORSHIPS</b>	
		Commissioner / CEO	Inland Revenue Authority of Singapore

 Board
  Audit Committee
  Risk Committee

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Lionel Lim Chin Teck</b>	Bachelor of Engineering, Electrical and Electronics (Hons), University of Melbourne	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 61 years		<b>Listed Companies</b>	
		Nil	
<b>Date first appointed</b> 30.04.2015	Member, Singapore Institute of Directors	<b>Principal or Other Directorships</b>	
		Director	Greennano Holdings Pte Ltd
<b>Length of service</b> 2 years 8 months		<b>Major Appointments (other than directorships)</b>	
		Vice President / Managing Director (Asia Pacific and Japan)	Pivotal Inc.
 		<b>PAST DIRECTORSHIPS</b>	
		President / General Manager (Asia Pacific and Japan)	CA Technologies Pte Ltd
		Member, IT Committee	Singapore Health Services
<b>Alan Ow Soon Sian</b>	Bachelor, Social Sciences (Hons), University of Singapore	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 70 years		<b>Listed Companies</b>	
		Nil	
<b>Date first appointed</b> 16.02.2009	Special Agent in Tax Fraud Training, IRS, USA	<b>Principal or Other Directorships</b>	
	International Tax Program, Harvard Law School, USA	Director	Cairnhill Rock Pte Ltd
<b>Length of service</b> 8 years 10 months	Advanced Management Program, Harvard Business School, USA	Director	Morrison Pte Ltd
  		<b>Major Appointments (other than directorships)</b>	
		Senior Tax Consultant / Non-legal practitioner (part-time)	GSM Law LLP
		Treasurer	Morning Star Community Services
		<b>PAST DIRECTORSHIPS</b>	
		Director	Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of K-Green Trust)
		Vice President	Morning Star Community Services

 Nominating Committee
  Remuneration Committee
  Denotes Committee Chairman

# PARTICULARS OF DIRECTORS

(As at 31 December 2017)

Name of Director	Academic & Professional Qualifications	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
<b>Tan Wah Yeow</b>	Fellow, Institute of Chartered Accountants, England & Wales	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 57 years	Fellow, Singapore Institute of Directors	<b>Listed Companies</b>	
<b>Date first appointed</b> 13.02.2018	Fellow, Institute of Singapore Chartered Accountants	Director	Genting Singapore PLC
<b>Length of service</b> N.A.	B. Sc (Economics) The London School of Economics and Political Science	Director	Mapletree Logistics Trust Management Ltd.
<div><div>B</div><div>AC</div><div>RIC</div><div>RC</div></div>		<b>Principal or Other Directorships</b>	
		Director & Chairman	PUB Consultants Private Limited
		Director	Gardens By the Bay
		Director	Public Utilities Board (Singapore's National Water Agency)
		Director	VIVA Foundation for Children with Cancer
		<b>Major Appointments (other than directorships)</b>	
		Corporate Reporting Committee Chairman	Institute of Singapore Chartered Accountants
		Executive Committee Member & Treasurer	Mainly, I Love Kids (MILK)
		<b>PAST DIRECTORSHIPS</b>	
		Nil	

B

 Board

AC

 Audit Committee

RIC

 Risk Committee

NC

 Nominating Committee

RC

 Remuneration Committee

Denotes Committee Chairman

# PARTICULARS OF SENIOR MANAGEMENT

(As at 31 December 2017)

Name of Senior Management	Directorships or Chairmanships in other listed companies & other major Past Directorships appointments, both present and held over the preceding 3 years	
	Present Directorships	Past Directorships
<b>Karen Kooi Lee Wah</b>	Please see Ms Kooi's particulars on page 42	
<b>Patrick Michael Scodeller</b>	M1 TeliNet Pte. Ltd. (formerly known as Wireless Intellect Labs Pte Ltd) Singapore Internet Exchange Limited	None
<b>Lee Kok Chew</b>	Kliq Pte. Ltd. M1 Connect Pte. Ltd. M1 Net Ltd. M1 Shop Pte Ltd M1 TeliNet Pte. Ltd. (formerly known as Wireless Intellect Labs Pte Ltd) Octopus Retail Management Pte Ltd Liquid Group Pte. Ltd. Trakomatic Pte. Ltd.	None
<b>Poopalasingam Subramaniam</b>	M1 Shop Pte Ltd Kliq Pte. Ltd.	None
<b>Alan Goh</b>	None	None
<b>Denis Seek</b>	None	None
<b>Willis Sim</b>	M1 Connect Pte. Ltd. M1 Net Ltd.	Aktiv Pte Ltd Cinenow Singapore Pte. Ltd.
<b>Alex Tan</b>	Kliq Pte. Ltd.	Aktiv Pte Ltd Cinenow Singapore Pte. Ltd.
<b>Lim Sock Leng</b>	M1 Net Ltd. M1 Shop Pte Ltd M1 TeliNet Pte. Ltd. (formerly known as Wireless Intellect Labs Pte Ltd)	Kliq Pte. Ltd.
<b>Karen Teo</b>	None	None
<b>Stamford Low</b>	None	None
<b>Koh Ann Huat</b>	None	None
<b>Ivan Lim</b>	None	None
<b>Kwan Wai Ling</b>	None	None

CORPORATE  
GOVERNANCE  
SUMMARY

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
BOARD RESPONSIBILITIES	
<b>Board size</b>	
The Board comprises ten members <sup>2</sup> .	Guidelines 1.3 & 2.1 to 2.4
<b>Board independence</b>	
<ul style="list-style-type: none"><li>Independent Directors make up 60% of the Board.<sup>2</sup></li></ul>	Guidelines 1.3 & 2.1 to 2.4
<ul style="list-style-type: none"><li>Independent Directors are independent from the Company's major shareholders, and do not hold any shares in the Company.</li></ul>	"Directors' Profiles" & "Financial Statements" (p.114)
<ul style="list-style-type: none"><li>The Nominating Committee determines annually the independence of the Directors, taking guidance from the Code of Corporate Governance and existence of relevant relationships or circumstances.</li></ul>	Guidelines 2.1 to 2.4, 4.3, 4.4 & 4.5, setting out description of how Company assesses its Directors' independence
<b>CEO – Chairman separation</b>	
<b>Lead Independent Director</b>	
<ul style="list-style-type: none"><li>The Chairman is a non-executive non-independent Director, and is not related to the CEO.</li></ul>	Guideline 3.1
<ul style="list-style-type: none"><li>The Board has not appointed a Lead Independent Director ("LID") as the roles of the Chairman and the CEO are distinctly separate. The Chairman is not part of executive management; the Board has a strong element of independence with six out of the ten directors being independent; and Board discussions are open and frank. The Board reviews the need for a LID as part of its continuous assessment of best practices in corporate governance.</li></ul>	Guidelines 3.3 & 3.4
<ul style="list-style-type: none"><li>During the year, a LID was unanimously appointed by the independent Directors to guide and represent their views on a specific matter.</li></ul>	
<b>Board competencies &amp; training</b>	
<ul style="list-style-type: none"><li>The Board comprises respected individuals from different backgrounds, genders and whose core competencies, qualifications, skills and experience are extensive, diverse yet complementary.</li></ul>	Guidelines 2.5 & 2.6
<ul style="list-style-type: none"><li>One of the independent Directors has experience specialising in digital transformation solutions for enterprises, including telecommunications companies.</li></ul>	"Directors' Profiles"
<ul style="list-style-type: none"><li>20% of the Board comprises female Directors<sup>2</sup>.</li><li>Board diversity, among other relevant factors, is considered by the Nominating Committee in the selection, appointment and reappointment of Directors.</li></ul>	Guidelines 4.6 & 4.7
<ul style="list-style-type: none"><li>All newly-appointed Directors undergo a comprehensive orientation programme.</li></ul>	Guidelines 1.6 & 1.7 setting out detailed information on Directors' training
<ul style="list-style-type: none"><li>All current Directors have prior experience as a director on a listed company, or experience on other major companies and/or from their professional engagements, equipping them to meet the demands of a director on a listed board.</li></ul>	"Particulars of Directors"  Company's SGX Announcements of Appointment

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

<sup>2</sup> One of the independent Directors on the Board will be retiring and will not be standing for re-election at the AGM of 11 April 2018. The board composition reflected in this Annual Report, including that in terms of independent Directors and gender diversity, takes into account this retirement.

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
BOARD RESPONSIBILITIES	
<b>Board duties and responsibilities</b>	
Board's role and discharge of duties is disclosed	Guidelines 1.1 & 1.2, 2.7 & 2.8 & 3.2
<b>Board and committee meetings and attendance during the year</b>	
<ul style="list-style-type: none"><li>Board met 7 times</li></ul>	Guideline 1.4
<ul style="list-style-type: none"><li>Nominating Committee met 5 times</li></ul>	Guidelines 4.1 & 4.2, 7.1, 7.2 & 7.4, 11.4 & 12.1 to 12.5
<ul style="list-style-type: none"><li>Remuneration Committee met 4 times</li></ul>	
<ul style="list-style-type: none"><li>Audit and Risk Committees each met 4 times</li></ul>	
Director attendance at meetings is disclosed	
<b>Nominating Committee &amp; limits on number of directorships</b>	
<ul style="list-style-type: none"><li>The Nominating Committee comprises 4 members, 3 of whom are independent, including its Chairman.</li></ul>	Guidelines 4.1 & 4.2
<ul style="list-style-type: none"><li>The Board accepts as a guide that a Director of the Company should not have more than 6 listed company board representations and other principal commitments. Each Director fulfils this guidance.</li></ul>	Guidelines 4.3, 4.4 & 4.5
<ul style="list-style-type: none"><li>There are no alternate Directors.</li></ul>	
<b>Selection of Directors</b>	
<ul style="list-style-type: none"><li>The Company has in place a process for the selection, appointment and re-appointment of Directors, which includes criteria on the type of skills needed given the Company's strategic direction.</li></ul>	Guidelines 4.6 & 4.7
<ul style="list-style-type: none"><li>External searches for suitable candidates are conducted by the Nominating Committee.</li></ul>	
<b>Board, individual Director &amp; Committee appraisals</b>	
<ul style="list-style-type: none"><li>The Company conducts an annual performance assessment of the Board, the Board Committees and the individual Directors.</li></ul>	Guidelines 5.1, 5.2 & 5.3  Details on the process and criteria used for assessment are provided
<b>Remuneration Committee</b>	
<ul style="list-style-type: none"><li>As at the date of this report, the Remuneration Committee comprises 6 members, 4 of whom are independent, including its Chairman. Following a retirement and subject to the re-election of the Directors sitting on the Remuneration Committee at the AGM, the Remuneration Committee will comprise 5 members, 3 of whom are independent, including its Chairman.</li></ul>	Guidelines 7.1, 7.2 & 7.4
<ul style="list-style-type: none"><li>Remuneration Committee approves the remuneration of the CEO and senior management on an annual basis. It aligns remuneration of executives with performance, details of which are set out in the Annual Report.</li></ul>	Committee's Terms of Reference under Guidelines 7.1, 7.2 & 7.4. Committee takes into account the relevant principles in the CG Code and other salient factors in performing its function.
<ul style="list-style-type: none"><li>Remuneration Committee has access to external expert advice, if required.</li></ul>	Guideline 7.3

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

# CORPORATE GOVERNANCE SUMMARY

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
<b>BOARD RESPONSIBILITIES</b>	
<b>Executive Director &amp; Top 5 executives' remuneration</b>	
<ul style="list-style-type: none"> <li>Remuneration of executive director who is also the CEO and the top 5 executives (including their names) is disclosed in S\$250,000 bands.</li> <li>Aggregate remuneration of the top 5 executives is disclosed.</li> <li>Company uses both short-term and long-term incentives in its remuneration framework. The remuneration mix includes fixed, bonuses, benefits-in-kind and share awards.</li> </ul>	<p>Guidelines 9.1 to 9.3, 9.5 to 9.6</p> <p>Guidelines 8.1 to 8.3, 9.6 Details of the Company's share plan can also be found in the Financial Statements (FS) p.115-118 &amp; Note 29 to the FS</p>
<b>Non-executive Directors' fees</b>	
Exact remuneration and fee structure of non-executive Directors are disclosed.	Guidelines 8.1 to 8.3, 9.1 to 9.3 & 9.5 to 9.6
<b>RIGHTS OF SHAREHOLDERS</b>	
<b>Dividend payments</b>	
Interim and final dividends have been paid to all shareholders within 30 days after the declaration of dividends and/or shareholders' approval at the AGM.	Company's SGX Dividend announcements
<b>Right to participate effectively and vote in general shareholder meetings</b>	
<ul style="list-style-type: none"> <li>At each AGM, shareholders are provided with the opportunity to approve the remuneration for non-executive directors.</li> <li>Company discloses voting and vote tabulation procedures, before the AGM proceeds, as well as the appointment of an independent scrutineer to count and validate votes at the AGM.</li> <li>Shareholders had the opportunity to voice their views and direct questions regarding the Group and the Company to the Board and senior management, details of which are recorded in the AGM minutes.</li> <li>Board Chairman and CEO attended the last AGM.</li> <li>Poll voting is used for all resolutions at the AGM.</li> </ul>	<p>Company's Notice of AGM</p> <p>Company's AGM &amp; AGM minutes</p> <p>Section D, Paragraph 14 (Shareholder Rights &amp; Responsibilities)</p>
<b>Conduct of interested person transactions (IPTs) and management of conflicts of interest</b>	
<ul style="list-style-type: none"> <li>A Policy on Conflicts of Interest has been established requiring directors to refrain from participation in board discussions and decision-making process on a particular agenda when they have conflicts of interest.</li> <li>IPTs are conducted fairly and on an arm's length basis.</li> </ul>	<p>Guidelines 1.5 &amp; 10.2</p> <p>Section E, Paragraph 18 (IPTs &amp; Material Contracts)</p>

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
<b>RIGHTS OF SHAREHOLDERS</b>	
<b>Institutional investors</b>	
Share ownership of Company's twenty largest shareholders and substantial shareholders is disclosed.	"Statistics of Shareholdings"
<b>Shareholder participation</b>	
<ul style="list-style-type: none"> <li>Shareholders who hold shares through nominees are allowed to appoint more than two proxies or to attend AGM as observers.</li> <li>Detailed information on each agenda item is disclosed in the Notice of AGM.</li> <li>Detailed information of the vote results showing the number of votes for and against each resolution is provided at the AGM and in the SGX announcement made on the same day.</li> <li>All Directors, including the CEO, are required to stand for re-election at least once every three years.</li> </ul>	<p>Section D, Paragraph 14 (Shareholder Rights &amp; Responsibilities) AGM Proxy Form</p> <p>Notice of AGM</p> <p>AGM minutes Company's SGX Announcement of voting results</p> <p>Company's Constitution, Notice of AGM</p>
<b>Dividend payment</b>	
Company's policy is disclosed.	Section D, Paragraph 14 (Shareholder Rights & Responsibilities)
<b>ENGAGEMENT OF STAKEHOLDERS</b>	
<b>Company's policies – M1's Sustainability Report</b>	
<ul style="list-style-type: none"> <li>The Company is committed to conducting its business in a responsible, ethical and sustainable way. Details are set out in the Sustainability Report section of the Annual Report. In particular, and non-exhaustively, the Company: <ul style="list-style-type: none"> <li>(a) takes steps to ensure customers' as well as employees' health and safety;</li> <li>(b) adopts eco-friendly measures to minimise its environmental footprint and effectively use limited resources;</li> <li>(c) continues to actively engage and support the community with CSR projects that cover the arts, sports and youth causes;</li> <li>(d) has a "zero tolerance" policy on fraud, corruption and other forms of unethical conduct, and ensures transparency in business practices as guided by its Employee Code of Conduct and procurement processes (M1 Supplier Code of Conduct) to protect the interests of our employees, stakeholders and creditors. Employees are encouraged to report suspicious or irregular behaviour they encounter in the course of work.</li> </ul> </li> </ul>	<p>"Sustainability Report"</p> <p>Guideline 12.7</p> <p>Section E, Paragraphs 16 (Employee Code of Conduct) and 17 (Responsible Procurement)</p>
<b>Shareholders' avenue for redress</b>	
<ul style="list-style-type: none"> <li>The Company has put in place safety procedures that all employees, contractors and visitors are required to comply with. The Company is committed to its employees' physical and mental health and well-being and provides full-time employees with outpatient and inpatient medical coverage, regular health screenings and group insurance coverage. It also supports pro-family initiatives and supports the union's efforts to further worker welfare and labour-management harmony.</li> <li>Training and development programmes are provided for employees.</li> </ul>	"Sustainability Report"

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

# CORPORATE GOVERNANCE SUMMARY

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
<b>ENGAGEMENT OF STAKEHOLDERS</b>	
<b>Stock options</b>	
The vesting period for stock options and share awards is 3 years or more.	"Financial Statements" (p.115-118) (Share Options & Share Plans of the Company)
<b>Whistle-blowing policy</b>	
The Company has a Policy for Disclosure of Reportable Conduct (Whistle-blowing policy). Anonymous complaints are given due regard.	Details are provided in Guideline 12.7
<b>ACCOUNTABILITY &amp; AUDIT</b>	
<b>Composition of the Audit Committee</b>	
<ul style="list-style-type: none"> <li>As at the date of this report, the Audit Committee comprises 4 members, all of whom are non-executive independent Directors, including its Chairman. 3 of the 4 Audit Committee members, including the Chairman, have an accounting or finance background.</li> <li>Following a retirement and subject to the re-election of the Directors sitting on the Audit Committee at the AGM, the Audit Committee will comprise 3 members, all of whom are non-executive and independent, and 2 of whom have an accounting or finance background.</li> </ul>	<p>Guidelines 12.1 to 12.5</p> <p>"Directors' Profiles"</p>
<b>Risk management and internal control systems</b>	
<ul style="list-style-type: none"> <li>Process and framework used to assess the adequacy of risk management and internal control systems.</li> <li>Statement by the Board, with the concurrence of the Audit Committee on adequacy of risk management and internal control systems.</li> <li>Ms Kwan Wai Ling heads the internal audit team which conducts the internal audit.</li> <li>Certification by CEO and CFO that the financial statements give a true and fair view of the Group's and the Company's operations and finances.</li> <li>Assurance from the CEO and CFO regarding effectiveness of Company's risk management and internal controls.</li> </ul>	<p>Guidelines 11.1, 11.2 &amp; 11.3</p> <p>"Senior Management Profiles", Guidelines 13.1 to 13.5</p> <p>Guideline 11.3</p>
<b>External auditor and auditor report</b>	
<ul style="list-style-type: none"> <li>Audit Committee (AC) is primarily responsible for proposing the appointment and removal of the external auditor.</li> <li>AC considered volume of non-audit services provided by external auditor to Group, and was satisfied they do not prejudice the independence and objectivity of the external auditor.</li> <li>None of the AC members were formerly affiliated to the external audit firm.</li> </ul>	<p>Audit Committee's Terms of Reference, Guidelines 12.1 to 12.5</p> <p>Guideline 12.6</p> <p>"Directors' Profiles"</p>

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
<b>DISCLOSURE &amp; TRANSPARENCY</b>	
<b>Transparent Ownership Structure</b>	
Directors' direct and indirect (deemed) shareholdings are disclosed.	"Financial Statements" (p.114)
<b>Quality of Annual Report (Company Information)</b>	
Disclosure on the following is provided:	
(a) Corporate objectives	"Business Model"
(b) Financial performance indicators	"At A Glance" and "Performance Highlights"
(c) Non-financial performance indicators	"Operating Review"
(d) Key risks (including operational risks) and how these risks are assessed and managed	"Sustainability Report"
	Guidelines 11.1 to 11.3
<b>Disclosure of related party transactions and IPTs</b>	
<ul style="list-style-type: none"> <li>Procedures for the review of material/significant IPTs</li> <li>Types of material transactions requiring Board approval</li> </ul>	<p>Section E, Paragraph 18 (IPTs &amp; Material Contracts), which includes identification of related parties, the relationship, nature and value of the transactions</p> <p>Guideline 1.5</p>
<b>Directorships/Chairmanships in listed companies</b>	
Directorships held by Directors at present and over the past 3 years	"Particulars of Directors"
<b>Timeliness of release of results</b>	
Unaudited quarterly and full-year financial results are announced within 30 days of each quarter and year end respectively.	Company's SGX quarterly announcements
<b>Method of communication</b>	
The Company uses its corporate website, analysts' briefings, media briefings/ press conferences, one-on-one and group meetings, teleconferences, roadshows and investor conferences, in addition to the AGM, SGX announcements, press releases and the annual report, in its communications with shareholders and the investing public.	Section D, Paragraph 14 (Shareholder Rights & Communication with Shareholders)

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

CORPORATE GOVERNANCE SUMMARY

Corporate Governance (CG) <sup>1</sup>	Annual Report Reference (references are to the CG Report, unless otherwise stated)
DISCLOSURE & TRANSPARENCY	
Corporate website	
<ul style="list-style-type: none"><li>The Company's Corporate Governance Report, Supplier Code of Conduct and Policy on Directors' Conflict of Interest can be found at: <a href="https://www.m1.com.sg/aboutm1/ourcompany/corporategovernance">https://www.m1.com.sg/aboutm1/ourcompany/corporategovernance</a></li><li>The Company's website link is provided in the annual report and on the SGX website.</li><li>The Company's website has a dedicated IR link providing financial information such as the Company's financial and operating review at: <a href="https://www.m1.com.sg/aboutm1/investors">https://www.m1.com.sg/aboutm1/investors</a></li><li>The following are also made available on the website:<ul style="list-style-type: none"><li>(a) The Company's latest financial results</li><li>(b) The Company's latest annual report</li><li>(c) The Company's IR contact</li><li>(d) The Company's group structure</li><li>(e) The Company's vision and mission statements</li></ul></li></ul>	<div>Section D, Shareholder Rights &amp; Responsibilities</div> <div>Company's corporate website</div>
Responsiveness of Investor Relations Function	
All enquiries are responded to within 2 working days.	Section D, Shareholder Rights & Responsibilities
Results briefings	
<ul style="list-style-type: none"><li>Steps and measures taken to understand shareholders' viewpoints and concerns</li><li>Adequate IR policy is in place</li></ul>	Section D, Shareholder Rights & Responsibilities
ADDITIONAL GOVERNANCE PRACTICES	
CG Confirmation Statement	
The Board believes that the Company has complied in all material respects with the principles and guidelines of the Code of Corporate Governance. Where applicable, explanations are provided to any variation from the Code.	Opening paragraph to Corporate Governance Report
Succession Planning for Board and Senior Management	
The Nominating Committee reviews the succession plans for the Board Chairman and CEO. It also considers, reviews and recommends to the Board any new Board appointment or re-appointment, having regard to the Director's contribution and performance. Appointments of key management personnel are also reviewed and approved by the Nominating Committee.	Nominating Committee Terms of Reference, Guidelines 4.1 and 4.2
Board Risk Committee	
The Company has a Board Risk Committee comprising non-executive Directors.	Guideline 11.4 (Separate Board Risk Committee)
Code for Dealing in M1 Shares	
The Company has a Code for Dealings in M1 Shares for the guidance of Directors, management and other officers which explains the prohibition against insider trading and stipulates against trading on short term considerations.	Section E, Paragraph 15 (Securities Transactions, Listing Manual Rule 1207(19))

<sup>1</sup> As guided by the Singapore Governance & Transparency Index Framework.

CORPORATE GOVERNANCE REPORT

M1 Limited is committed to maintaining a high standard of corporate governance within the Group and the Company to protect the interests of its shareholders and enhance long-term shareholder value. This report describes the Group and the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (CG Code) established by the Singapore Corporate Governance Committee and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (SGX-ST). The Board believes that the Company has complied in all material respects with the principles and guidelines of the CG Code. Where applicable, explanations are provided to any variation from the CG Code.

A BOARD MATTERS

1 BOARD OF DIRECTORS

CG PRINCIPLE 1 : BOARD'S CONDUCT OF AFFAIRS

Guidelines 1.1 & 1.2

Board's Role & Objective Discharge of Duties

The Board of Directors is accountable to the shareholders as fiduciaries and oversees the management of the business and affairs of the Group and the Company. Key roles of the Board include providing entrepreneurial leadership, approving the Group's and the Company's objectives and strategic directions; monitoring and reviewing the performance of the Group and the Company; approving annual budgets and investment proposals; monitoring the effectiveness of the Group's and the Company's risk management framework; reviewing management performance and appointing Directors.

Guideline 1.3

Board's Delegation of Authority

To facilitate effective management, certain functions have been delegated to various Board Committees, namely the Nominating Committee, Remuneration Committee, Audit Committee and Risk Committee, each of which has its own written terms of reference. The Board members and Board Committee members are set out below:

Name	Status	Board	Nominating Committee	Remuneration Committee	Audit Committee	Risk Committee
Non-executive						
Choo Chiau Beng	N	Chairman (until 31/12/17)		Member (until 31/12/17)		
Danny Teoh Leong Kay*	N	Chairman (effective 01/01/18)	Member	Member		
Jamaludin Ibrahim	N	Member				
Low Huan Ping	N	Member		Member		Chairman
Chow Kok Kee	I	Member	Chairman	Member	Member	
Huang Cheng Eng	I	Member	Member			Member
Elaine Lee Kia Jong	I	Member	Member		Member	
Moses Lee Kim Poo	I	Member		Chairman		
Lionel Lim Chin Teck	I	Member				Member
Alan Ow Soon Sian	I	Member		Member	Chairman	Member
Tan Wah Yeow <sup>#</sup>	I	Member		Member	Member	Member
Executive						
Karen Kooi Lee Wah	N	Member				

N: Non-independent

I: Independent

\* Mr Danny Teoh was appointed as a Director to the Board on 26 September 2017 and to the respective Committees on 13 February 2018.

<sup>#</sup> Mr Tan Wah Yeow was appointed to the Board and to the respective Committees on 13 February 2018.

# CORPORATE GOVERNANCE REPORT

## 1 BOARD OF DIRECTORS (CONT'D)

### Guideline 1.4

#### *Board & Board Committees' Meetings and Attendance*

Quarterly Board and Board Committee meetings are scheduled yearly in advance to facilitate attendance by all Directors. Additional meetings are scheduled in between to provide technical updates and to facilitate discussion or deliberations on strategic or compliance matters as required and where necessary. The non-executive Directors meet privately without the presence of management, typically at Board and Board Committee meetings. The independent Directors also meet without the presence of other Directors where circumstances warrant such discussions.

During the year, seven (7) Board meetings were held, in addition to the meetings by each of the Company's Board Committees which are held no less than four (4) times a year. This included special board meetings which were called to ensure full discussion and deliberation of specific matters which arose in the course of the financial year, and a full-day off-site Board meeting dedicated to a focused discussion and review by Management and the Board on the Company's strategic direction and plans.

To allow for participation by Directors who due to unforeseen circumstances are unable to attend in person, the Company's Constitution provides for telephonic and videoconference meetings. The number of applicable Board meetings held in 2017 and the attendance of every Board member at those meetings applicable to them are as follows:

Director	Number of Applicable Board Meetings Held in 2017	Number of Applicable Board Meetings Attended
Choo Chiau Beng (Resigned with effect 1 Jan 2018)	6	5
Danny Teoh Leong Kay (Appointed with effect 26 Sep 2017)	2	1
Karen Kooi Lee Wah	7	7
Jamaludin Ibrahim	7	4
Low Huan Ping	7	7
Chow Kok Kee	7	7
Huang Cheng Eng	7	7
Elaine Lee Kia Jong	7	7
Moses Lee Kim Poo	7	7
Lionel Lim Chin Teck	7	7
Alan Ow Soon Sian	7	7

Former Chairman, Mr Choo Chiau Beng recused himself from one of the 2017 Board meetings, in light of the nature of the matter discussed.

Details of the number of Board Committee meetings held in 2017, and the attendance of each member at those meetings are set out in the respective Board Committee sections of this Corporate Governance report.

### Guideline 1.5

#### *Matters reserved for Board's decision*

Material transactions that require Board approval are capital expenditure in excess of S\$5 million and operating expenditure in excess of S\$3 million. The Board also approves key matters such as the Company's strategic direction, risk appetite, annual operating plan, financial statements, dividend payouts, material acquisitions and disposals, Board & Key Management succession plans (including remuneration matters) and employee long-term incentive schemes.

An internal policy on Directors' conflict of interests further requires Directors to refrain from participation in board discussions and decision-making on a particular agenda when they have conflicts of interest. Each Director (including new incoming Directors) expressly acknowledges and signs off on the policy.

There are also policies in place to ensure compliance with legislative and regulatory requirements.

## 1 BOARD OF DIRECTORS (CONT'D)

### Guidelines 1.6 & 1.7

#### *Board's Induction and Ongoing Training Programmes*

For newly-appointed Directors, the Company will send a formal letter of appointment to explain their duties and responsibilities as Directors. All newly-appointed Directors undergo a comprehensive orientation programme including management presentations on the businesses, strategic plans and objectives of the Group and the Company, and site visits to the Company's call, data and network operating centres.

All current Directors have prior experience as a director on a listed company, or experience in other major companies and/or from their professional engagements, which equips them to meet the demands of their roles on the board of a listed company.

Directors are provided with continuing education or briefings and updated on relevant developments such as changes in financial reporting standards and developments which have direct impact on financial statements, corporate governance, changes in laws and regulations, risks identification, as well as industry trends and updates. During the year, external consultants were invited to the Company's Board meetings to brief and share insights with Directors in areas such as corporate governance, cyber awareness and technology risks. In addition, Directors are invited from time to time to attend professional programs for Directors conducted by the Singapore Institute of Directors, and other relevant bodies.

## 2 BOARD COMPOSITION AND GUIDANCE

### CG PRINCIPLE 2 : STRONG AND INDEPENDENT ELEMENT ON THE BOARD

#### *Guidelines 2.1 to 2.4*

##### *Strong and Independent Element on the Board*

Taking into account a retirement at the coming AGM<sup>1</sup>, the Board comprises ten Directors, all of whom are non-executive except for the Chief Executive Officer (CEO), and six of whom are independent. The independent Directors make up 60% of the Board, as identified in Section 1 above. The Board does not have any alternate Directors.

The Nominating Committee conducted its annual review of the independence of each of the Directors as at 31 December 2017, taking guidance from the CG Code, and was satisfied that the Board is in compliance with the CG Code. This process included a review of each Director's and his/her immediate family members' interests in and business relationships (if any) with the Company and/or Group, and declarations of independence in the form of a questionnaire.

As at the date of this report, two of the independent Directors would have served more than 9 years since their appointment. The Board has taken steps to renew and refresh the Board, including the appointment of one new independent Director who overlaps with the current independent Director in transition, while the search is ongoing for the other renewal.

#### *Guidelines 2.5 & 2.6*

##### *Board Size and Composition*

Having taken into account *inter alia* the scope and nature of the operations of the Company, the Board considers its current Board size optimal and of a scale which facilitates effective decision-making.

The Board comprises respected individuals from different backgrounds, genders and whose core competencies, qualifications, skills and experience are extensive, diverse yet complementary. 20% of the Board comprises female Directors with complementary skill sets, a proportion that compares favourably with the average among companies listed in Singapore. Details of how the Nominating Committee considers and assesses suitable Director candidates, and the steps taken by the Board to achieve the balance and diversity necessary to maximise its effectiveness are set out under Guidelines 4.6 & 4.7 below (Process for selection, appointment and re-appointment of Directors and nomination process).

Further details of the Directors' academic and professional qualifications and other appointments are set out under the "Profile of Directors" and "Particulars on Directors" sections of the Annual Report.

<sup>1</sup> One of the independent Directors on the Board will be retiring and will not be standing for re-election at the AGM of 11 April 2018. The board composition reflected in this Annual Report in terms of independent Directors and gender diversity takes into account this retirement.

2 BOARD COMPOSITION AND GUIDANCE (CONT'D)

Guidelines 2.7 & 2.8

*Role of Non-Executive Directors*

Non-executive Directors constructively challenge and help develop and fine tune proposals on strategy, as well as review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. Where appropriate, Management is excused from meetings involving the non-executive Directors to facilitate open and frank discussions in the interests of the Company.

3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG PRINCIPLE 3 : CLEAR DIVISION OF RESPONSIBILITIES BETWEEN BOARD CHAIRMAN & CEO

Guideline 3.1

*Separation of Leadership*

Mr Danny Teoh Leong Kay is the current non-executive Chairman of the Company and Ms Karen Kooi Lee Wah is the CEO. Each performs separate functions to ensure that there is an appropriate balance of authority and responsibilities, and that accountability and independent decision-making are not compromised. The Chairman and the CEO are not related.

Guideline 3.2

*Role and Responsibilities of Board Chairman*

The Chairman leads the Board and is instrumental in ensuring board effectiveness and its governance processes. Under his leadership, he promotes a culture of openness and debate among the Board and encourages constructive relations within the Board and between the Board and Management. The Chairman guides a clear strategic direction for the Company, whilst respecting the executive responsibility of the CEO and engages with members of senior management regularly to develop a keen understanding of the Group's business and the various external factors that impact the Group's business and its growth.

Guidelines 3.3 & 3.4

*Lead Independent Director*

The Board has not appointed a lead independent Director as the roles of the Chairman and the CEO are distinctly separate. The Chairman is not part of the executive management; the Board has a strong element of independence with six out of ten Directors being independent; and Board discussions are open and frank. The Board will review the need for a lead independent Director as part of its continuous assessment of best practices in corporate governance.

During the year, the independent Directors unanimously appointed a lead independent director to guide and represent the view of the independent Directors on a specific matter impacting the interests of the Company and its minority shareholders.

4 BOARD MEMBERSHIP & THE NOMINATING COMMITTEE

CG PRINCIPLE 4 : FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Guidelines 4.1 & 4.2

*Role of Nominating Committee (NC)*

The NC comprises four members, three of whom are independent, including its Chairman. The NC members are Mr Chow Kok Kee, Mr Huang Cheng Eng, Ms Elaine Lee Kia Jong and Mr Danny Teoh Leong Kay.

4 BOARD MEMBERSHIP & THE NOMINATING COMMITTEE (CONT'D)

The number of applicable NC meetings held in 2017 and the attendance of each member at those meetings are as follows:

NC Member <sup>#</sup>	Number of Applicable NC Meetings Held in 2017	Number of Applicable NC Meetings Attended
Chow Kok Kee (Chairman)	5	5
Huang Cheng Eng	5	5
Elaine Lee Kia Jong	5	5

<sup>#</sup> The fourth member, Mr Danny Teoh was appointed to the Nominating Committee on 13 February 2018.

The NC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles in the CG Code and other salient factors:

- (a) Ensure a strong and independent element on the Board, with independent Directors making up at least one-half of the Board;
- (b) Determine the size of the Board which facilitates effective decision-making, taking into account the scope and nature of the operations of the Company;
- (c) Determine the composition of the Board to comprise Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge;
- (d) Implement and disclose a formal and transparent process for the appointment of new Directors to the Board;
- (e) Consider, review and recommend to the Board any new Board appointment or reappointment, whether of executive or non-executive Directors, having regard to the Director's contribution and performance, including, if applicable, as an independent Director;
- (f) Determine annually if a Director is independent; review the independence of any independent Director who has served on the Board beyond nine years from the date of first appointment, and make the appropriate recommendations to the Board on such Director's independence;
- (g) Decide if a Director is able to and has been adequately carrying out his duties as a Director of the Company, including recommending to the Board the maximum number of listed company board representations and principal commitments which any Director may hold;
- (h) Decide and propose to the Board for approval and implementation a set of objective performance criteria to be applied from year to year for evaluating the performance of the Board, as well as decide and propose to the Board for approval and implementation a process by which the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board can be assessed;
- (i) Evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board in accordance with the assessment process and performance criteria referred to in (h) above;
- (j) Review succession plans for the Board Chairman and the Chief Executive Officer;
- (k) Review and approve appointments of key management personnel;
- (l) Review and recommend to the Board appropriate training and development programmes for the Directors; and
- (m) Other matters (if any) that the NC should consider, review or approve or in respect of which it should take any other action, as set out in the CG Code.

4 BOARD MEMBERSHIP & THE NOMINATING COMMITTEE (CONT'D)

As part of the process for the re-appointment of Directors, at least one-third of the Directors are required to retire by rotation (based on who have been longest in office since their last re-election or appointment) at the Annual General Meeting (AGM) each year. These Directors may, if eligible, offer themselves for re-election. Consequently, all Directors, including the CEO are required to stand for re-election at least once every 3 years. The dates of initial appointment and last re-election or re-appointment of the Directors are set out below:

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election or Re-appointment
Danny Teoh Leong Kay	62	Chairman & Director	26.09.2017	N.A.#
Karen Kooi Lee Wah	63	Executive Director	22.04.2009	12.04.2017
Jamaludin Ibrahim	58	Director	21.08.2008	06.04.2016
Low Huan Ping	61	Director	01.09.1994	12.04.2017
Chow Kok Kee	65	Director	16.02.2009	12.04.2017
Huang Cheng Eng	69	Director	30.04.2015	06.04.2016
Elaine Lee Kia Jong	62	Director	30.04.2015	06.04.2016
Moses Lee Kim Poo	66	Director	01.06.2015	06.04.2016
Lionel Lim Chin Teck	61	Director	30.04.2015	06.04.2016
Alan Ow Soon Sian	70	Director	16.02.2009	06.04.2016
Tan Wah Yeow	57	Director	13.02.2018	N.A.#

# Mr Teoh and Mr Tan were appointed after the last AGM. They will, in accordance with the Company's Constitution, retire and stand for re-election at the AGM of 11 April 2018, in addition to the other Directors required to retire by rotation.

Guidelines 4.3, 4.4 & 4.5

Review of Director's Independence and Multiple Directorships

The NC determines on an annual basis the independence of a Director taking guidance from the CG Code on the definition of an "independent" Director and existence of relevant relationships or circumstances. The NC reviewed the independence of the Directors and arrived at its conclusions regarding each Director as set out in Section 1. The independent Directors are independent from the major shareholders.

The Board accepted, as a guide, the NC's recommendation that a Director of the Company should not have more than six listed company board representations and other principal commitments, taking into consideration the definition of "principal commitments" in the CG Code. After considering the competing time commitments faced by Directors who serve on multiple boards and who have other principal commitments, the Board, in concurrence with the NC, determined that in fact, all the Directors have less than six listed company board representations and other principal commitments, and that the Directors were able to and have been adequately carrying out their respective duties and responsibilities as Directors of the Company.

The Board does not have any alternate Directors.

Guidelines 4.6 & 4.7

Process for Selection, Appointment and Re-appointment of Directors and Nomination Process

The NC considers on an ongoing basis:

- (a) Board renewal and continuity including upcoming retirements and anticipated vacancies;
- (b) Current board diversity and expected changes thereto;
- (c) Types of Directors and skills needed given the Company's future strategic directions;
- (d) Annual evaluation results of Board and Board Committees; and
- (e) Feedback from the Directors.

4 BOARD MEMBERSHIP & THE NOMINATING COMMITTEE (CONT'D)

The NC keeps a constant scan for suitable candidates including through external searches and referrals, and assesses potential candidates based on the following:

- (a) Suitability of Director profile;
- (b) Director independence;
- (c) Potential impact on boardroom interaction and dynamics;
- (d) Other directorships and principal commitments; and
- (e) Existing and potential conflict of interests.

Due diligence is conducted on potential candidates. Upon shortlisting, the NC, in consultation with the Board Chairman, evaluates and interviews candidates to assess their suitability and whether the candidates understand the roles and responsibilities involved in their appointments. The NC thereafter makes the final recommendation to the Board with details of the candidate's resume and due diligence results.

Key information regarding the Company's Directors and pertinent details in respect of Directors submitted for re-appointment are set out in the Notice of AGM with the relevant resolution and the Annual Report, for shareholders to make an informed decision.

5 BOARD PERFORMANCE

CG PRINCIPLE 5 : ASSESSMENT OF THE EFFECTIVENESS OF THE BOARD

Guideline 5.1

Process of Assessing the Effectiveness of the Board

During the year, the NC supervised an exercise to evaluate the Board's, the Board Committees' and individual Director's performance. The objective of the exercise was to identify and prioritise areas for continuous improvement to the Board's effectiveness.

For the purpose of the evaluation exercise, an independent consultant was appointed to conduct the evaluation process. The evaluation of the Board as a whole (including Board Committees) and evaluation of individual Directors were based on the framework established and used in the previous years and as updated by the NC. The consultant provided summarised findings, interpretation of findings and preliminary recommendations for the Board's consideration. In addition, the Company also appointed an independent advisor to provide valuable insight to the Chairman and the Board on the results of the evaluation. The NC, in consultation with the Board, assessed the independence of both the consultant and the advisor. The consultant and the advisor do not have any other direct connection with the Company or any of its Directors.

Guideline 5.2

Assessment of Board Effectiveness

All Directors assessed the Board as a whole on each of the following parameters:

- Board composition and independence
- Board role and functioning
- Board processes
- Information management
- Monitoring company performance
- Committee effectiveness
- Managing risk and adversity
- Managing CEO performance and succession planning
- Corporate integrity and social responsibility
- Director development and remuneration
- Overall perception of the Board

5 BOARD PERFORMANCE (CONT'D)

These parameters are pre-approved by the Board. They allow for comparison with industry peers and seek to address how the Board has enhanced long-term shareholder value. The parameters are used consistently from year to year to allow for comparison, and reviewed yearly to ensure the Board assessment takes into account relevant developments including those in the Company and in the industry.

Guideline 5.3

Evaluation of Individual Director

In addition, the contribution of each individual Director to the effectiveness of the Board was assessed by his/her peers on the Board. The evaluation was based on the following five parameters:

- Contribution
- Knowledge and abilities
- Teaming
- Integrity
- Overall effectiveness

The Board expects to carry out evaluation of the Board as a whole (including Board Committees) and self-evaluation exercises annually to identify areas of improvement and as a form of good Board management practice. Following each evaluation, the Chairman works closely with the NC in considering whether any actions are needed to improve Board effectiveness.

6 ACCESS TO INFORMATION

CG PRINCIPLE 6 : PROVISION OF COMPLETE, ADEQUATE & TIMELY INFORMATION

Guidelines 6.1 to 6.2 and Guideline 10.3

Access to Information

To enable the Board to fulfil its responsibilities, Directors are provided with timely information prior to board meetings and on an ongoing basis. These include monthly management financial statements setting out actual against budget, as well as previous year's comparatives and explanations on any material variances. In addition, management provides the Board with financial and operating reports reviewing performance in the most recent quarter, and relevant background or explanatory information required to support the decision-making process on a regular and timely basis. Directors and senior management can securely access and read Board and Board Committee papers prior to and at meetings via tablet devices. The Board has separate and independent access to Management.

Guidelines 6.3, 6.4 & 6.5

Separate and Independent Access and Appointment and Removal of Company Secretary

All Directors have separate and independent access to senior management, and to the Company Secretary whose appointment and removal are decided by the Board. The Company Secretary administers, attends and prepares minutes of Board and Board Committee meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act, the Securities and Futures Act and SGX-ST, are complied with. The Company Secretary also acts as the primary channel of communication between the Company and the SGX-ST.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties; the cost of such professional advice is borne by the Company.

B REMUNERATION MATTERS

7 REMUNERATION COMMITTEE AND ITS POLICIES

CG PRINCIPLE 7 : FORMAL & TRANSPARENT PROCEDURE FOR DEVELOPMENT OF EXECUTIVE & BOARD REMUNERATION

Guidelines 7.1, 7.2 & 7.4

Remuneration Committee (RC) and its Role

The RC comprises Mr Moses Lee Kim Poo as Chairman, Mr Danny Teoh Leong Kay, Mr Low Huan Ping, Mr Chow Kok Kee, Mr Alan Ow Soon Sian and Mr Tan Wah Yeow, all of whom are non-executive Directors. Mr Moses Lee Kim Poo, Mr Chow Kok Kee, Mr Alan Ow Soon Sian and Mr Tan Wah Yeow are the independent Directors on the RC.

The RC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles in the CG Code and other salient factors:

- (a) Recommend to the Board a framework of remuneration for the Board of Directors and key executives;
- (b) Recommend to the Board the specific remuneration packages for all executive and non-executive Directors and the CEO or executive of similar rank if the CEO is not an executive Director;
- (c) Recommend to the Chairman of the Board for endorsement of the remuneration of the CEO;
- (d) Review the remuneration of senior management;
- (e) Decide on long-term incentive benefits, including the Company's Share Option and/or Award Schemes and the scope of eligibility for such long-term incentives;
- (f) Approve the granting of share options and/or awards under the Company's Share Option/Award Schemes and administer the Share Option/Award Schemes in accordance with the rules of the Schemes; and
- (g) Ensure that remuneration of the Board of Directors is in compliance with the CG Code.

The number of applicable RC meetings held in 2017 and the attendance of each member at those meetings are as follows:

RC Member <sup>#</sup>	Number of Applicable RC Meetings Held in 2017	Number of Applicable RC Meetings Attended
Moses Lee Kim Poo	4	4
Choo Chiau Beng <sup>*</sup>	4	3
Chow Kok Kee	4	4
Low Huan Ping	4	4
Alan Ow Soon Sian	4	4

<sup>\*</sup> Mr Choo resigned as a member of the RC with effect 1 January 2018.

<sup>#</sup> Members Mr Danny Teoh and Mr Tan Wah Yeow were appointed to the RC on 13 February 2018.

Guideline 7.3

Expert Advice on Remuneration

The Director of Human Resource assists the RC in the execution of its functions, utilising established and relevant remuneration consultancy surveys and market information where applicable. The RC has access to external expert advice, if required.

8 LEVEL & MIX OF REMUNERATION

CG PRINCIPLE 8 : COMPETITIVENESS & ALIGNMENT WITH LONG-TERM INTEREST AND RISK POLICIES OF COMPANY

Guidelines 8.1 to 8.3, 9.6

Remuneration Framework

The Company sets remuneration packages to ensure that they are competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise to run the Group successfully. Remuneration packages include Directors' fees, salaries, allowances, bonuses, grant of shares, and benefits-in-kind.

In setting remuneration packages for Directors and officers of the Group, the pay and employment conditions within the industry and in comparable companies are taken into consideration.

Directors' fees are subject to shareholders' approval at the AGM. Each non-executive Director is paid a fixed fee, the amount of which takes into account the level of responsibilities held.

In light of the challenging operating environment, the Board of Directors collectively volunteered for a reduction in fees, to show solidarity as a Group to manage cost and to meet the challenges ahead.

The framework for determining fees payable to each non-executive Director for 2017 is as follows:

Board	Chairman	S\$90,000 per annum
	Member	S\$45,000 per annum
Audit Committee	Chairman	S\$40,000 per annum
	Member	S\$20,000 per annum
Risk Committee	Chairman	S\$30,000 per annum
	Member	S\$20,000 per annum
Nominating Committee	Chairman	S\$30,000 per annum
	Member	S\$20,000 per annum
Remuneration Committee	Chairman	S\$30,000 per annum
	Member	S\$20,000 per annum

The RC also approves the remuneration of the senior management on an annual basis. In determining the remuneration packages of the CEO and senior management, performance-related elements, including financial indicators, are incorporated in order to align interests with those of shareholders and link rewards to corporate and individual performance. In determining the actual quantum of variable component of remuneration, the RC had taken into account the extent to which the performance conditions have been met. The RC is therefore of the view that remuneration is aligned to performance in 2017.

Guideline 8.4

Reclaim of Incentives in the Event of Misconduct

The Company has contractual provisions in place allowing it to reclaim incentive components of remuneration from key management personnel in exceptional circumstances of misconduct resulting in financial loss to the Company.

9 DISCLOSURE ON REMUNERATION

CG PRINCIPLE 9 : DISCLOSURE ON REMUNERATION

Guidelines 9.1 to 9.3, 9.5 to 9.6

Remuneration of Non-Executive Directors, CEO and Top Five Key Management Personnel

The annual remuneration of non-executive Directors payable for 2017 is as follows:

Non-Executive Director	Position Held	Director's Fee
Choo Chiau Beng	Board Chairman, RC member	S\$110,000
Jamaludin Ibrahim	Board member	S\$45,000
Low Huan Ping	Board member, RC member, Risk Committee Chairman	S\$95,000
Chow Kok Kee	Board member, NC Chairman, AC member, RC member	S\$115,000
Huang Cheng Eng	Board member, Risk Committee member, NC member	S\$85,000
Elaine Lee Kia Jong	Board member, AC member, NC member	S\$85,000
Moses Lee Kim Poo	Board member, RC Chairman	S\$75,000
Lionel Lim Chin Teck	Board member, Risk Committee member	S\$65,000
Alan Ow Soon Sian	Board member, AC Chairman, RC member, Risk Committee member	S\$125,000
Danny Teoh Leong Kay	Board member	S\$11,959

For each non-independent non-executive Director, fees are paid in accordance with the instructions of the relevant shareholder nominating him.

9 DISCLOSURE ON REMUNERATION (CONT'D)

In view of the increased competitive pressures for talent within the industry, the remuneration paid to the CEO and the top five key management personnel are disclosed in bands. In 2017, the level and mix of the annual remuneration of the CEO and Executive Director, and each of the top five members of senior management (who are not also Directors), in bands of S\$250,000, are set out below:

	Fixed	Bonuses	Central Provident Fund	Benefits-in- kind	Share Awards	Number of Provisional Share Awards Granted
<b>Above S\$1,000,000 to S\$1,250,000</b>						
Karen Kooi Lee Wah	49%	34%	1%	7%	9%	50,000
<b>Above S\$750,000 to S\$1,000,000</b>						
	-	-	-	-	-	-
<b>Above S\$500,000 to S\$750,000</b>						
Patrick Michael Scodeller	52%	21%	2%	17%	8%	30,000
<b>Above S\$250,000 to S\$500,000</b>						
Lee Kok Chew	56%	23%	4%	6%	11%	30,000
Poopalasingam Subramaniam	69%	17%	2%	6%	6%	15,000
Alan Goh	64%	21%	3%	6%	6%	15,000
Willis Sim	58%	24%	4%	7%	7%	15,000

In 2017, share awards were granted to the above members of the senior management team as part of the Company's Share Scheme, further details of which can be found on pages 115 to 118 of the Annual Report. The final number of shares released under the provisional share awards will depend on the achievement of pre-determined targets, capped at 1.2 times of the grant. Pre-determined targets are set by the RC at their absolute discretion and are based on the achievement of Profit After Tax and Total Shareholder Return.

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) was S\$2,468,622.

The Directors, the CEO and the key management personnel are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Guideline 9.4

*Immediate Family Member of Director or CEO*

The Company does not have any employee who is an immediate family member of a Director or the CEO in 2017.

C ACCOUNTABILITY & AUDIT

10 ACCOUNTABILITY

CG PRINCIPLE 10 : BALANCED & UNDERSTANDABLE ASSESSMENT OF COMPANY'S PERFORMANCE, POSITION & PROSPECTS

Guidelines 10.1 & 10.3

*Provision of Information by Management to Facilitate Accurate Disclosure by the Board*

The Board provides a balanced and clear assessment of the Company's performance, position and prospects to its shareholders in a timely manner.

To enable the Board to fulfil its responsibilities, Directors are provided with monthly management financial statements setting out actual against budget, as well as previous year's comparatives and explanations on any material variances. In addition, management provides the Board with financial and operating reports reviewing performance in the most recent quarter, and relevant background or explanatory information required to support the decision-making process on a regular and timely basis.

The Company's quarterly results are released to shareholders after close of trading hours immediately after each of the Company's quarterly board meetings. In addition to the detailed financial results, presentation slides setting out the key financial information in a concise and reader-friendly manner are also made available to shareholders.

Where there is any other material information in the course of the financial year, these are also promptly made known to shareholders through the SGXNet.

Guideline 10.2

*Compliance with Legislative and Regulatory Requirements*

Written policies and undertakings to ensure compliance with legislative and regulatory requirements, including the securities exchange listing rules have been established, and include :

- Directors' and Executive Officers' Undertakings on compliance with SGX requirements (Listing Manual rule 720(1))
- Policy on Directors' Conflict of Interest
- Code for Dealing in M1 Shares
- Employee Code of Conduct
- Policy for Disclosure of Reportable Conduct (Whistle-blowing Code)
- M1 Supplier Code of Conduct

11.1 RISK MANAGEMENT AND INTERNAL CONTROLS

CG PRINCIPLE 11 : SOUND GOVERNANCE OF RISK

Guideline 11.1

*Board & Management's Role in Risk Management and Internal Control Systems*

The Company is committed to continually improve its approach to maintaining a sound system of risk management in order to ensure that it has a strong, integrated risk and compliance culture.

The Board, assisted by the Risk Committee, has general oversight of the Company's risk management system and mitigation strategies. This includes review of the Company's portfolio of risks and assessing the appropriateness of management's response to risk exposures. A senior management executive team is responsible for driving the risk management processes and ensuring compliance throughout the Company. Risk accountability is clearly assigned across all departments and functional units.

Details with regard to the Risk Committee can be found at Section 11.4 of this Corporate Governance report.

11.1 RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

Guideline 11.2

*Review of Adequacy and Effectiveness of Risk Management and Internal Control Systems*

The internal controls, including financial, operational, compliance and information technology controls, and risk management systems are continually reviewed by the Board to improve consistency and effectiveness of risk identification and assessment across the Company.

As part of the Company's ongoing efforts to ensure its internal control and risk management systems are adequate and effective, the Company also has in place policies such as the Information Security Policy and the Personal Data Protection Policy to ensure employees are properly guided on best practices and their legal obligations in these risk areas.

Risk training programmes are also conducted on an ongoing basis to inculcate and reinforce a proactive risk management culture within the Company. These include conduct of exercises to enhance knowledge of response plans and procedures and improve coordination, so as to prepare the teams to respond effectively in the event of any service incidents. Regular and mandatory online e-training programs in the areas of cybersecurity and personal data protection were also conducted throughout the year. Employees were assessed on their awareness and response in these areas, and follow-up steps taken where gaps were identified. Separately, in recognition of the Company's capabilities and efforts in promotion of safety and health standards at the workplace, the Company also attained bizSAFE certification.

During the year, the Company further strengthened operational risk mitigation mechanisms in various areas including cybersecurity and network infrastructure resiliency.

Guideline 11.3

*Board's Comment on Adequacy and Effectiveness of Risk Management and Internal Control Systems*

Quarterly updates on the Company's overall risk profile, emerging risks, regulatory updates and cybersecurity matters are provided by Management to the Board. In addition, major incidents (together with root cause analysis and mitigation measures) are also reported to the Board.

Overall, the Board considers that the Company, in its risk management system, adopts a prudent and proactive approach to achieve an optimal balance between risks and returns, mitigating key risks and maximising opportunities, thereby enhancing the Company's decision-making capabilities and organisational resilience.

Based on the work performed by the internal and external auditors, and the reviews performed by management, the Board, with the concurrence of the Audit Committee, is of the opinion that, as at the date of this report, the Group's and the Company's internal controls are adequate to address the above-mentioned risks of the Group and the Company in its current business environment.

In arriving at this view, the Board had considered *inter alia* the following, the risk management evaluation, internal controls implementation, internal auditors' reports, and audits undertaken by the external auditors.

The system of internal controls provides reasonable, but not absolute, assurance that the Group and the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

The Board receives assurance from the CEO and Chief Financial Officer during the meetings of the Board, Audit and Risk Committees:

- (1) That the financial records have been properly maintained and the financial statements give a true and fair view of the Group's and the Company's operations and finances; and
- (2) Regarding the effectiveness of the Group's and the Company's risk management and internal control systems.

11.2 RISK COMMITTEE

Guideline 11.4

*Separate Board Risk Committee*

The Risk Committee was established by the Board on 16 July 2012 to assist the Board in discharging its duties to shareholders on risk management, and to help improve Board monitoring of the risk management system, framework and processes of the Group and the Company. The Risk Committee comprises Mr Low Huan Ping as Chairman, Mr Alan Ow Soon Sian, Mr Huang Cheng Eng, Mr Lionel Lim Chin Teck and Mr Tan Wah Yeow as members, all of whom are non-executive Directors and four of whom are independent Directors.

The Risk Committee, which has written terms of reference approved by the Board, performs the following functions taking into account the principles set out in the Code and other salient factors:

- (a) Advise the Board on the Company's overall risk exposure and strategy;
- (b) Review the effectiveness of the Company's risk management system and policies;
- (c) If deemed necessary by the Board, before a decision to proceed on a significant transaction is taken by the Board, advise the Board on the proposed actions thereto, if any, on the risk aspects and implications of risk exposures thereto;
- (d) Report to the Board on material matters, findings and recommendations, on the financial, operational and compliance risks and any other material risks applicable to the Company;
- (e) Obtain regular updates from management on key enterprise wide risks faced by the Company, so as to enable the Risk Committee to clearly define its oversight responsibilities and review the process available to manage these risks;
- (f) Set up process for the accurate and timely monitoring of significant exposures and risk types of critical importance;
- (g) Review the Company's overall risk profile; and
- (h) Review the risk policies and processes, where applicable, and ensure that a review of the robustness and effectiveness of the risk policies and processes is conducted at least annually, which review may be facilitated by the external auditor or advisors.

The number of Risk Committee meetings held in 2017 and the attendance of each member at those meetings are as follows:

Risk Committee Member <sup>#</sup>	Number of Applicable Risk Committee Meetings Held in 2017	Number of Risk Committee Meetings Attended
Low Huan Ping	4	4
Alan Ow Soon Sian	4	4
Huang Cheng Eng	4	4
Lionel Lim Chin Teck	4	4

<sup>#</sup> The fifth member, Mr Tan Wah Yeow was appointed to the Board and Committee on 13 February 2018.

During the year, the Risk Committee had full access to and cooperation from the Company's management, the Company Secretary and Head of Risk Management. The CEO, Chief Operating Officer, Chief Financial Officer, Chief Commercial Officer, Chief Information Officer, Chief Technical Officer and the Head of Risk Management attended the meetings of the Risk Committee.

The Risk Committee may invite from time to time persons who have the relevant experience to assist the Committee, and obtain at the Company's expense, external legal or other professional advice on any matter within its terms of reference.

12 AUDIT COMMITTEE (AC)

CG PRINCIPLE 12 : ESTABLISHMENT OF AUDIT COMMITTEE

Guidelines 12.1 to 12.5

*Composition of Audit Committee & its Terms of Reference*

The AC comprises Mr Alan Ow Soon Sian as Chairman, Mr Chow Kok Kee, Ms Elaine Lee Kia Jong and Mr Tan Wah Yeow as members, all of whom, including the Chairman, are non-executive independent Directors. Three of the members, including the Chairman, have accounting, tax or related financial management expertise or experience.

The AC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles set out in the CG Code and other salient factors:

- (a) Review with the external auditor the audit plan including the nature and scope of the audit before its commencement, their evaluation of the systems of internal controls, their annual reports and their management letters and management's response;
- (b) Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and the Company and any formal announcements relating to the Group's and the Company's financial performance. This includes review of quarterly, half-year and annual financial statements before submission to the Board for its approval;
- (c) Review the assistance given by management to the external auditor;
- (d) Review the independence and objectivity of the external auditor;
- (e) Review the nature and extent of non-audit services performed by the external auditor;
- (f) Examine the scope of internal audit procedures and the results of the internal audit;
- (g) Review the adequacy of the Group's and the Company's internal controls, including financial, operational, compliance and information technology controls, policies and systems established by management and reporting on any pertinent aspects of risks thereto (collectively, internal controls), and ensure that a review of the effectiveness of the Group's and the Company's internal controls is conducted at least annually and such a review can be carried out by the internal and/or external auditor;
- (h) Meet with the external and internal auditors without the presence of management at least annually;
- (i) Review the effectiveness of the Group's and the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;
- (j) Investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- (k) Review interested persons transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- (l) Make recommendation to the Board on the appointment/re-appointment/removal of the external auditor, and approve the audit fees and terms of engagement of the external auditor; and
- (m) Review arrangements by which staff of the Group and the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

12 AUDIT COMMITTEE (AC) (CONT'D)

The number of applicable AC meetings held in 2017 and the attendance of each member at those meetings were as follows:

AC Member <sup>#</sup>	Number of Applicable AC Meetings Held in 2017	Number of Applicable AC Meetings Attended
Alan Ow Soon Sian	4	4
Chow Kok Kee	4	4
Elaine Lee Kia Jong	4	4

<sup>#</sup> The fourth member, Mr Tan Wah Yeow was appointed to the Board and the AC on 13 February 2018.

During the year, the AC had full access to and cooperation from the Group's and the Company's management, and internal and external auditors. The CEO, Chief Financial Officer and Chief Commercial Officer, as well as the internal and external auditors, attended the meetings of the AC. During the year, the AC also met with the external auditors and internal auditors without the presence of management.

**Guideline 12.6 & Listing Manual rule 1207(6)**

*Independence of External Auditors*

The AC considered the volume of non-audit services provided by the external auditor to the Group and the Company, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor, confirmed their renomination. The aggregate amount of fees paid to the external auditor in 2017 and a breakdown of the fees paid in respect of audit and non-audit services is stated in the notes to the financial statements.

In the appointment of Ernst & Young LLP (an audit firm registered with the Accounting & Corporate Regulatory Authority) as Auditor for the Company and its subsidiaries, the Group and the Company have complied with Rules 712 and 715 of the Listing Manual.

**Guideline 12.7**

*Ethical Behaviour – Disclosure of Reportable Conduct (Whistle-blowing policy)*

The Group and the Company subscribe to a high standard of corporate governance, with a “zero tolerance” policy on fraud, corruption and other forms of unethical behaviour or conduct.

The Group and the Company has in place policies and processes that manage risk, deter fraud and ensure accountability and integrity. Employees are encouraged to report suspicious or irregular behaviour they encounter in the course of work. The Group and the Company will keep confidential the identity of any whistle-blower. The Company does not disregard anonymous complaints, but gives them due regard.

Acts that violate the M1 Policy for Disclosure of Reportable Conduct include:

- Unlawful acts
- Theft, misuse or wilful damage of the Group and the Company's resources
- Dishonest, fraudulent or corrupt activities
- Misuse or abuse of power or authority for any unauthorised or ulterior purpose
- Unsafe work practices

12 AUDIT COMMITTEE (AC) (CONT'D)

The Group and the Company will investigate allegations raised, and firm action will be taken to deal with corrupt behaviour or illegal acts. Significant cases will be escalated to members of senior management and the Board of Directors, and/or referred to the appropriate authorities, such as the Singapore Police Force, Commercial Affairs Department or Corrupt Practices Investigation Bureau.

Individuals who make a report under this Policy will be protected from reprisal if he/she:

- Makes the report in good faith and without malice
- Reasonably believes the matters referred to in the report to be substantially true
- Does not seek any personal or financial gain from making the report
- Follows the reporting procedure set out in the Policy

If there are any attempts at reprisal against the whistle-blower, he/she will be given the opportunity to bring the matter to the attention of the appropriate level of senior management and/or the Audit Committee Chairman.

Guideline 12.8

Summary of AC Activities & Continuing Education

The AC reviewed the financial statements of the Group and the Company before submitting them to the Board for its approval and the announcement of the financial results. The AC also reviewed and monitored the Group's and the Company's financial condition, internal and external audits, and the effectiveness of the Group's and the Company's system of accounting and internal controls. The following key audit matters were discussed between external auditors and management, and reviewed by the AC:

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
<b>Revenue recognition due to complex billing system</b>	<p>The AC considered and evaluated the appropriateness of the Group's revenue recognition policies. The AC, with the assistance from internal auditors, oversaw the implementation of the billing system which was put into effect in the first quarter of 2015.</p> <p>The AC reviewed the revenue performance each quarter and compared the performance with that for the corresponding period of the preceding year and quarter. Management has given reasonable and satisfactory explanations on the variances observed.</p> <p>Ernst &amp; Young LLP shared their approach to the audit of revenue, as part of their presentation of the detailed audit plan. This identified the primary areas of audit emphasis, focus and risks in the audit of revenue, the recognition of revenue through the billing systems and the proper authorisation of material non-routine revenue adjustments.</p> <p>The AC also reviewed the final audit report and findings presented by the external auditor at the year-end meeting.</p> <p>Revenue recognition is an area of focus for the external auditor. It is a key audit matter in the independent auditor's report for the financial year ended 31 December 2017. Please refer to page 121 of the Annual Report.</p>
<b>Impact upon adoption of FRS 115 Revenue from Contracts with Customers</b>	<p>The AC considered and evaluated the appropriateness of the Group's FRS 115 Revenue implementation. The AC, with the assistance from internal auditors, oversaw the implementation of the FRS 115 revenue recognition engine, which was put into effect in December 2017.</p> <p>The AC reviewed the disclosure on the expected financial impact on FY 2017 upon adoption of the new standards. Please refer to page 121 of the Annual Report. Management has given reasonable and satisfactory explanations on the expected impact.</p> <p>Disclosure of the expected impact of the new standards in the financial statements is an area of focus for the external auditor. It is a key audit matter in the independent auditor's report for the financial year ended 31 December 2017. Please refer to page 121 of the Annual Report.</p>

12 AUDIT COMMITTEE (AC) (CONT'D)

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
<b>Allowance for doubtful debts</b>	<p>The AC considered and evaluated the appropriateness of the Group's policies on allowance for doubtful debts. The AC reviewed the Group's allowance for doubtful debts presented by management together with the external auditor's agreed-upon procedure report for each quarter and was satisfied on the adequacy of the allowances provided.</p> <p>The AC also reviewed the audit report and findings presented by the external auditor at the year-end meeting.</p> <p>Allowance for doubtful debts is an area of focus for the external auditor. It is a key audit matter in the independent auditor's report for the financial year ended 31 December 2017. Please refer to page 122 of the Annual Report.</p>

Directors are provided with continuing education or briefings by Management and external auditors in areas such as changes in financial reporting standards (including the new FRS 115) and issues which have a direct impact on financial statements.

Guideline 12.9

AC members – No Affiliations to External Audit Firm

None of the AC members were formerly partners or directors of the Company's external auditors.

13 INTERNAL AUDIT

CG PRINCIPLE 13 : ESTABLISHMENT OF EFFECTIVE INTERNAL AUDIT FUNCTION

Guidelines 13.1 to 13.5

The Group and the Company has an in-house internal audit function that is independent of the activities it audits. The head of internal audit reports functionally to the AC Chairman and administratively to the CEO. The hiring, removal and evaluation of the head of internal audit is approved by the AC. Guided by the Internal Audit Charter approved by the AC, the function provides independent, objective assurance and advisory services designed to add value to the organisation's internal controls.

During the year, activities performed by the internal audit function include evaluations of internal control and risk management, as well as compliance with applicable regulations and adherence to established policies. An annual work plan, approved by the AC, is formulated to guide the year's assurance and advisory activities. Audit projects are prioritised based on a risk and control assessment framework with the priority given to higher risk areas which are reviewed half-yearly.

Reports of completed audit projects are submitted to the AC for deliberation with copies extended to the CEO and relevant senior management officers. Key observations and recommendations are discussed during AC meetings. Implementation of audit recommendations is tracked and reviewed to ensure proper closure. The AC is furnished with a summary of implementation status every quarter.

The internal audit function has access to the AC and to the relevant documents, records, properties and personnel of the Group and the Company. The internal audit methodologies are aligned to the standards of internationally recognised professional bodies including The Institute of Internal Auditors.

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that the function has appropriate standing within the organisation and is resourced with qualified professional staff.

# CORPORATE GOVERNANCE REPORT

## D SHAREHOLDER RIGHTS & RESPONSIBILITIES

### 14 SHAREHOLDER RIGHTS & COMMUNICATION WITH SHAREHOLDERS

#### CG PRINCIPLES 14 – 16 : TREATMENT & ENGAGEMENT OF SHAREHOLDERS INCLUDING AT SHAREHOLDER MEETINGS

Communication with shareholders and the investment community forms an integral part of the Group's and the Company's corporate governance and commitment to transparent, comprehensive and prompt disclosure. Various communication channels are used to inform shareholders about the performance of the Group and the Company and to provide updates on pertinent developments. These include annual reports, quarterly results and other announcements made through the SGXNet, press releases and the Company's website, as well as through the AGM.

Presentations given at appropriate intervals to representatives of the investment community, audio webcasts and call transcripts of quarterly results presentations, including question and answer sessions, are made available and updated regularly on a dedicated Investor Relations link (<https://www.m1.com.sg/aboutm1/investors>) of the Company's corporate website. Up-to-date information such as the Investor Relations contact, the Company's vision and mission statements and the Group structure, can also be found on the Company's corporate website. Other useful information, such as the Company's Annual reports (since 2003 to date), its Corporate Governance Report and Supplier Code of Conduct are also readily accessible by shareholders from the Company's corporate website and/or our Annual Report.

In 2017, the Group and the Company continued to release its quarterly and full year results within one month from the end of the relevant financial period, in the form of a press release, financial statements containing management's discussion and analysis of performance and outlook, and a presentation containing highlights and a review of financial and operating performance. Conference calls with media and analysts were held jointly immediately after the release of results. Audio webcasts of these events were made available on the Company's website. Information on major new initiatives by the Group and the Company was also made public as soon as feasible.

The Company participated in several investor conferences and roadshows during the year, and discussions were based on publicly-available materials and information. The Company does not practise selective disclosure, and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure.

The Group and the Company view the AGM as an important platform for shareholders to engage in interactive and open dialogue with the Board and senior management. The last AGM, held on 12 April 2017, was well attended by Board members including the Chairman, CEO, and senior management. The respective Chairmen of the Audit, Nominating, Risk and Remuneration Committees, and the external auditors were also all present. The Annual Report and Notice of AGM were sent to all shareholders three weeks prior to the last AGM, to give shareholders sufficient time to review the information. During the AGM, shareholders had the opportunity to voice their views and direct questions regarding the Group and the Company to Directors, including the Chairman and the chairmen of the Board Committees, as well as to the Company's senior management.

### 14 SHAREHOLDER RIGHTS & COMMUNICATION WITH SHAREHOLDERS (CONT'D)

The Company appointed an independent party to count and validate the votes, and disclosed the voting and vote tabulation procedures used before the AGM proceeded. There are provisions in the Company's Constitution which allow for absentia voting, and shareholders who hold shares through nominees are allowed to appoint more than two proxies or to attend the AGM as observers. All resolutions were put to vote by electronic polling at the last AGM, and announcements of the detailed results showing the number of votes for and against each separate resolution for each substantial issue and the respective percentages were also made at that AGM and announced via the SGXNet on the same day. Minutes of the AGM that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, responses from the Board and senior management, and the attendance of the Board members and senior management, was promptly prepared by the Company post-AGM and made available to shareholders upon request.

The Group and the Company managed ongoing communication with the investment community throughout the year and responded diligently and promptly to all enquiries from shareholders, analysts and other interested parties, through a dedicated Investor Relations team. All enquires are responded to within two working days.

M1 is committed to creating long-term value for shareholders. This is exhibited through our long-standing policy of maintaining a sustainable dividend payout ratio and returning excess cash to shareholders in the absence of value-enhancing opportunities. Dividend payments have been timely and were made to shareholders within 30 days after the declaration of interim dividends and/or shareholders' approval of final dividends in 2017. Barring unforeseen circumstances, we propose to maintain a dividend payout ratio of 80% of net profit after tax for 2018.

## E INTERNAL CODES OF CONDUCT & INTERESTED PARTY TRANSACTIONS

### 15 SECURITIES TRANSACTIONS

#### *Listing Manual Rule 1207(19)*

The Group and the Company have issued a Code for Dealings in M1 Shares (M1 Code) for the guidance of Directors, management and other officers. The M1 Code, which is based on the SGX-ST Listing Rule 1207(19) with respect to dealings in securities, stipulates that Directors, management and other officers of the Group and the Company who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before the announcement of the Group's and the Company's first, second and third quarter results and one month before the announcement of the Group's and the Company's full year results and ending on the date of the announcement of such results; and when they are in possession of price-sensitive and confidential information, in accordance with the laws of insider trading.

The M1 Code also includes the prohibition that an officer should not deal in the Company's shares on short-term considerations. The M1 Code is incorporated as part of the Group's and the Company's Human Resource Manual and is available on the Intranet accessible by all staff. A reminder is also circulated to Directors, management and other officers every quarter before the commencement of the period during which dealings in shares are prohibited and to those with access to price-sensitive and confidential information.

16 EMPLOYEE CODE OF CONDUCT

The Group and the Company have a Code of Conduct which all employees are required to adhere to. The key tenets of this Code, which is available on the Company's Intranet, include the following:

- Employees are prohibited from activities that may lead to conflicts of interest when dealing with suppliers, customers and other business partners. If a conflict of interest arises, their manager must be informed immediately
- Employees and their family members are prohibited from soliciting or accepting any gifts or favours from any suppliers or clients. If refusal is difficult, the employee must report the gift to his/her line manager. The gift should be handed over to the Group's and the Company's Human Resource department for further handling and appropriate disposal
- Employees are not allowed to download hacking tools or file-sharing programmes for the purpose of downloading pirated and other illegal materials
- Employees should not distribute content disparaging colleagues, customers or business partners
- Employees are expected to maintain appropriate relationships with other employees. Employees should disclose family or close personal relationships between themselves to their managers, with such employees being strictly prohibited from working in a supervisor-subordinate relationship

17 RESPONSIBLE PROCUREMENT

The Group and the Company purchase the following key products and systems from time to time, to support its business operations:

- Networks and related application systems
- Application systems and computers
- Mobile phones, tablets, accessories, and other consumer devices
- Furniture, fittings and equipment for the Group's and the Company's offices

The Group's and the Company's procurement function adheres to a transparent procurement process, and suppliers are selected based on merit or criteria such as vendor experience and track record, ability to meet the required specifications, price competitiveness, and level of after-sales support.

To further enhance ethical practices on the part of the Group's and the Company's suppliers, the M1 Supplier Code of Conduct was introduced in January 2015. This Code sets out the Group's and the Company's expectations of its suppliers, including their compliance with all applicable laws, prohibition on illegal or unethical behaviour such as bribery and corruption, and protection of customer data.

For financial details of the Group's and the Company's procurement, please refer to the Financial Statements of this Annual Report, under Fixed assets and Inventories.

18 INTERESTED PERSON TRANSACTIONS (IPTs) & MATERIAL CONTRACTS

*Listing Manual Rules 907 & 1207(8)*

Management identifies and discloses the IPTs entered into by the Company and the Group on a monthly basis. On a quarterly basis, Internal Audit independently reviews the IPT balances. The review ensures the accuracy and completeness of the IPT disclosures and determines whether the IPT reporting requirements under the Listing Manual rules have been adhered to. The review is submitted to the Audit Committee.

18 INTERESTED PERSON TRANSACTIONS (IPTs) & MATERIAL CONTRACTS (CONT'D)

Interested person transactions carried out during the financial year ended 31 December 2017 by the Group and the Company were as follows:

	Aggregate Value of All Interested Person Transactions during the Financial Year under Review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate Value of all Interested Person Transactions conducted under a Shareholders' Mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)
	2017 S\$'000	2017 S\$'000
<b>Transactions for the Purchase of Goods and Services<sup>1</sup></b>		
Singapore Telecommunications Limited & its associates	-	48,800
SingPost Ltd	-	2,812
Axiata Group Berhad	-	4,155
Keppel Logistics Pte Ltd	-	1,302
Starhub Ltd & its associates	-	18,852
Temasek Holdings (Private) Limited & its associates	-	5,299
<b>Transactions for the Sale of Goods and Services</b>		
Singapore Telecommunications Limited & its associates	-	14,034
Axiata Group Berhad	-	2,364
Starhub Ltd & its associates	-	6,988
Temasek Holdings (Private) Limited & its associates	-	1,350
<b>Total Interested Person Transactions</b>	-	<b>105,956</b>

<sup>1</sup> As defined in Chapter 9 of the Listing Manual of the SGX-ST

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Group and the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

# INVESTOR RELATIONS

Effective communications with shareholders, the investment community and other interested parties is a key objective of our Investor Relations (IR) programme, which we seek to fulfil through a series of planned IR activities and timely dialogues. Throughout the year, we have provided our stakeholders with prompt, regular and relevant updates, to facilitate their having an informed opinion of M1 and the industry which we operate in.

In 2017, we continued to publicly release quarterly, interim and full-year results within one month of financial period. All materials relating to the Company's results, including presentation slides and press releases, were made available immediately on our website, after posting with the Singapore Exchange (SGX). Analysts, investors and the media were invited to join our conference calls, which were accompanied by question and answer sessions with senior management, on the same day of every results announcement. Audio webcasts and transcripts of these events were also made available on the M1 website.

Key developments for M1 in 2017 included the launch of Singapore's first unlimited data 4G mobile plan to cater to customers' growing data needs and the launch of Southeast Asia's first commercial nationwide NB-IoT network. The IR team continued to ensure all interested parties are kept abreast of major developments, through timely distribution of media releases and a proactive approach in answering related queries.

As part of our ongoing commitment to open communication and regular engagement with the investment community, senior management remained directly accessible to analysts and investors, providing them with updates of the Company's developments and outlook through various avenues, such as one-on-one and group meetings, teleconferences, non-deal roadshows (NDRs) and investor conferences, both locally and abroad. These first-hand interactions are key to understanding analysts and investors' views on the Company's performance and strategy, and addressing any concerns that they may have.

As at 22 February 2018, the free float<sup>1</sup> of M1 shares was 38.48%, with significant shares held by institutional investors across Asia, the UK and the USA. To maintain our engagement with current and potential institutional investors in these regions, we undertook NDRs in 2017 to Japan and the UK. Locally, we participated in three investor conferences, namely Deutsche Bank Access Asia Conference, Macquarie ASEAN Conference and Nomura Investment Forum Asia.

The IR team is easily accessible to analysts, current and potential investors who may need to seek clarification or provide feedback with regard to the Company. All email queries are welcomed and can be addressed to [ir@m1.com.sg](mailto:ir@m1.com.sg). Shareholders and interested parties are also encouraged to access the M1 corporate website at [www.m1.com.sg](http://www.m1.com.sg) for the latest updates.

As always, the Annual General Meeting (AGM) is an important platform for shareholders to communicate directly with the Board and members of the senior management team. We continue to host our AGMs at a central and accessible location for shareholders' convenience. Board members and members of the senior management team make their best effort to attend the AGM. Our 15<sup>th</sup> AGM, held on 12 April 2017 at the Suntec Singapore Convention & Exhibition Centre, was well attended by shareholders. The minutes of the AGM were promptly prepared after the AGM and made available to shareholders upon request. The minutes included substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, as well as responses from the Board and members of senior management.

M1 is committed to creating long-term value for shareholders. This is demonstrated through our long-standing practice of maintaining a sustainable dividend payout ratio and returning excess cash to shareholders in absence of value-enhancing opportunities. For 2017, we announced an interim dividend of 5.2 cents per share and a final dividend of 6.2 cents per share, bringing the total dividend declared to 11.4 cents per share. Barring unforeseen circumstances, we proposed to maintain a dividend payout ratio of 80% of net profit after tax for 2018.

## HISTORICAL CAPITAL DISTRIBUTIONS

Year	Interim Dividend (cents)	Final Dividend (cents)	Special Dividend (cents)	Other Distributions (cents) <sup>2</sup>
2017	5.2	6.2 <sup>1</sup>	–	–
2016	7.0	5.9	–	–
2015	7.0	8.3	–	–
2014	7.0	11.9	–	–
2013	6.8	7.1	7.1	–
2012	6.6	6.3	1.7	–
2011	6.6	7.9	–	–
2010	6.3	7.7	3.5	–
2009	6.2	7.2	–	–
2008	6.2	7.2	–	–
2007	2.5	8.3	–	4.6
2006	5.8	7.5	–	22.2
2005	5.0	8.1	12.2	–
2004	4.9	5.8	–	11.0
2003	3.9	5.5	–	–

Note: On per share and declared basis

<sup>1</sup> Subject to shareholders' approval at the 16<sup>th</sup> AGM

<sup>2</sup> M1 undertook capital reduction exercises in 2004, 2006 and 2007

## FINANCIAL CALENDAR FOR 2018

Date	Event/Announcement
23 January 2018	Release of 2017 full year results
11 April 2018	Annual General Meeting
27 April 2018	Payment of 2017 final dividend (subject to shareholders' approval at the 16 <sup>th</sup> AGM)
April 2018 <sup>1</sup>	Release of 2018 first quarter results
July 2018 <sup>1</sup>	Release of 2018 half year results
August 2018 <sup>1</sup>	Payment of 2018 interim dividend (if applicable)
October 2018 <sup>1</sup>	Release of 2018 third quarter results

<sup>1</sup> Actual date will be released through M1's and SGX's websites, closer to the event/announcement

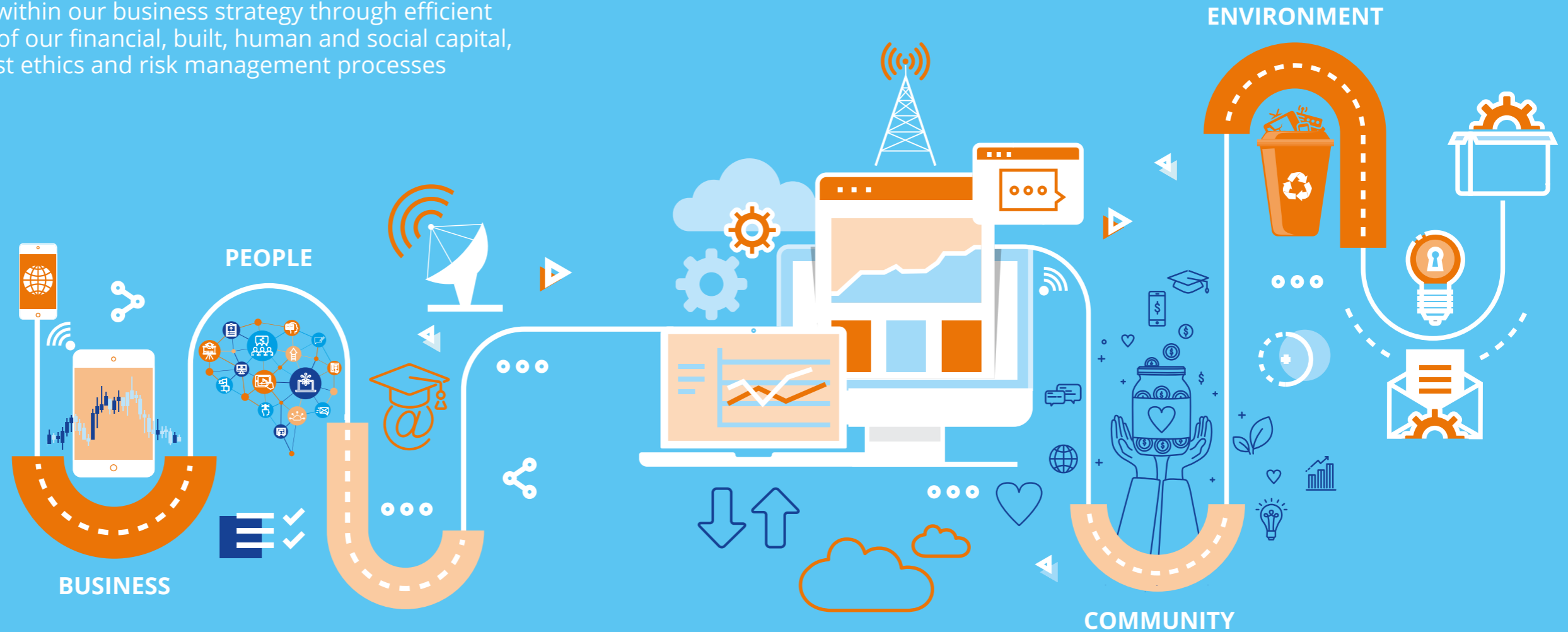
<sup>1</sup> Free float is defined as the percentage of total issued share capital of the Company held in the hands of the public (on the basis of information available to the Company)

# SUSTAINING

We integrate sustainability within our business strategy through efficient allocation and deployment of our financial, built, human and social capital, as well as put in place robust ethics and risk management processes

## EMBRACING CORPORATE CITIZENSHIP

**W**e pursue sustainable growth and performance for our business, based on a high standard of corporate governance and risk management policies and processes



## INVESTING

### OUR BUSINESS

We are committed to enhancing the performance and resiliency of our networks and delivering a better customer experience

**>S\$2 billion**  
invested in mobile and fixed network infrastructure

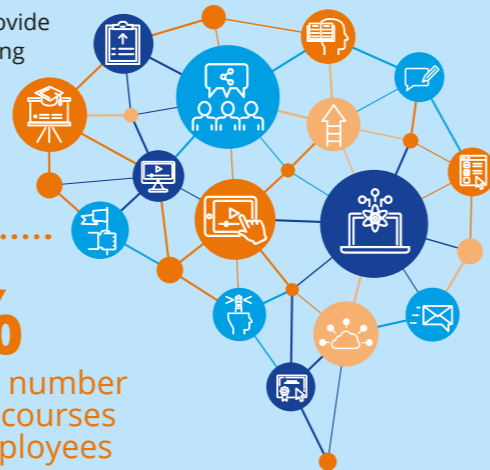


## TRAINING

### OUR PEOPLE

We strive to provide a safe, motivating and inclusive workplace that develops and rewards talent

**30%**  
increase in number of training courses for our employees



## CARING

### OUR COMMUNITY

Through our sustained corporate social responsibility programmes in three focus areas – the arts, sports and youth causes – we aim to deliver a lasting and positive impact on our community

**>15**  
community programmes and events funded in 2017



## RECYCLING

### OUR ENVIRONMENT

We conduct our business operations responsibly and efficiently, and constantly seek to minimise our environmental footprint and make effective use of limited resources

**3.3**  
tonnes of recyclable e-waste collected



SUSTAINABILITY  
REPORT

BOARD STATEMENT (GRI 102-14)

We recognise the vital role we play in creating a sustainable society for future generations, and have integrated sustainability into every aspect of our business. We will continue to advance our sustainability practices to maximise long-term social, environmental and financial value for all stakeholders

Recognising the vital role that today's businesses have in creating a sustainable society for tomorrow's generations, sustainability has always been integral to M1's operations. We integrate sustainability within our business strategy through efficient allocation and deployment of our financial, built, human and social capital, as well as put in place robust ethics and risk management processes. By recognising and adapting to risks and opportunities that arise from changes in economic, regulatory and technological trends, we have been growing a sustainable business that delivers value for shareholders, employees, business partners and communities, since we commenced commercial operations in 1997. M1 now employs over 1,500 people to serve more than two million customers and we are fully committed to building a sustainable future for all stakeholders.

We also recognise the challenges that come hand in hand with the commitment to sustainable growth. Security and data protection issues will continue to be of paramount importance to us, as will the need to reduce our carbon footprint while still delivering a superior customer experience. We are continuously investing in more resilient security measures and energy efficient systems to meet these requirements.

Sustainability issues are managed and communicated across all levels of our organisations. The Board of Directors oversees the material environment, social and governance (ESG) factors of the Company and had considered sustainability issues as part of the strategic formulation. M1's Chief Operating Officer, supported by the heads of key departments, has responsibility for the Company's sustainability policies, practices and performance.

The Board is informed of progress regarding sustainability issues and has approved the sustainability framework and the scope of the sustainability report, which cover four key areas of

focus: our business, our people, our community and our environment. More information about the Company's approach, targets and performance in each of these areas is set out in the Introduction to this report. Some of the achievements of 2017 include:

- Narrowing the digital divide and enabling families in the underprivileged and underserved segments to enjoy the benefits of communications technology through various community programmes with the Info-communications Media Development Authority (IMDA). As the appointed vendor, M1 dedicates resources to carry out these initiatives on a multi-year basis.
- Dedicating more than S\$1.9 million to CSR sponsorships in 2017. Throughout the years, we have maintained our commitment to CSR sponsorships, as we believe that sustained support is critical and this is our way of giving back to society.

We have been producing sustainability reports since 2011. We will continue to advance our sustainability practices and reporting process to help us maximise long-term value socially, environmentally and financially.

SUSTAINABILITY  
REPORT

INTRODUCTION (GRI 102-53)

M1's sustainability goals are to create value for our stakeholders, make a positive impact on our community and minimise our environmental footprint

.....  
**8**  
key stakeholders engaged

.....  
**14**  
material topics identified

We are committed to behaving responsibly and ethically in all our endeavours; tackling the challenges of sustainability to create enduring value and meet the expectations of all our stakeholders, both now and into the future.

In this sustainability report, the Company's seventh, we present the

economic, environmental, social and corporate governance performance of our operations in Singapore during 2017. Our achievements, progress and targets for the reporting year are detailed in four sections, each representing a key area of focus for our operations, namely: Our Business, Our People, Our Community and Our Environment.

OUR BUSINESS	
	We pursue sustainable growth and performance for our business, based on a high standard of corporate governance and risk management policies and processes.
OUR PEOPLE	
	We strive to provide a safe, motivating and inclusive workplace that develops and rewards talent.
OUR COMMUNITY	
	Through our sustained corporate social responsibilities programmes in three focus areas – the arts, sports and youth causes – we aim to deliver a lasting and positive impact on our community.
OUR ENVIRONMENT	
	We conduct our business operations responsibly and efficiently, and constantly seek to minimise our environmental footprint and make effective use of limited resources.

We welcome feedback on this report, any aspect of our sustainability performance and possible areas of improvement at [corpcomms@m1.com.sg](mailto:corpcomms@m1.com.sg)

SUSTAINABILITY  
REPORT  
INTRODUCTION

REPORTING SCOPE AND  
BOUNDARIES  
(GRI 102-54, 102-12, 102-56)

This M1 sustainability report has been prepared in accordance with the Global Reporting Initiative's (GRI) Standards<sup>1</sup>: Core option, and is limited to operations under our direct control for the period 1 January to 31 December 2017. The GRI content index and the relevant references are provided on pages 109 to 112 of the report. To ensure comparability, we have used internationally-accepted measurement units and conversion factors for the reporting of performance data and indicators.

We regularly review our sustainability performance, monitoring and reporting processes, as well as new developments in sustainability reporting, to ensure ongoing improvement. This report has been updated to incorporate changes to Singapore Exchange's sustainability

reporting guidelines and the latest GRI Standards. We have sought assistance from a sustainability consultancy to ensure that alignment between the report content and the requirements of these two frameworks has been respected.

The content of this report has not been externally assured by any independent party.

SUSTAINABILITY MANAGEMENT  
WITHIN M1 (GRI 102-18)

The evaluation of M1's economic, environmental and social performance is carried out at top management level by our Chief Operating Officer, supported by the heads of our key departments. Engagement approaches with our stakeholders, material topics and relevant mitigation measures are discussed and prioritised based on expectations and best practices within the current local and global sustainability contexts, but also on

the risks and opportunities relevant to M1's business operations. M1's management approaches and performance data are regularly re-assessed according to defined targets and adapted if necessary.

Key outcomes, performance updates and proposed changes in our sustainability framework are presented to the Board of Directors for their approval and input. The Board also has oversight of M1's sustainability reporting agenda.

STAKEHOLDER ENGAGEMENT  
AND MATERIALITY (GRI 102-42)

We have identified eight stakeholder groups whose engagement with M1 is key to our sustainability efforts. We have strengthened existing engagement channels and created new ones to understand the expectations of each stakeholder group and identify the topics that are material to them.



M1 STAKEHOLDER GROUPS (GRI 102-40, 102-43, 102-44, 102-46)

Stakeholders	Main engagement channels	Stakeholder's expectations
Consumers and corporate customers	<ul style="list-style-type: none"><li>24-hour contact centre</li><li>M1 Shop outlets</li><li>Mobile and fixed sales team</li><li>Corporate sales team</li><li>Technical support team</li><li>M1 website and Facebook page feedback forms</li><li>My M1 App</li></ul>	<ul style="list-style-type: none"><li>Reliable, quality network access</li><li>Relevant and affordable products and services</li><li>Effective customer service</li><li>Data protection</li></ul>
Institutional and retail investors	<ul style="list-style-type: none"><li>Access to our Investor Relations team and senior management through:<ul style="list-style-type: none"><li>Emails</li><li>Teleconferences</li><li>Meetings</li><li>Investor conferences</li><li>Investor roadshows</li><li>Annual general meetings (AGM)</li><li>Annual reports</li></ul></li></ul>	<ul style="list-style-type: none"><li>Sustainable business growth</li><li>Long-term shareholder value</li><li>Good corporate governance</li><li>Transparency in business strategy and operations</li><li>Consideration for minority shareholders' interest</li><li>Relevant corporate social responsibility (CSR) initiatives</li></ul>
Business partners and suppliers	<ul style="list-style-type: none"><li>Meetings</li><li>Emails</li><li>Teleconferences</li></ul>	<ul style="list-style-type: none"><li>Transparent and fair procurement and other business practices</li><li>Compliance with terms and conditions of business contracts</li></ul>
Employees	<ul style="list-style-type: none"><li>Employee feedback</li><li>Team-building sessions</li><li>Annual employee appraisals</li><li>Quarterly townhall events</li><li>Open-door policy</li><li>Quarterly CEO messages</li><li>Grievance-handling channels through line management and/or Human Resource Department</li><li>Union representation</li></ul>	<ul style="list-style-type: none"><li>Safe working environment</li><li>Fair remuneration and benefits</li><li>Non-discriminatory practices</li><li>Career growth</li><li>Relevant employee training</li></ul>

<sup>1</sup> We have chosen GRI Standards (2016) as this is the latest version of the most widely used global and independent sustainability reporting framework.

# SUSTAINABILITY REPORT

## INTRODUCTION

Stakeholders	Main engagement channels	Stakeholder's expectations
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Regular formal and informal discussions</li> <li>Teleconferences</li> <li>Active participation, including written submissions, in relevant industry consultation sessions</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulations and service requirements</li> <li>Deliver continued socio-economic benefits to society</li> <li>Work with industry to maintain consistent technological standards</li> </ul>
<b>Analysts and the media</b>	<ul style="list-style-type: none"> <li>Access to our Corporate Communications and Investor Relations team through: <ul style="list-style-type: none"> <li>Emails</li> <li>Teleconferences</li> <li>Meetings</li> <li>Organised visits and industry events</li> <li>Quarterly results teleconferences</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Timely and transparent disclosure of corporate information</li> <li>Prompt response to queries</li> <li>Access to senior management</li> </ul>
<b>Trade associations</b>	<ul style="list-style-type: none"> <li>Membership of and engagement with relevant trade associations<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Make available industry approved products and services</li> <li>Adoption of industry best practices</li> </ul>
<b>Non-governmental organisations and community partners</b>	<ul style="list-style-type: none"> <li>Discussions with community groups</li> <li>Participation in relevant conferences</li> <li>Reporting on our sustainability strategy and performance</li> </ul>	<ul style="list-style-type: none"> <li>Minimise any social, public health or environmental impact</li> <li>Support deserving community efforts and underprivileged groups</li> </ul>

The following table summarises the key material sustainability topics for M1, as determined through our stakeholder engagement channels and management discussion. The table identifies which stakeholder group is impacted by each topic, explains why it is important and

outlines our management approach for each topic, as well as summarises our progress during the reporting period and identifies our targets for 2018.

In addition to the material topics highlighted in the table, there may be

other important sustainability related topics, such as impact on biodiversity. This report does not include information and performance data on these topics, as they are not material to our business, due to our operating environment or the nature of our business.

### M1 KEY MATERIAL TOPICS (GRI 102-47)

Why the Topic is Material	M1's Management Approach	2017 Achievements	2018 Targets
<b>OUR BUSINESS</b>			
<b>Governance, ethics and integrity</b>	Impacted stakeholders: <b>All</b>		
Maintaining a high standard of corporate governance, in the economic, social and environmental aspects of our business, is key to protecting the interests of all our stakeholder groups. This includes seeking feedback from and communicating transparently with all parties	<ul style="list-style-type: none"> <li>We communicate our business policies to staff and ensure that management, staff and suppliers abide by strict guidelines, codes of conduct and regulatory compliance</li> <li>We obtain annual Business Continuity Management (BCM) certification</li> <li>We conduct appropriate risk and awareness training sessions for staff</li> <li>We respond to media and analysts' queries in a timely manner and provide relevant and prompt updates on company developments</li> <li>We work closely with media and analysts to advance the Company's interests</li> <li>We continually review and improve sustainability performance and reporting</li> </ul>	<ul style="list-style-type: none"> <li>No cases of regulatory non-compliance during the year</li> <li>Increased number of performance indicators in the sustainability report</li> </ul>	<ul style="list-style-type: none"> <li>Maintain our current record of zero cases of regulatory non-compliance</li> </ul>
<b>Responsible procurement</b>	Impacted stakeholders: <b>Business partners and suppliers</b>		
Adopting a responsible procurement policy helps M1 to indoctrinate among its suppliers the same stringent sustainability principles and corporate values that it adheres to itself	<ul style="list-style-type: none"> <li>We review our Supplier Code of Conduct annually to ensure best procurement practices</li> <li>We ensure transparency throughout the tendering process</li> <li>Through our whistle-blower policy, we create avenues for reporting incidences of abuse and corruption</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed our Supplier Code of Conduct and found it to be valid</li> </ul>	<ul style="list-style-type: none"> <li>Annual review of Supplier Code of Conduct</li> </ul>
<b>Data privacy</b>	Impacted stakeholders: <b>Consumers and corporate customers</b>		
Given our role as a provider of mobile and fixed communications services, and being fully aware of the sensitivities that customers rightly have concerning data privacy, protecting that privacy is M1's prime material topic	<ul style="list-style-type: none"> <li>We subscribe to the principles and requirements of the Personal Data Protection Act 2012 (PDPA) to ensure the privacy of customers' personal data</li> </ul>	<ul style="list-style-type: none"> <li>No regulatory breaches</li> </ul>	<ul style="list-style-type: none"> <li>Maintain positive record of zero regulatory breaches</li> </ul>

<sup>2</sup> Contact Centre Association of Singapore, National Trade Union Congress, Singapore Internet Exchange, and Singapore National Employer Federation.

# SUSTAINABILITY REPORT

## INTRODUCTION

Why the Topic is Material	M1's Management Approach	2017 Achievements	2018 Targets
OUR BUSINESS			
<b>Transparency in customer communications</b>	Impacted stakeholders: <b>Consumers and corporate customers, regulators</b>		
Being fully transparent in all forms of customer communications, builds trust and strengthens our engagement with our customers and other stakeholder groups	<ul style="list-style-type: none"> <li>We have a training roadmap for our frontline staff which enables them to provide customers with comprehensive and transparent information with which to make informed decisions regarding our products and services. The process covers both content knowledge and soft skills, and includes: <ul style="list-style-type: none"> <li>New staff academy training</li> <li>Skills enhancement training</li> <li>Refreshers on important topics</li> <li>e-Learning platform</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>All frontline staff were trained in key modules including compulsory on-the-job training</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 100% of frontline staff trained in key modules including on-the-job training</li> </ul>
<b>Customer satisfaction</b>	Impacted stakeholders: <b>Consumers and corporate customers</b>		
Customer satisfaction impacts all stakeholder groups either directly or indirectly. Satisfied customers are more likely to be loyal customers who become ambassadors for the brand and build economic growth, which, in turn, leads to a better stakeholder experience for employees, investors and suppliers	<ul style="list-style-type: none"> <li>We continually invest in and review our products and services to ensure they are relevant, competitive and meet customer needs</li> <li>We conduct regular and appropriate staff training to enhance the customer experience</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 85% customer satisfaction rating<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Achieve at least 85% customer satisfaction rating</li> </ul>
<b>Public safety</b>	Impacted stakeholders: <b>Consumers and corporate customers, regulators</b>		
Having a strong public safety record, particularly in the sensitive area of radio frequency (RF) radiation levels, builds confidence and support for M1 among our customer base and industry regulators	<ul style="list-style-type: none"> <li>We comply with the Info-communications Media Development Authority's (IMDA) strict controls over the installation and transmitter power limits of our base station equipment</li> <li>We are open and transparent in the area of public health and safety, and work closely with the National Environment Agency and IMDA to ensure the levels of exposure of RF radiation from our networks are well within guideline limits</li> <li>We have mechanisms in place to respond promptly to any public safety incidents</li> </ul>	<ul style="list-style-type: none"> <li>No public safety incident</li> </ul>	<ul style="list-style-type: none"> <li>Maintain record of no public safety incident</li> </ul>

Why the Topic is Material	M1's Management Approach	2017 Achievements	2018 Targets
OUR PEOPLE			
<b>Attracting and retaining talent</b>	Impacted stakeholders: <b>Employees</b>		
Our people form an important stakeholder segment and are a critical component to our long-term success	<ul style="list-style-type: none"> <li>We offer competitive remuneration packages commensurate with qualifications, experience and job responsibilities</li> <li>We value diversity within our workforce</li> <li>We promote employees based on performance and merit</li> </ul>	<ul style="list-style-type: none"> <li>Employee attrition rate of 14.8% in 2017, from 13.1% in 2016.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve annual attrition rate equal or lower than industry norms</li> </ul>
<b>Training and education</b>	Impacted stakeholders: <b>Employees</b>		
Investment in the training and education of our people gives M1 an edge in our ever-changing and highly competitive industry. By supporting their personal development, we are enabling our people to reach their full potential	<ul style="list-style-type: none"> <li>We provide continuous training programmes to build on our employees' knowledge and skills</li> </ul>	<ul style="list-style-type: none"> <li>3.66 days of training per employee</li> </ul>	<ul style="list-style-type: none"> <li>An average of 4 days of training per employee per year</li> </ul>
<b>Workplace health &amp; safety</b>	Impacted stakeholders: <b>Employees, business partners and suppliers</b>		
Providing a safe and healthy workplace protects all stakeholders who carry out their professional responsibilities on M1 sites and strengthens our engagement with those same stakeholders	<ul style="list-style-type: none"> <li>We maintain a safe and inclusive working environment</li> <li>We conduct regular workshops to keep employees up to date with M1's workplace safety and health procedures and regulations</li> <li>We are a signatory to the Tripartite Alliance for Fair Employment Practices' Employers' Pledge of Fair Employment Practices</li> </ul>	<ul style="list-style-type: none"> <li>No fatality</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero fatality rate</li> </ul>

<sup>3</sup> Customer Satisfaction Survey across our customer touch points (Hotline, Customer Service Centres and Retail Shops).

# SUSTAINABILITY REPORT

## INTRODUCTION

Why the Topic is Material	M1's Management Approach	2017 Achievements	2018 Targets
OUR COMMUNITY			
<b>Supporting the community</b>  We believe that for a company to be successful in the long term, it should help create value for the community within which it operates. Participation in CSR programmes is a significant motivation factor for our employees	Impacted stakeholders: <b>Non-governmental organisations and community partners, employees</b>  <ul style="list-style-type: none"> <li>Through our strong CSR programmes, we continuously provide financial assistance and support to adopted community causes and conservation efforts</li> <li>We focus our efforts on the arts and sports causes in their start-up stage, where our contributions can make a meaningful impact</li> <li>We ensure products and services are available to and address the needs of underserved communities</li> <li>We involve our employees through M1 SunCare Club volunteers</li> </ul>	<ul style="list-style-type: none"> <li>We invested more than S\$1.9 million toward arts, sports and charity</li> </ul>	<ul style="list-style-type: none"> <li>Make a combined community investment of more than S\$1.5 million toward arts, sports and charity</li> </ul>
<b>Digital inclusion</b>  As connectivity becomes an ever greater part of our lives, it is important to ensure that digital services are made accessible to all members of our society	Impacted stakeholders: <b>Non-governmental organisations and community partners, regulators</b>  <ul style="list-style-type: none"> <li>Participation in industry events and dialogue sessions</li> <li>Harmonise our policies and networks with globally accepted technologies and standards</li> </ul>	<ul style="list-style-type: none"> <li>M1 partnered with IMDA on the NEU PC Plus Programme, and the Home Access Programme and Digital TV Assistance Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Continue to partner government agencies to enable low-income households to benefit from digital/ connectivity services</li> </ul>

Why the Topic is Material	M1's Management Approach	2017 Achievements	2018 Targets
OUR ENVIRONMENT			
<b>Energy usage</b>  In line with the Singapore Government's 2015 pledge that the country will become more efficient in its economic activity by the year 2030, a reduction in the use of non-renewable energy sources is a priority for M1	Impacted stakeholders: <b>All</b>  <ul style="list-style-type: none"> <li>We continually measure and review our environmental footprint to identify feasible initiatives to make the most efficient use of limited resources in a sustainable way</li> <li>We implement more energy-efficient technologies</li> </ul>	<ul style="list-style-type: none"> <li>Total power consumption of our operations increased 0.1% despite an 11% increase in new base stations deployed</li> </ul>	<ul style="list-style-type: none"> <li>Minimise increase in total power consumption, despite expansion of mobile networks and ICT systems</li> </ul>
<b>Carbon footprint</b>  It is essential to prevent our current actions on the climate from compromising the life of future generations. The Singapore Government's 2030 targets towards the global fight against climate change also highlight the need for companies to reduce their carbon footprint and look towards renewable energy sources	Impacted stakeholders: <b>All</b>  <ul style="list-style-type: none"> <li>We have implemented new approaches, such as use of solar panels, to reduce our consumption of non-renewable energy</li> <li>We adopt new measures to reduce indirect carbon emissions (electronic equipment recycling and reduction in paper consumption)</li> </ul>	<ul style="list-style-type: none"> <li>Launched e-waste recycling trial at selected M1 Shops and M1 buildings</li> <li>eBill penetration at 15% (May 2017)</li> </ul>	<ul style="list-style-type: none"> <li>Roll out e-waste recycling to more collection sites</li> <li>Raise eBill penetration to 20% of customer base</li> </ul>
<b>Water usage</b>  The supply of fresh water in Singapore is limited. Maximising opportunity to replace fresh water with reclaimed water is an important step towards environmental sustainability	Impacted stakeholders: <b>All</b>  <ul style="list-style-type: none"> <li>We continually seek out opportunities to reduce our consumption of potable water and increase consumption of reclaimed NEWater, e.g. for cooling</li> </ul>	<ul style="list-style-type: none"> <li>NEWater/potable water consumption ratio: 23/77</li> </ul>	<ul style="list-style-type: none"> <li>Increase NEWater/ potable water ratio to 30/70</li> </ul>

Fairness, transparency and integrity are core to every aspect of M1’s operations. We aim to meet or surpass the expectations of every stakeholder, and add value to the nation’s economy, through sound, innovative and sustainable business practices

>**\$2 billion**  
invested in mobile and fixed network infrastructure in the last 20 years

**IMDA’s**  
appointed vendor for their various programmes to narrow the digital divide

**Code of Conduct**  
for suppliers imposed within M1’s entire supply chain

**ADDING VALUE TO THE ECONOMY (GRI 203-1, 203-2, PA1, PA2, PA3, PA4)**

Technology and connectivity are integral to everyone’s lives today, be it at work or play. We constantly review and update our products and services to ensure they are relevant and offer meaningful value to all our customers, including the underprivileged and underserved communities.

M1 worked with the Info-communications Media Development Authority (IMDA) as the appointed vendor to provide broadband access to students and persons with disabilities from low-income households throughout 2017 under the NEU PC Plus Programme. Through this programme, eligible applicants receive a complimentary 4G or fixed fibre broadband connection for three years. To date, more than 7,000 households have benefitted from this programme.

In addition, as IMDA’s appointed vendor for the Home Access Programme and Digital TV Assistance Scheme, we continued to help low-income households with subsidised

fibre broadband connectivity and to make the switch from analogue to Digital TV through free digital set-top boxes and indoor antennas. Analogue TV broadcast will cease in Singapore by end 2018, and households are required to migrate to Digital TV in order to continue to enjoy free-to-air TV programmes. To date, more than 8,000 households have benefitted from the Home Access Programme and 67,000 households have benefitted from the Digital TV Assistance Scheme.

These efforts have made a positive impact in narrowing the digital divide and enabling families in the underprivileged and underserved segments to enjoy the benefits of communications technology.



**ECONOMIC PERFORMANCE (GRI 102-7, 201-1)**

OUR KEY ECONOMIC INDICATORS ARE AS FOLLOWS:

	Group	
	2017 S\$m	2016 S\$m
Operating revenue	1,071.1	1,060.9
Net profit after tax	132.5	149.7
Operating expenses (including staff cost)	899.9	880.9
Staff costs	122.5	115.0
Dividends paid to shareholders	103.2	142.3
Tax paid	24.4	33.2
Community investments	1.94	1.87

For more details of our financial performance, please refer to the Financial Statements section of this Annual Report.

**NETWORK AND SYSTEMS INVESTMENT (GRI IO1)**

M1 commits to ongoing investment in new technologies, as well as coverage and capacity expansion, to enhance the performance and resiliency of our networks and deliver a better experience for our customers.

Since our inception in 1997, we have invested more than S\$2.0 billion in expanding and upgrading our mobile and fixed network infrastructure. In 2017, we continued to optimise our 4.5G Heterogeneous Network (HetNet)

and deployed 300 Small Cell/WiFi sites at targeted high-traffic hotspots to augment the customer experience. To catalyse smart solutions innovation and support Singapore’s transformation into a Smart Nation, we launched Southeast Asia’s first commercial nationwide NB-IoT (Narrowband Internet of Things) network in August 2017.

In enabling hyper-connectivity to millions of devices, sensors and services, the Internet of Things (IoT) is a key Smart Nation building block. With our NB-IoT network, solution

providers and businesses can develop and deploy new IoT-enabled solutions such as smart energy management for buildings and homes, environmental monitoring, asset tracking and fleet management. We will continue to work closely with government agencies, technology partners, and customers to spur the development of more smart solutions in the future.

More details of our network investments can be found in the Operating Review section of this Annual Report.

**Intelligent waste management system with M1’s NB-IoT network**

M1, OTTO Waste Systems and SmartCity Solutions signed a Memorandum of Understanding (MOU) in November 2017 to implement the first intelligent waste management system in Singapore, utilising NB-IoT technology. This initiative is a key milestone in support of Singapore’s transformation towards a Smart Nation.

With M1’s NB-IoT enabled solutions and IoT platform, sensors attached to OTTO’s trash containers will send out real-time alerts to SmartCity’s centralised management system when the appropriate level of waste is reached. This allows waste management companies to improve the operational efficiency of resources such as manpower and fuel by only clearing full containers. The waste data collected can be aggregated and analysed through M1’s data analytics platform to help companies further streamline their operations, such as bin distribution and waste collection frequency, enabling a greener environment.



### M1 and NTU conduct Singapore's first comprehensive research on the use of 4.5G HetNet for secure drone operation



In the second half of 2017, M1 and Nanyang Technological University, Singapore (NTU) conducted

successful trials using M1's 4.5G HetNet to provide command, control and communication capabilities required for safe and efficient drone operations.

Conventional drones use an unlicensed spectrum such as 2.4 GHz band to provide short-range line-of-sight wireless connectivity but are susceptible to radio signal interference. In contrast, a well-optimised 4.5G HetNet provides secured mobile connectivity, enabling drones to fly beyond visual range in an urban environment.

In addition, drones could send real-time data and telemetry feeds during flight, with their precise

aerial locations monitored over M1's 4.5G HetNet. This paves the way for a dynamic and robust fleet traffic management solution required for the smart utilisation of Singapore's urban airspace and its surrounding sea-to-shore coverage.

To further the collaboration, M1 and NTU's Air Traffic Management Research Institute signed a MOU, to research and develop M1's 4.5G HetNet for the traffic management of unmanned aircraft systems in Singapore's urban environment. The findings from this research could provide valuable insight for unmanned operations using future 5G network.

### OUR PRODUCTS AND SERVICES

#### Expanding our corporate customer reach

The corporate and ICT business is a growth segment for M1. We have accelerated our investments in technology, infrastructure and expertise, as well as strengthened our product offerings to capture this growth and new opportunities in the digital economy. In 2017, we launched new initiatives to enable corporate customers of all sizes to leverage technology to improve their competitiveness and operational efficiency. These corporate initiatives include new enterprise mobile plans featuring the use of local data bundles across 56 popular business destinations, the world's first 10Gbps symmetrical PON (passive optical network) connectivity service, as well as expansion of our fibre

network to more commercial buildings to provide high-speed connectivity and value-added services.

#### Data protection

We respect our customers' privacy and do not collect, use or disclose customers' personal data other than as permitted under applicable laws, including the Personal Data Protection Act 2012 (the Act).

All M1 employees are trained regarding their obligations under the Act, with e-learning refreshers made available annually to ensure employees are kept up-to-date with the Act.

Additionally, two senior executives of the Company have been appointed Data Protection Officers to oversee

compliance with the Act in relation to both customer and employee personal data.

#### Transparency in customer communications

M1 clearly labels all products and services in advertisements, marketing collateral and website, and provides all relevant details in customer contracts. Prior to processing any customer transaction, the following are explained clearly and concisely by our employees:

- Prices
- Product specifications
- Excess charges
- Value-added services offered on a promotional or trial basis
- Early termination charges

#### Public safety (GRI 416-1, 102-12)

We recognise the public's concern about potential radio frequency (RF) radiation from telecommunications equipment, including mobile devices and base stations.

To date, the World Health Organisation<sup>4</sup> has found no substantiated link between exposure to RF radiation and adverse impact on human health. Additionally, the IMDA exercises strict control over the installation and transmitter power limits of M1's base station equipment, and conducts site visits to ensure compliance with the International Commission on Non-Ionising Radiation Protection's standards. In 2017, such tests were carried out at more than 200 of our sites and no corrections were required.

We are committed to public health and safety, and during installation of our base stations, we ensure that the radio frequency radiation remains within regulatory levels. We will continue to monitor radiation levels at our stations, and any further scientific developments, to ensure our networks meet all relevant guidelines. We will also continue to be open and transparent in our approach to public health and safety, and work closely with the National Environment

Agency and IMDA to ensure the levels of exposure of RF radiation from our networks are well within the guideline limits.

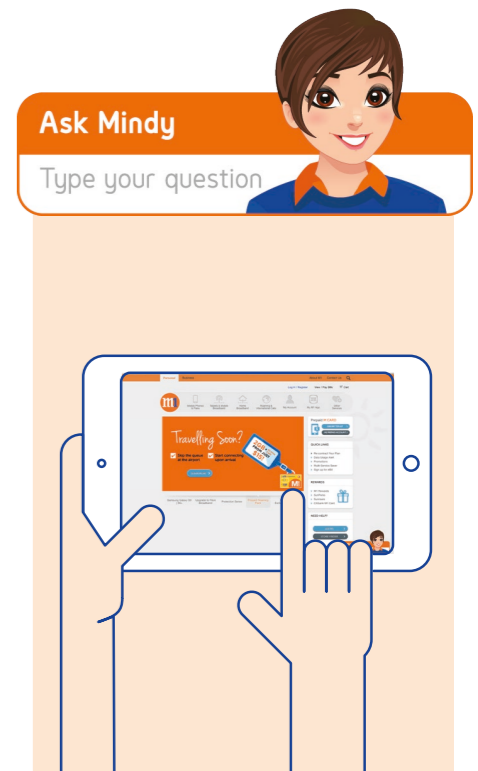
#### Customer satisfaction

Delivering excellent customer service is one of M1's core operating tenets. We continually invest in customer service training and review our business processes to ensure consistent and high-quality service across all customer touch points.

In November 2017, we launched Mindy, our online chatbot self-service tool that empowers customers to search for answers via a chat interface. This enables customers to have real-time, always available and accurate answers to their queries on products and services, as well as frees up more time for our customer service officers to handle more complex requests, thus improving overall efficiency and service experience.

To help our workforce better appreciate customers' needs and achieve service excellence, all new employees undergo an attachment programme at our customer contact centre and retail outlets during their orientation.

We value customer feedback in helping us to improve our service, and gather such information through a multitude of channels including our 24-hour contact centre, retail outlets, letters to the media, mystery shopping surveys, and from social media networks such as Facebook.



<sup>4</sup> The World Health Organisation is currently conducting a formal assessment of all studied health outcomes (<http://www.who.int/mediacentre/factsheets/fs193/en/>).

SUSTAINABILITY  
REPORT

OUR BUSINESS

ETHICAL STANDARDS AND  
RESPONSIBILITIES

We are committed to conducting our business in a responsible and ethical manner, in compliance with all applicable laws and regulations. We also support voluntary codes and best practice guidelines that benefit our stakeholders and society at large.

M1 protects vulnerable customer segments such as children and youths from undesirable content, and has worked with other mobile operators to create the Voluntary Code of Self-Regulation of Mobile Content in Singapore to protect minors from accessing prohibited content via mobile phones. We have made a variety of tools available at both network and device levels, to enable parents to monitor their children’s online activity.

Anti-corruption (GRI 205)

M1 subscribes to a ‘zero tolerance’ policy on fraud, corruption and other forms of unethical behaviour or conduct. Awareness training programmes are conducted to initiate and update employees on the Company’s anti-corruption policies and all new employees are required to acknowledge our Code of Conduct. In addition, existing staff are required to make an annual declaration on any conflict of interest.

Under the M1 whistle-blower policy, employees and suppliers are encouraged to report any suspicious or irregular behaviour they may encounter in the course of their work, with the assurance that allegations will be investigated and their identities protected.

Our suppliers play a key role in our value chain and we regularly engage with them to identify any new issues

Regulatory compliance  
(GRI 418-1, 307-1, 416-2, 417-3, 419-1, 205-3)

Key laws and regulations which govern our core telecommunications business and quality of service (QoS) delivery standards to our customers include the Telecommunications Act and Telecoms Competition Code (2012).

Additionally, we abide by all applicable business, social, environmental, health, manpower, consumer protection, data protection and marketing-related laws and regulations.

M1 was not fined by any authority in 2017 for non-compliance with any laws and regulations and had no incident of corruption during the year.

Sustainable Procurement  
(GRI 102-9, 204-1)

In FY2017, M1 engaged 480 suppliers to support us in the supply of telecom equipment and services, terminals and devices, ICT solutions, software and computer hardware products, as well as cable installation.

95% of these suppliers were Singapore-based and represented 96% of our total procurement spending for the year.



and ensure that the quality of our product and services is maintained and aligned with our business values and principles.

All our suppliers are required to comply with M1’s Supplier Code of Conduct, which was introduced in 2015 to set out the standards of business behaviour that the Company’s suppliers are expected to meet or exceed. The M1 Supplier Code of Conduct covers topics such as ethics, human rights, non-discrimination, fair compensation, collective association, health and safety, and protection of the environment. Suppliers are required to comply with all applicable laws, regulations

and conventions. The Code also outlines procedures for suppliers to report any M1 director, officer, employee or representative who breaches ethical standards.

In 2017, M1 developed a new self-assessment questionnaire on business continuity plan (BCP) readiness with our key suppliers. The BCP assessment programme will be implemented throughout 2018.

For additional information on M1’s ethical behaviour, employee code of conduct and responsible procurement, please refer to the Corporate Governance section of this Annual Report.

SUSTAINABILITY  
REPORT

OUR PEOPLE

Investment in our people is an investment in our future. Our people are key to us in delivering excellent customer experience and creating long-term value for all stakeholders

50.4% : 49.6%  
overall women to men ratio

31.1  
hours of training on average per employee

30%  
increase in number of training courses attended by employees since 2016

Zero  
workplace accidents or injuries

We are living in an increasingly digital world; one where the ability of M1 to attract, develop and retain exceptional people is more important than ever if we are to maintain our position as Singapore’s most vibrant and dynamic communications company, and service provider of choice.

Knowing how critical our people are to M1’s success, we offer every opportunity for them to realise their full potential within a safe and welcoming environment. We encourage them to take ownership of their work and foster a work ethic that embraces inclusiveness, diversity and teamwork.

EMPLOYEE PROFILE  
(GRI 102-8, 401-1)

As at end 2017, M1 employed 1,541 people. The majority of our employees are in technology, marketing, customer service and retail functions on a full-time basis. About 2% of the workforce are part-timers or temporary contract hires.

During 2017, we hired 238 employees, while 249 left the company. This corresponds to a turnover rate of 14.8% for the year, which is in line with industry norms.

TYPE OF EMPLOYMENT (GRI 405-1)

	Male	%	Female	%	Total	%
2017						
Full-time	750	98.2%	759	97.7%	1,509	97.9%
Part-time	1	0.1%	2	0.3%	3	0.2%
Contract	13	1.7%	16	2.1%	29	1.9%
Total	764	100.0%	777	100.0%	1,541	100.0%
2016						
Full-time	740	98.1%	771	96.7%	1,511	97.4%
Part-time	2	0.3%	6	0.8%	8	0.5%
Contract	12	1.6%	20	2.5%	32	2.1%
Total	754	100.0%	797	100.0%	1,551	100.0%

LENGTH OF SERVICE

	2017	%	2016	%
<5 years	728	47.2	746	48.1
5-10 years	288	18.7	314	20.2
>10 years	525	34.1	491	31.7
Total	1,541	100.0	1,551	100.0



SUSTAINABILITY  
REPORT

OUR PEOPLE

EQUALITY AND DIVERSITY  
(GRI 404-3, 102-13, 406-1)

We value and celebrate the diversity of our people, which in turn helps foster innovation and enable us to better understand and serve our customers.

Prospective employees are evaluated based on their qualifications, capabilities and experience, regardless of gender, age or ethnicity. Twice a year, employee evaluations are conducted through a transparent appraisal process, and performance targets are set with the employee's input.

As a believer in fair, responsible and merit-based employment practices, M1 is a signatory to the Employers' Pledge of Fair Employment Practices set up by the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP).

The Company did not have any internal incidents of discrimination or receive any complaint with regard to discriminatory practices in 2017.

EMPLOYEE CATEGORIES (GRI 405-1)

	Male %	Female %
<b>2017</b>		
Senior Management	69.8	30.2
Mid-Management	57.9	42.1
Executive	55.3	44.7
Non-Executive	41.9	58.1
<b>Total</b>	<b>49.6</b>	<b>50.4</b>
<b>2016</b>		
Senior Management	76.8	23.2
Mid-Management	55.0	45.0
Executive	53.8	46.2
Non-Executive	42.2	57.8
<b>Total</b>	<b>48.6</b>	<b>51.4</b>

AGE AND ETHNIC GROUPS (GRI 405-1)

FEMALE WORKFORCE

Age	Chinese	Indian	Malay	Others	Total
<b>2017</b>					
Under 30	142	9	4	33	188
30 – 50	387	23	31	85	526
Over 50	51	4	5	3	63
<b>Total</b>	<b>580</b>	<b>36</b>	<b>40</b>	<b>121</b>	<b>777</b>
<b>Percentage mix</b>	<b>74.6%</b>	<b>4.6%</b>	<b>5.2%</b>	<b>15.6%</b>	<b>100.0%</b>
<b>2016</b>					
Under 30	163	7	6	34	210
30 – 50	387	21	33	90	531
Over 50	46	1	5	4	56
<b>Total</b>	<b>596</b>	<b>29</b>	<b>44</b>	<b>128</b>	<b>797</b>
<b>Percentage mix</b>	<b>74.8%</b>	<b>3.6%</b>	<b>5.5%</b>	<b>16.1%</b>	<b>100.0%</b>

MALE WORKFORCE

Age	Chinese	Indian	Malay	Others	Total
<b>2017</b>					
Under 30	148	5	4	15	172
30 – 50	388	15	27	67	497
Over 50	76	4	7	8	95
<b>Total</b>	<b>612</b>	<b>24</b>	<b>38</b>	<b>90</b>	<b>764</b>
<b>Percentage mix</b>	<b>80.1%</b>	<b>3.1%</b>	<b>5.0%</b>	<b>11.8%</b>	<b>100.0%</b>
<b>2016</b>					
Under 30	156	2	10	12	180
30 – 50	385	15	21	72	493
Over 50	63	3	8	7	81
<b>Total</b>	<b>604</b>	<b>20</b>	<b>39</b>	<b>91</b>	<b>754</b>
<b>Percentage mix</b>	<b>80.1%</b>	<b>2.8%</b>	<b>5.2%</b>	<b>12.1%</b>	<b>100.0%</b>



COMPENSATION AND BENEFITS

Remuneration

M1 offers employees competitive remuneration packages commensurate with their experience, performance and job responsibilities. Depending on the performance of the Company, eligible employees receive an annual variable performance bonus, as well as share awards under the M1 Share Plan. The M1 Share Plan, adopted in 2016, helps retain talent and align the interests of eligible employees with shareholders of the Company.

Medical cover

M1 is also committed to our employees' physical and mental health. We provide full-time employees with outpatient and inpatient medical coverage, regular health screenings, and group insurance coverage. After a comprehensive evaluation, Raffles Medical Group was appointed as M1's healthcare service provider in 2015 to better manage our medical benefits programme, and to provide a consistent quality of care and services to our employees and their dependants. In October 2017, we engaged Raffles Medical Group to provide employees with complimentary flu vaccinations, which were well received.

Well-being

M1's flexible benefits programme allows employees to tailor their benefits portfolio according to their needs, through a variety of products and services including dental treatment, personal insurance and childcare fees. We also offer subsidised meals to all employees at our in-house canteen.

Our Fun!@M1 initiative makes available a wide variety of social, educational and sporting programmes including lunch-time talks on topics such as stress management and parenting, as well as our company-wide annual road relay, futsal, netball and bowling competitions. We also support employees who are keen to participate

in meaningful events, such as the RUNNINGHOUR, YOLO Run and POSB Passion Run for Kids in 2017.

A fully equipped gymnasium is available for use round the clock by employees who wish to work on their fitness levels. To support employees who choose to walk, run or cycle to work, facilities such as bicycle racks and shower rooms are also provided. Complimentary passes to popular attractions such as the Singapore Zoological Gardens, River Safari, Night Safari and Jurong Bird Park, as well as holiday chalets at subsidised rental rates are available for employees to enjoy with their families throughout the year.

To foster team bonding and camaraderie, every department organises annual team building and de-stress activities such as games, crafts, and meal outings. In 2017, instead of an annual dinner and dance, M1's employees and their loved ones were treated to an exhilarating Cirque du Soleil KOOZA performance.

Retirement (GRI 201-3)

M1 contributes to Singapore's Central Provident Fund (CPF), which is a comprehensive social security savings plan for working Singaporeans. CPF contributions are allocated for retirement, housing, investment, insurance, education and medical expenses. In 2017, the contribution of employers was set at 17% of an employee's monthly wage, with the employee contributing 20%. Contributions are lower for employees above 55 years of age and only applicable to monthly wages between S\$750 and \$6,000.

SUPPORTING FAMILIES  
(GRI 401-3)

M1 supports pro-family initiatives, and our employees enjoy benefits such as paternity leave and shared parental leave schemes, as well as extended medical coverage for their dependants.

Our offices feature dedicated on-site nursing facilities and a childcare centre.

In 2017, 53 employees were entitled to parental leave, and 30 female employees and 23 male employees took such leave. All of these employees returned to work during the year after their parental leave ended. This represents a return to work rate of 100% for both genders. Among the men and women who returned from parental leave in 2016, 21 women and 20 men were still employed 12 months after their return to work. This represents a retention rate of 88% for women and a retention rate of 87% for men.

As a strong advocate of family values, we support the annual national 'Eat With Your Family Day' initiative, whereby employees are encouraged to leave work earlier to dine with their family.

Our annual 'Bring your Kids to Work Day' invites employees' children to spend the day at M1 to gain a better appreciation of their parents' job responsibilities.

WORKPLACE HEALTH & SAFETY  
(GRI 403-2)

As part of our continual efforts to promote a safe and healthy work environment, we have in place safety procedures that all employees, contractors and visitors are required to comply with. Workshops are also conducted regularly to familiarise and keep employees up to date with our workplace safety and health procedures and regulations.

First aid kits and automated external defibrillators (AEDs) are available in our offices and selected retail outlets. In addition, 23 employees are certified first aiders and have been trained in the use of the AEDs and cardio-pulmonary resuscitation techniques, in case of a medical emergency.

No workplace accidents or injuries<sup>5</sup> were sustained by M1 employees during 2017.

<sup>5</sup> Incidents are recorded and reported to authorities according to the Ministry of Manpower guidelines. Because no incidents occurred in 2017, relevant indicators, such as injury rate, lost day rate and absentee rate, were not applicable.

SUSTAINABILITY REPORT

OUR PEOPLE

TRAINING (GRI 404-2, 404-1)

To compete successfully in our ever-changing industry, it is imperative to invest in employee training and development. We provide continuous training programmes to broaden and deepen our employees' professional knowledge and skills, as well as to support their personal development to reach their fullest potential.

In addition to regular in-house programmes in the areas of effective negotiations, managing conflict and interpersonal communications, we also support employees who attend external courses and conferences relevant to their work. We also encourage longer-term learning options such as post-graduate studies and certification courses, through subsidies and measures such as examination leave. In 2017, employees participated in an average of 31.1 hours of training, compared to 33.5 hours in 2016. This slight drop in training hours was counterbalanced by an increase in the number of courses attended by employees, which rose 30% year-on-year.

In 2017, we continued with our talent acquisition programme. A total of

Average number of training hours (2017)	
Employee categories	
Senior Management	53.6
Mid-Management	28.2
Executive	28.3
Non-Executive	32.4
Gender	
Female	28.5
Male	32.9
Overall	31.1

14 degree and diploma scholarships were awarded to outstanding students pursuing their studies in fields such as business, engineering and IT.

OPEN AND REGULAR COMMUNICATIONS

We attach great importance to open and regular communications as a means of enhancing employee engagement.

All members of M1 management maintain an open-door policy, thus fostering an environment of openness, collaboration, trust and respect with staff, regardless of hierarchy.

Through our monthly newsletter VOICE and regular company-wide email updates, employees are kept

abreast of the Company's latest developments. Additionally, the CEO sends out a quarterly message to all employees on the Company's financial performance and other key developments in the quarter, as well as on ad-hoc occasions as necessary.

Townhall-style presentation and discussion sessions are conducted every quarter by the Company's senior management to enable employees to interact and share their views on company-related matters and other relevant issues.

LABOUR RIGHTS (GRI 102-41)

M1 adheres to all regulations governing employment in Singapore such as the Employment Act that prohibits the employment of children and youth under the age of 16.

Employees who resign can leave the Company after they serve or pay out their contracted notice period. In the event of an organisational change, affected employees will be considered for redeployment elsewhere within the organisation.

We have a Collective Agreement with the Singapore Industrial & Services Employees Union, covering matters such as working hours, overtime pay, and notice periods, and support the union's efforts to further worker welfare and labour-management harmony. In 2017, a step-up in recruitment activities drove union membership to 70% of eligible M1 staff, nine percentage points higher than a year ago.



SUSTAINABILITY REPORT

OUR COMMUNITY

M1 has continued to demonstrate its commitment to being a responsible corporate citizen. Ongoing support of the arts, sponsorship of sports events and fundraising for our adopted charities are at the heart of our efforts to give back to the Singapore community

>\$S\$1.9m

contributed to community programmes in 2017 (GRI 201-1)

>15

community programmes and events funded during 2017

>\$S\$500,000

raised to support underprivileged children and youths-at-risk

Cirque du Soleil

exclusive performance for 500 underprivileged children and youths-at-risk

CELEBRATING 20 YEARS OF SUPPORT FOR THE ARTS

M1 has been supporting the arts since 1997 – the year the company launched commercial operations – believing that a thriving arts scene enriches the quality of life and strengthens social bonds in multi-cultural Singapore. We work with various arts groups and support numerous arts-related projects to help grow the quality, diversity and depth of the Singapore arts scene.

In recognition of our sustained contribution to the arts, M1 was accorded a Patron of the Arts Award in 2017 by the National Arts Council. This was the 18<sup>th</sup> consecutive year that we have received this award.



In January 2017, we partnered with The Necessary Stage to present the 13<sup>th</sup> M1 Singapore Fringe Festival. Themed 'Art & Skin', the 2017 festival featured 11 performances and exhibitions by international and local artists. Impressively, six out of eight of the theatrical productions performed to a full house, with an average attendance of 94% across all productions, demonstrating the huge and continuing popularity of the M1 Singapore Fringe Festival.

The month-long M1 Chinese Theatre Festival staged in August, presented six exciting and high-calibre

productions from Singapore, China and Taiwan. Curated by The Theatre Practice, the festival aims to bring professional theatrical performances, ranging from family-oriented to cutting-edge experimental flair, to smaller stages for a more intimate experience.

The second installation of the M1 Peer Pleasure Youth Theatre Festival ran from 22 July to 5 August 2017. The festival featured productions staged at the Esplanade – Theatres on the Bay by young Singaporeans under the guidance of professional theatre practitioners. Showcasing a diverse range of social themes, one of the productions supported at this year's festival was an original play touching on the plight of refugees, devised and performed by young people from Down Syndrome Association (Singapore).

2017 also saw the launch of the M1 Theatre Ninja Programme, a mentorship initiative housed under the M1 Peer Pleasure Youth Theatre Festival umbrella, that teaches students the principles, skills and methods of production and stage management, under expert advice.

Honouring outstanding achievements in local theatre, and recognising the contributions of theatre productions in Singapore, we continued our support of the M1-The Straits Times Life! Theatre Awards in 2017.

M1 remains a keen supporter of leading dance companies, T.H.E Dance Company and Frontier Danceland, in our efforts to grow Singapore's contemporary arts scene and nurture young dance talents.

361 patients

benefitted from two blood donation drives

# SUSTAINABILITY REPORT

## OUR COMMUNITY

The 8<sup>th</sup> M1 CONTACT Contemporary Dance Festival, a highlight in Singapore's dance calendar, was held from 2 June to 7 July 2017. Curated by T.H.E Dance Company, this year's works featured exhilarating dance performances, choreographic workshops and technique classes presented by a range of local and international contemporary dance artists. The M1 Open Stage + DiverCity – a platform for young, talented and aspiring dancers to showcase their works, was again staged as part of the festival.

Our partnership with Frontier Danceland continues with the M1 Dancing on the Frontier Appreciation Series, which introduces contemporary dance to students from secondary schools and tertiary institutions. Our support for this inspirational dance company extends to the M1-Frontier Danceland PULSE scholarship programme for aspiring and talented dancers.

### CREATING OPPORTUNITY FOR SPORTING TALENTS (GRI 201-1)

M1 places great importance on the values that can be instilled by

participation in sports, such as team spirit, fair play and perseverance. We are also keen to encourage sport as a gateway to healthy living. This drives our continued support for Netball Singapore's initiatives, which promote netball in schools and within the community. M1's association with netball began in 2009, and over the years we have sponsored a variety of netball programmes and initiatives from the grassroots to the national level.

Our key initiatives include the M1 Schools Challenge League, the M1 Talent Identification Programme and the M1 Age Groups KL Tour, which help create fresh opportunities for young sporting talent to excel. In 2017, we provided our continued support as title sponsor of the M1 Netball Super League, a local competitive event that features Singapore's best netball players.

We also extended our sponsorship of the M1 Zone Age Groups (ZAG) programme. Supported by the Ministry of Education's Physical, Sports and Outdoor Education Branch, the M1 ZAG programme aims to enhance the development of talent for the National

Age Group Squads, and onwards to the National 21&U and National Open teams.

In promoting netball as a sporting habit for life within the corporate community, we presented the fifth edition of the M1 Corporate Netball Challenge (M1CNC), Singapore's biggest mixed corporate annual netball competition. Staged in November 2017 at the Kallang Netball Centre, the M1CNC saw the participation of 39 teams across a wide spectrum of companies. New Zealand international netball players, Kayla Cullen and Phoenix Karaka, were special guests at the event, as well as meeting with participants and fans, they also conducted netball clinics to share their experience and skills with young, aspiring netball players as part of the M1 Schools Programme.

Another highlight of the M1CNC was the charity exhibition match between M1 management and Singapore Members of Parliament (MPs), comprising Ms Low Yen Ling, Senior Parliamentary Secretary of Ministry of Trade and Industry and Ministry of Education and Mayor of South-West CDC, as well as Members of Parliament Mr Teo Ser Luck and Mr Lee Yi Shyan.



In appreciation of the MPs' participation, M1 pledged S\$50,000 to underprivileged children and youths-at-risk beneficiaries of our adopted charities.

### HELPING UNDERPRIVILEGED CHILDREN AND YOUTHS-AT-RISK (GRI 201-1)

The primary beneficiaries of M1's fundraising efforts in 2017 remained underprivileged children and youths-at-risk.

The 2017 M1 Charity Golf tournament and M1 Bring your Kids to Work Day were two key fundraising events

successfully staged during the year. Thanks to the dedicated support of our staff and families, business partners and associates, these events raised more than S\$500,000 for the beneficiaries of our adopted charities – Beyond Social Services, Brahm Centre, Children-at-Risk Empowerment Association, and the M1 Students Support Fund.

The M1 Students Support Fund, in partnership with the Ministry of Education, provides supplementary financial aid to underprivileged school children from low-income families. We increased our commitment to this fund by 50% and contributed to a total of 15

primary schools in 2017 to assist needy students with the payment of school-related expenses.

During the year, our staff volunteers from the M1 SunCare Club continued to organise regular outings for the beneficiaries of our adopted charities, including visits to the movies and Kallang Ice World. In July 2017, M1 presented KOOZA by Cirque du Soleil and invited 500 children and youths-at-risk from M1's adopted charities to an exclusive performance.

### SERVING THE COMMUNITY

In celebration of Singapore's 52<sup>nd</sup> birthday, M1 provided communications services to the National Day Parade's organising and show committees at the Floating Platform. We also sponsored a stunning show-float, reflecting M1's distinctive personalities and achievements in the parade's Act Three segment titled 'Successful Local Enterprises'.

In partnership with the Singapore Red Cross Society, we organised two on-site blood donation drives in 2017 at our main office building. During these donation drives, 150 M1 staff and visitors donated 120 units of blood, which in turn will benefit about 361 patients.



# SUSTAINABILITY REPORT

## OUR ENVIRONMENT

By maximising operational efficiency and minimising the use of limited resources, M1 constantly works towards reducing its environmental footprint

23%

of the water we consumed in 2017 was reclaimed water

7.9%

reduction in average electricity consumption per base station vs. 2016

3.3

tonnes of recyclable e-waste collected

### ENVIRONMENTAL FOOTPRINT (GRI 102-11, 302-4)

M1 recognises that sustainability is about ensuring that our actions today do not compromise the quality of life for future generations. All of our business operations abide by internationally recognised standards to help reduce or eliminate negative impact on the environment.

Power generated from non-renewable sources, such as grid electricity and fuel, as well as renewable sources, such as solar panels and NEWater, continues to be the main resource consumed in the provision of our services.

#### Electricity consumption

In 2017, our mobile networks, offices and data centre operations used 63,886,031 kWh of electrical power from Singapore's power grid. Compared to 2016, this was only 0.1% higher, despite an 11% increase in new base stations deployed in 2017 to enhance coverage and support customers' growing data needs. Our fibre networks' electricity consumption for the year was 1,780,518 kWh, 4.1% higher than in 2016. This was due to an increase in customers and more subscriptions to a higher bandwidth plan.

M1's retail operations used an estimated 349,537 kWh of electrical power in 2017, 0.4% lower compared to 2016, as the usage reduction from the closure of one M1 Shop retail outlet



was offset by higher usage from an increased number of product display zones within some of the outlets. We are looking into using more energy-efficient lights to reduce our energy consumption.

#### Fuel consumption

We also operate three offshore base stations, at Pulau Satumu, Pulau Tekong and St John's Island. These islands are not connected to the power grid, and therefore on-site diesel generators are required to provide power for the base station equipment. The three sites used 40,073 litres of diesel fuel in 2017, 18% lower than 2016. This reduction in fuel consumption was primarily driven by the replacement of three generators at Pulau Tekong with more efficient generators in December 2016. This project was completed in March 2017.

Our fleet of vehicles support our field engineers who are responsible for installing new mobile equipment, performing drive tests, and conducting site maintenance and repairs. In 2017, fuel consumption for our diesel vehicle fleet was 25,362 litres, 4.8% lower than the year before. This was achieved by encouraging more efficient driving habits, and adding four new and more fuel-efficient vans to the fleet in 2015. However, our petrol-powered vehicles consumed 11,678 litres of fuel in 2017, 3.6% more than the year before.



### Water consumption (GRI 303-1, 306-1)

M1 uses potable water for daily activities at our offices and NEWater for equipment cooling purposes at our various sites, including our data centre (since 2015). NEWater is reclaimed water available in Singapore for industrial use and has a lower environmental impact.

In 2017, we switched more sites from the potable water network to the NEWater network, thereby reducing our consumption of potable water. Our total water consumption for the year was 63,196 m<sup>3</sup>, 3.6% more than in 2016. Potable water represented 77% or 48,633 m<sup>3</sup> of the total, while NEWater represented 23% or 14,563 m<sup>3</sup>. In 2016, these figures were 80% or 48,735 m<sup>3</sup> and 20% or 12,231 m<sup>3</sup> respectively.

All of our used water is disposed through the city's sewerage system. It is collected by the national water agency (PUB) and subsequently treated at water reclamation plants for purification and return to nature or reuse as NEWater (see [www.pub.gov.sg](http://www.pub.gov.sg) for more details).

#### CONSERVATION MEASURES

We continually review our business operations to identify ways to reduce our impact on the environment while still increasing productivity and delivering consistent quality service to our customers. Our key efforts in recent years have focused on our networks, facilities and general operations.

#### Networks (GRI 302-4)

Our base station network, which enables us to deliver mobile voice and data services to our customers, accounts for approximately half of our energy consumption. We continually review our base station operations to identify ways to reduce energy consumption, including upgrading them with multi-radio units that do not require air conditioning. This has yielded annual power savings of 6,876,600 kWh.

We deployed solar photovoltaic (PV) power systems to supplement the use



of diesel power generators for our offshore base station sites on Pulau Satumu and St John's Island, and this initiative has enabled us to reduce the use of diesel over the years. Although the terrain on Pulau Tekong does not permit the installation of solar PV power systems, the replacement of more efficient base station generators in March 2017 has reduced the site's annual diesel usage.

Following a successful trial, small cells were deployed in 2016 at selected high traffic sites such as malls, libraries and MRT stations. Small cells enable us to enhance the mobile data throughput in a more targeted and energy-efficient manner, especially for indoor coverage. The roll out of small cells continued at other sites in 2017, resulting in a better data experience for customers with an increase in data traffic ranging from 17% to 150%. It also reduced battery drain on customers' devices.

#### Facilities

M1's 4,214 m<sup>2</sup> five-storey annex building, sited next to our MiWorld building in Jurong, is fitted with environmentally-friendly features such as LED lights and rainwater harvesting tanks. The building, which has successfully achieved the Building and Construction Authority's Green Mark Gold certification, also utilises reclaimed NEWater and condensate water, instead of potable water for cooling purposes.



In December 2017, we installed a 173 kW (Peak) solar PV power system on the roof of our Regional Operations Centre (ROC) that is capable of supplementing its energy consumption.

#### General operations

Our M1 Shop retail outlets are designed to enhance productivity and customer experience, as well as minimise our carbon footprint. In-store light fittings are LED where possible, and our streamlined transaction process using wireless tablets enables us to reduce the use of printed brochures, receipts, forms and other non-recyclable materials by an estimated 20% annually.

We use sustainably-sourced, environmentally-friendly Forest Stewardship Council (FSC) certified paper for all our printing needs. Through an e-billing programme, we have migrated all employees from paper to electronic bills and payment, and are progressively migrating our customers as well.



SUSTAINABILITY  
REPORT

OUR ENVIRONMENT

CARBON FOOTPRINT  
(GRI 305-1, 305-2, 305-5)

Based on our energy consumption, our carbon footprint in 2017 was 28,219 tonnes of CO<sub>2</sub> equivalent (t-CO<sub>2</sub>e)<sup>6</sup>. This consisted of 0.7% (202 tonnes) of direct emissions (scope 1)<sup>7</sup> and 99.3% (28,017 tonnes) of indirect emissions (scope 2).

The solar PV power system at ROC is expected to generate about 16,000 kWh of renewable energy each month, to help reduce our carbon emissions going forward. The grid electricity saved by using this clean source represents a reduction in emissions of 81.5 t-CO<sub>2</sub>e per year.



E-WASTE BINS

From April 2017, M1 has been a supporter of the National Environment Agency's electronic waste (e-waste) recycling initiative. E-waste bins are available in our offices and M1 Shop retail outlets, to enable staff and customers to conveniently and responsibly dispose of their e-waste.

To better acquaint our staff with the importance of e-waste recycling and management, we held multiple e-waste recycling activities in 2017, such as an E-Waste Recycling talk and an E-Waste Recycling contest.

From April to end December 2017, we collected 3.3 tonnes of recyclable e-waste.

Environmental performance <sup>8</sup>	2017	2016
DIRECT ENERGY		
Fuel consumption		
Diesel (offshore base stations)	40,073 litres	48,774 litres
• Diesel (fleet)	25,362 litres	26,635 litres
• Petrol (fleet)	11,678 litres	11,273 litres
TOTAL DIRECT ENERGY (d)	2,905 GJ	3,273 GJ
SCOPE 1 EMISSIONS	202 t-CO <sub>2</sub> e	227 t-CO <sub>2</sub> e
INDIRECT ENERGY		
Electricity consumption		
• M1 buildings and data centre operations	30,816,881 kWh	30,835,554 kWh
• Mobile networks	33,069,150 kWh	33,019,706 kWh
– Monthly average per base station	(1,159 kWh)	(1,259 kWh)
• Fibre Networks	1,780,518 kWh	1,710,483 kWh
• Retail outlets	349,537 kWh	350,847 kWh
	66,016,086 kWh	65,916,590 kWh
TOTAL INDIRECT ENERGY (i)	237,658 GJ	237,300 GJ
SCOPE 2 EMISSIONS	28,017 t-CO <sub>2</sub> e	27,975 t-CO <sub>2</sub> e
TOTAL EMISSIONS (SCOPE 1 + 2)	28,219 t-CO <sub>2</sub> e	28,202 t-CO <sub>2</sub> e
TOTAL ENERGY (d + i)	240,563 GJ	240,573 GJ
WATER		
Water consumption		
• Potable water	48,633 m <sup>3</sup>	48,735 m <sup>3</sup>
• NEWater	14,563 m <sup>3</sup>	12,231 m <sup>3</sup>
TOTAL WATER	63,196 m <sup>3</sup>	60,996 m <sup>3</sup>

<sup>6</sup> Carbon dioxide equivalent (CO<sub>2</sub>e) is the unit to express the carbon footprint of different greenhouse gases.

<sup>7</sup> Under the GHG protocol, scope 1 emissions are from sources owned or controlled by the organisation; scope 2 emissions are from sources not controlled or owned by the organisation but are a consequence of the activities of the organisation.

<sup>8</sup> Energy and emissions calculations are based on DEFRA Greenhouse gas reporting – Conversion factors 2016. Grid emission factors are sourced from Singapore Energy Market Authority (EMA).

SUSTAINABILITY  
REPORT

GRI CONTENT INDEX (GRI 102-55)

GENERAL STANDARD DISCLOSURES		
GRI Standards <sup>9</sup>	Category / Description	Page or direct reference
	Organisational Profile	
102-1	Name of the organisation	M1 Limited
102-2	Activities, brands, products, and services	8-9, 18-26
102-3	Location of organisation's headquarters	10 International Business Park, Singapore 609928
102-4	Location of operations	Singapore
102-5	Ownership and legal form	130, 178-179
102-6	Markets served	Singapore, 8-9
102-7	Scale of the organisation	18-24, 99, 125-126, 178-179
102-8	Information on employees and other workers	99-100
102-9	Supply chain	78, 98
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	106
102-12	External initiatives	86, 97
102-13	Membership of associations	Five memberships <sup>10</sup>
102-14	Statement from senior decision-maker	16-17, 84
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behaviour	Inside cover, 12-13, 69-78
	Governance	
102-18	Governance structure	86
	Stakeholder Engagement	
102-40	List of stakeholder groups	32-49, 86-88
102-41	Collective bargaining agreements	70% of eligible employees, 102
102-42	Identifying and selecting stakeholders	86
102-43	Approach to stakeholder engagement	87-88
102-44	Key topics and concerns raised	87-93

<sup>9</sup> All disclosures in this content index follow the reporting requirements found in the 2016 publication of the GRI Standards.

<sup>10</sup>

- Mr Patrick Michael Scodeller, Chief Operating Officer, is the Chairman of the Singapore Internet Exchange
- Mr P. Subramaniam, Chief Marketing Officer, is a Council Member of the Advertising Standards Association of Singapore and a member of the Marketing Institute of Singapore
- Mr Alan Goh, Chief Information Officer, is a Council Member of the Information Technology Management Association, and a Committee Member of the Singapore International Chamber of Commerce's Information & Communications Technology Committee
- Mr Denis Seek, Chief Technical Officer, is a member of the IMDA's Telecommunications Standards Committee
- Mr Stamford Low, Director, Customer Service, is the Honorary Treasurer of the Contact Centre Association of Singapore

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
GRI Standards <sup>9</sup>	Category / Description	Page or direct reference
	<b>Reporting Practice</b>	
102-45	Entities included in the consolidated financial statements	120, 155
102-46	Defining report content and topic Boundaries	86
102-47	List of material topics	89-93
102-48	Restatements of information	There are no restatements
102-49	Changes in reporting	None
102-50	Reporting period	January to December 2017
102-51	Date of most recent report	March 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	corpcomms@m1.com.sg, 85
102-54	Claims of reporting in accordance with the GRI Standards	86
102-55	GRI content index	109-112
102-56	External assurance	86

SPECIFIC STANDARD DISCLOSURES		
GRI Standards <sup>9</sup>	Category – Topic / Description	Page or direct reference
201	<b>Economic – Economic Performance</b>	
	Management approach	27-31, 94-97, 103-105
201-1	Direct economic value generated and distributed	94, 104-105
201-3	Defined benefit plan obligations and other retirement plans	101
203	<b>Economic – Indirect Economic Impacts</b>	
	Management approach	94-97
203-1	Infrastructure investments and services supported	25-26, 30, 94-97
203-2	Significant indirect economic impacts	94-98
204	<b>Economic – Procurement Practices</b>	
	Management approach	78, 98
204-1	Proportion of spending on local suppliers	98
205	<b>Economic – Anti-Corruption</b>	
	Management approach	78, 98
205-3	Confirmed incidents of corruption and actions taken	None, 98
302	<b>Environmental – Energy</b>	
	Management approach	106-108
302-1	Energy consumption within the organisation	106, 108
302-4	Reduction of energy consumption	106-107
303	<b>Environmental – Water</b>	
	Management approach	107
303-1	Water withdrawal by source	107-108
305	<b>Environmental – Emissions</b>	
	Management approach	106, 108
305-1	Direct (Scope 1) GHG emissions	108
305-2	Energy indirect (Scope 2) GHG emissions	108
305-5	Reduction of GHG emissions	108

SPECIFIC STANDARD DISCLOSURES		
GRI Standards <sup>9</sup>	Category – Topic / Description	Page or direct reference
306	<b>Environmental – Effluents and Waste</b>	
	Management approach	107
306-1	Water discharge by quality and destination	107
307	<b>Environmental – Environmental Compliance</b>	
	Management approach	98
307-1	Non-compliance with environmental laws and regulations	None, 98
401	<b>Social – Employment</b>	
	Management approach	99-101
401-1	New employee hires and employee turnover	99
401-3	Parental leave	101
403	<b>Social – Occupational Health and Safety</b>	
	Management approach	101
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	101
404	<b>Social – Training and Education</b>	
	Management approach	99-100, 102
404-1	Average hours of training per year per employee	102
404-2	Programs for upgrading employee skills and transition assistance programs	102
404-3	Percentage of employees receiving regular performance and career development reviews	100%,100
405	<b>Social – Diversity and Equal Opportunity</b>	
	Management approach	99-100
405-1	Diversity of governance bodies and employees	99-100
406	<b>Social – Non-Discrimination</b>	
	Management approach	99-100
406-1	Incidents of discrimination and corrective actions taken	None, 100
416	<b>Social – Customer Health and Safety</b>	
	Management approach	97-98
416-1	Assessment of the health and safety impacts of product and service categories	97
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None, 97

SPECIFIC STANDARD DISCLOSURES		
GRI Standards <sup>9</sup>	Category – Topic / Description	Page or direct reference
417	<b>Social – Marketing and Labelling</b>	
	Management approach	96
417-1	Requirements for product and service information and labelling	96
417-3	Incidents of non-compliance concerning marketing communications	None, 98
418	<b>Social – Customer Privacy</b>	
	Management approach	96
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None, 98
419	<b>Social – Socioeconomic Compliance</b>	
	Management approach	98
419-1	Non-compliance with laws and regulations in the social and economic area	None, 98
SECTOR SPECIFIC DISCLOSURES – TELECOMMUNICATIONS		
GRI Standards <sup>9</sup>	Category / Description	Page or direct reference
	<b>Internal Operations</b>	
IO1	Capital investment in telecommunication network infrastructure broken down by country/region.	25-26, 30, 95
	<b>Providing Access</b>	
PA 1	Policies and practices to enable the deployment of telecommunications infrastructure and access to Telecommunications products and services in remote and low population density areas.	25-26, 94-97
PA 2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age.	25-26, 94-97
PA 3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time. <sup>11</sup>	25-26, 94-97
PA 4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates. <sup>12</sup>	25-26, 94-97
PA 10	Initiatives to ensure clarity of charges and tariffs.	96

<sup>11</sup> Our networks have in-built resiliency and redundancy, and we did not have any significant network downtime in 2017.

<sup>12</sup> M1 consistently meets IMDA's stringent outdoor and indoor coverage requirements and quarterly survey. Results are published on IMDA's website.

FINANCIAL STATEMENTS

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# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of M1 Limited (the Company) and its subsidiaries (collectively, the Group) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Danny Teoh Leong Kay	Chairman
Karen Kooi Lee Wah	Chief Executive Officer
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	
Tan Wah Yeow	

## 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## 4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Ordinary shares Held in the name of director		
	At beginning of financial year/ date of appointment	At end of financial year	As at 21 January 2018
<b>M1 Limited</b>			
Danny Teoh Leong Kay (Appointed on 26 September 2017)	20,000	20,000	20,000
Karen Kooi Lee Wah	500,000	400,000	400,000
Choo Chiau Beng (Resigned on 1 January 2018)	300,000	300,000	NA

## 4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of director	Options to subscribe for ordinary shares Held in the name of director		
	At beginning of financial year	At end of financial year	As at 21 January 2018
<b>M1 Limited</b>			
Karen Kooi Lee Wah	4,665,700	4,665,700	4,665,700

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## 5. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY

### (a) Share options

The Company has 2 employee share option schemes for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

- (i) M1 Share Option Scheme 2002 (the 2002 Scheme) which was approved by shareholders on 8 November 2002. The 2002 Scheme had expired on 7 November 2012. Options already granted under the 2002 Scheme remain valid and exercisable until the end of the relevant exercise period; and
- (ii) M1 Share Option Scheme 2013 (the 2013 Scheme), for granting of non-transferable share options to employees (including executive director) and non-executive directors of the Company and its subsidiaries was adopted and approved by shareholders in Annual General Meeting on 5 April 2013.

The 2013 scheme was terminated by shareholders at the Annual General Meeting on 6 April 2016. It was replaced by the M1 Share Plan 2016 (2016 Plan) which was adopted and approved by shareholders in the same general meeting. Options already granted under the 2013 Scheme remain valid and exercisable until the end of the relevant exercise period.

The Remuneration Committee (Committee) is responsible for administering the 2002 Scheme and 2013 Scheme (collectively, the Schemes). The Committee members are Mr Moses Lee Kim Poo (Chairman), Mr Choo Chiau Beng (resigned on 1 January 2018), Mr Danny Teoh Leong Kay (appointed on 13 February 2018), Mr Chow Kok Kee, Mr Low Huan Ping, Mr Alan Ow Soon Sian and Mr Tan Wah Yeow (appointed on 13 February 2018). The majority of the Committee comprises independent directors, including the Committee Chairman.

Under the Schemes, options granted have a term of 5 or 10 years from the date of grant for non-executive directors and employees (including executive director) respectively.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Committee in its absolute discretion, on the date of grant to be either:

- (i) at a price equal to the average of the last dealt prices of the Company's shares on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the date of grant of that option (the Market Price) or such higher price as may be determined by the Committee; or
- (ii) at a price, which is set at a discount to the Market Price provided that the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

# DIRECTORS' STATEMENT

## 5. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY (CONT'D)

### (a) Share options (cont'd)

Information with respect to the number of options granted under the Schemes is as follows:

Date of grant	Balance as at 1 January 2017 or date of grant	Exercised	Expired/ Cancelled*	Balance as at 31 December 2017	Subscription price
<b>2002 Scheme</b>					
6 February 2007	120,000	–	(120,000)	–	S\$2.17
11 February 2008	155,000	(80,000)	–	75,000	S\$1.90
2 February 2009	115,000	(12,000)	–	103,000	S\$1.60
3 February 2010	298,000	–	–	298,000	S\$2.04
7 February 2011	1,726,700	–	–	1,726,700	S\$2.44
30 January 2012	3,138,000	–	(125,000)	3,013,000	S\$2.43
<b>2013 Scheme</b>					
2 May 2013	6,279,000	–	(554,000)	5,725,000	S\$3.24
23 January 2014	7,496,000	–	(822,000)	6,674,000	S\$3.31
22 January 2015	8,680,000	–	(980,000)	7,700,000	S\$3.64
22 January 2016	9,200,000	–	(1,140,000)	8,060,000	S\$2.48
	37,207,700	(92,000)	(3,741,000)	33,374,700	

\* Cancelled when staff resigned from the Company

The above options will vest over a period of three years from the date of grant and may be exercisable for a period commencing after the first anniversary of the date of grant and expiring on the 10<sup>th</sup> anniversary of the date of grant.

Information on relevant participants under the Schemes is as follows:

Name of employee	Options granted during financial year	Aggregate options granted since commencement of Schemes to end of financial year	Aggregate options exercised since commencement of Schemes to end of financial year	Aggregate options expired since commencement of Schemes to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Karen Kooi Lee Wah (Chief Executive Officer)	–	10,115,000	(5,049,300)	(400,000)	4,665,700	S\$1.25- S\$3.64
Patrick Michael Scodeller	–	5,960,000	(4,410,000)	–	1,550,000	S\$1.25 - S\$3.64

## 5. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY (CONT'D)

### (a) Share options (cont'd)

Since the commencement of the Schemes, save as disclosed above, no options were granted to directors, no employees have received 5% or more of the total options available under the Schemes and no options have been granted to the controlling shareholders of the Company and their associates.

### (b) Share plans of the Company

The Company introduced the 2016 Plan to replace the 2013 Scheme which was approved by the shareholders of M1 on 5 April 2013. The 2016 Plan was approved by the shareholders of M1 at the Annual General Meeting of the Company held on 6 April 2016.

The 2016 Plan is administered by the Remuneration Committee which comprises the following non-executive directors who do not participate in the Share Plans:

Moses Lee Kim Poo	(Chairman)
Choo Chiau Beng	(Resigned on 1 January 2018)
Low Huan Ping	
Chow Kok Kee	
Alan Ow Soon Sian	
Danny Teoh Leong Kay	(Appointed on 13 February 2018)
Tan Wah Yeow	(Appointed on 13 February 2018)

#### Share Grants under 2016 Plan

Under the 2016 Plan, the Company grants shares to eligible participants annually. The grant (the Provisional Award) represents the right to receive fully paid shares, free of charge, provided that certain prescribed performance conditions are met. The Remuneration Committee that administers this scheme has absolute discretion in the granting of shares under the 2016 Plan or otherwise in accordance to the rules of the 2016 Plan. The provisional award is conditional on the achievement of pre-determined targets set for a one-year performance period. The final number of shares to be awarded free of charge will be determined at the end of the performance period (Final Award).

The Final Award varies depending on the level of achievement of the pre-determined targets. An achievement factor will be applied to the Provisional Award to determine the final number of shares to be awarded which is capped at 1.2 times of the grant.

Pre-determined targets are set by the Remuneration Committee at their absolute discretion for the performance conditions to be met over the performance period. The targets set are based on the achievement of Profit After Tax and Total Shareholder Return.

The shares which are the subject of the awards will be released to a participant after the relevant vesting period, as determined by the Remuneration Committee, after meeting the time-based service conditions where the participant has served the Company or, as the case may be, a relevant associate, for a specified number of years. Currently, awarded shares vest over a period of 3 years.

Pursuant to the M1 2016 Plan which were provisionally granted on 1 August 2016, the final number of shares which were awarded is 295,700 shares. 30% of the award will be released and vested in 2018 and 2019 while the remaining 40% of the award will be released and vested in 2020.

Pursuant to the M1 2016 Plan which were provisionally granted on 1 February 2017, the provisional number of shares which were subject to the award is up to 988,800. 30% of the award will be released and vested in 2019 and 2020 while the remaining 40% of the award will be released and vested in 2021.

All of the 2016 Plan shares will be released to the participants at the end of the three-year vesting period. The aggregate number of shares to be finally awarded to the participants will be based on the achievement of certain predetermined performance targets and conditions as determined by the Remuneration Committee or otherwise in accordance with the rules of the 2016 Plan.

# DIRECTORS' STATEMENT

## 5. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY (CONT'D)

### (b) Share plans of the Company (cont'd)

#### Share Grants under 2016 Plan (cont'd)

At the end of the year, there were 295,700 shares granted (final award) and up to 988,800 shares granted (provisional award) under the 2016 Plan as follows:

#### Total shares awarded

	At beginning of financial year	Final award granted	At end of financial year
Date of grant 1 August 2016	Up to 854,400	295,700	295,700
	At beginning of financial year	Provisional award granted	At end of financial year
Date of grant 1 February 2017	–	Up to 988,800	Up to 988,800

The information on director participating in the 2016 Plan is as follows:

#### Shares awarded to director

Name of director	Date of grant	At beginning of financial year	Final award granted	As at 21 January 2018
Karen Kooi Lee Wah	1 August 2016	Up to 60,000	21,000	21,000

#### Provisional share award

Name of director	Date of grant	At beginning of financial year	Provisional award granted	As at 21 January 2018
Karen Kooi Lee Wah	1 February 2017	–	Up to 60,000	Up to 60,000

Since the commencement of the 2016 Share Plan till the end of the financial year:

- No awards have been granted to the controlling shareholders of the Company and their associates
- No participant other than the director mentioned above has received 5% or more of the total awards available under the plans

On 1 February 2018, the Company had granted the Final Award for performance period ended 31 December 2017. 741,900 shares were granted, which includes 52,800 shares granted to Karen Kooi Lee Wah (Director/Chief Executive Officer).

## 6. AUDIT COMMITTEE

The Audit Committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

## 7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:



**Danny Teoh Leong Kay**  
Chairman

Singapore  
5 March 2018



**Karen Kooi Lee Wah**  
Director

# INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF M1 LIMITED

For the financial year ended 31 December 2017

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of M1 Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes of equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT’D)

### Key Audit Matters (cont’d)

Key Audit Matter	How the scope of our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p>(a) Revenue recognition due to complex billing systems:</p> <p><i>Refer to Note 2.22 – Revenue recognition and Note 4 Operating revenue.</i></p> <p>The Group recognised total operating revenue of S\$1,071.1 million during the financial year. New products, tariffs and variety of customer contracts added to the complexity and judgement involved in the accounting for revenue.</p> <p>Revenue was measured taking into account the use of bundling of services with handsets or equipment and discounts. The inherent industry risk arises from the complexity of the telecommunications billing systems. Large volumes of data with a combination of different products sold and price changes during the year were processed through a number of different systems. These may have an impact on the amount of revenue recorded during the financial year. As such, we considered revenue recognition to be a key audit matter.</p>	<p>We performed the following audit procedures amongst others:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the Information Technology (IT) and manual controls surrounding revenue systems and processes such as capturing and recording revenue transactions, authorisation of rate changes and the input of such information into the billing systems;</li><li>• Tested a sample of customer bills and checked these to cash received from customers;</li><li>• Tested end-to-end reconciliation from billing systems to accounting system including verifying material revenue adjustments passed into the accounting system;</li><li>• Tested the allocation of revenue to separately identifiable components of multiple element arrangements, particularly in relation to transactions that include the delivery of handset combined with a service element in the contracts, as well as the timing of the revenue recognised; and</li><li>• Evaluated appropriateness of revenue recognition policies.</li></ul>
<p>(b) Impact upon adoption of FRS 115 Revenue from Contracts with Customers:</p> <p><i>Refer to Note 2.3 Standards issued but not yet effective – FRS 115 Revenue from Contracts with Customers</i></p> <p>The Group will be adopting FRS 115 in the financial year ending 31 December 2018 and will apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.</p> <p>Based on assessment performed to-date, management has disclosed the expected impact upon adoption of FRS 115 and the assumptions made in Note 2.3 to the financial statements.</p> <p>We considered this disclosure of the expected impact of the new standard in the financial statements to be a key audit matter due to the judgement exercised by management in the determination of the accounting treatment under FRS 115 given its materiality and the volume of customers’ contracts and variations to these contracts such as the use of bundles and discounts.</p>	<p>We performed the following audit procedures amongst others:</p> <ul style="list-style-type: none"><li>• Obtained and documented our understanding of the Group’s process for implementing FRS 115.</li><li>• Evaluated management’s FRS 115 implementation by comparing it with the requirements in FRS 115 and related guidance based on the scenarios identified by management.</li><li>• Obtained an understanding of the nature of new entity level controls put in place as a result of the implementation of the new standard.</li><li>• On a sample basis, we<ul style="list-style-type: none"><li>– tested contracts to assess whether management’s identification and grouping of contracts with similar terms are appropriate; and</li><li>– reperformed management’s computation of the accounting impact based on the identified scenarios.</li></ul></li><li>• Reviewed disclosures on the impact of the adoption of the new standard based on the requirements of FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</li></ul>

# INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF M1 LIMITED

For the financial year ended 31 December 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Key Audit Matter	How the scope of our audit addressed the Key Audit Matter
<p>Allowance for doubtful debts</p> <p><i>Refer to Note 2.14 – Impairment of financial assets, Note 3 – Significant accounting judgements and estimates and Note 20 Trade receivables.</i></p> <p>Trade receivables from subscribers and accrued revenue are significant to the Group as they represent 11.8% of the Group’s assets. Trade receivables from subscribers amounted to S\$53.5 million as at 31 December 2017.</p> <p>The collectability of trade receivables from subscribers is a key element of the Group’s working capital management of which appropriate credit action is taken on a timely basis to mitigate the risk of exposure to bad debts. This is managed on an ongoing basis by the management.</p> <p>Allowance for doubtful debts is set aside on amounts owing by customers based on predetermined criteria. Management exercises judgement in performing an assessment and measures the impairment loss on a portfolio basis each quarter based on the recovery percentages of each non-collection stage for both inactive and active accounts tracked by the debt management system performed by the credit control team. The allowance rate for each stage of non-collection is based on past collection trends and will be adjusted accordingly. Thus, we determined this area to be a key audit matter.</p>	<p>We performed the following audit procedures among others:</p> <ul style="list-style-type: none"><li>• Enquired management on the appropriateness of the model and parameters used such as historical loss rates;</li><li>• Obtained an understanding and tested Information Technology (IT) and manual controls surrounding the debt management system process and credit control process; and</li><li>• Assessed the overall reasonableness of the allowance for doubtful debts by comparing the actual loss trends across periods against the allowance rate applied.</li></ul>

Other information

Management is responsible for other information. The other information comprises information included in the annual report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M1 LIMITED

For the financial year ended 31 December 2017

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

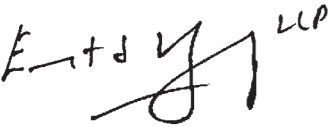
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms Lim Siew Koon.



**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

5 March 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Notes	2017 S\$'000	2016 S\$'000
<b>Operating revenue</b>	4	<b>1,071,061</b>	1,060,902
Operating expenses	5	<b>(899,973)</b>	(880,929)
Other income	6	<b>1,716</b>	5,373
<b>Operating profit</b>		<b>172,804</b>	185,346
Finance costs	7	<b>(9,884)</b>	(6,749)
Share of loss of an associate		<b>(286)</b>	(53)
<b>Profit before tax</b>		<b>162,634</b>	178,544
Taxation	8	<b>(30,114)</b>	(28,893)
<b>Net profit for the year</b>		<b>132,520</b>	149,651
Other comprehensive income:			
Items that maybe reclassified subsequently to profit or loss			
Net fair value gains on available-for-sale financial assets		<b>4,334</b>	240
<b>Total comprehensive income for the year</b>		<b>136,854</b>	149,891
<b>Earnings per share (cents)</b>			
Basic	9	<b>14.3</b>	16.1
Diluted		<b>14.3</b>	16.1
<b>EBITDA (S\$'000)</b>	10	<b>302,421</b>	312,053

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

		Group		Company	
	Notes	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Non-current assets:</b>					
Fixed assets	11	762,346	742,035	731,665	725,224
Licences and spectrum rights	12	143,484	138,969	143,484	138,969
Other intangibles	13	14,854	14,330	-	-
Staff loans	14	442	331	442	331
Interests in subsidiaries	15	-	-	7,100	7,100
Due from subsidiaries	16	-	-	30,667	40,207
Investment in an associate	17	2,661	2,947	-	-
Investment securities	18	25,546	20,610	-	-
		949,333	919,222	913,358	911,831
<b>Current assets:</b>					
Inventories	19	49,824	22,972	153	121
Trade receivables	20	163,319	165,567	150,598	159,359
Other receivables and deposits	21	39,099	14,090	31,945	9,532
Prepayments		13,323	12,364	12,238	11,899
Due from related parties	16	944	1,374	828	1,372
Investment securities	18	6,688	-	-	-
Cash and cash equivalents	22	46,480	11,016	43,402	10,122
		319,677	227,383	239,164	192,405
<b>Current liabilities:</b>					
Trade payables and accruals	23	(209,392)	(165,483)	(152,575)	(119,820)
Unearned revenue		(31,301)	(32,809)	(28,149)	(30,061)
Due to related parties and subsidiaries	16	(307)	(465)	(23,915)	(55,146)
Borrowings	24	-	(151,000)	-	(151,000)
Income tax payable		(28,513)	(25,450)	(24,708)	(23,635)
		(269,513)	(375,207)	(229,347)	(379,662)
<b>Net current assets/(liabilities)</b>					
		50,164	(147,824)	9,817	(187,257)
<b>Non-current liabilities:</b>					
Borrowings	24	(450,000)	(250,000)	(450,000)	(250,000)
Deferred tax liabilities	8	(120,617)	(117,985)	(117,175)	(115,681)
<b>Net assets</b>					
		428,880	403,413	356,000	358,893
Represented by:					
Share capital	25	217,130	217,180	217,130	217,180
Treasury shares	25	(27,319)	(18,607)	(27,319)	(18,607)
Share option reserve	26	7,284	6,668	7,284	6,668
Fair value adjustment reserve	26	4,574	240	-	-
Retained profits		227,211	197,932	158,905	153,652
<b>Total equity</b>					
		428,880	403,413	356,000	358,893

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Attributable to equity holders of the Company					
	Share Capital (Note 25) S\$'000	Treasury Shares (Note 25) S\$'000	Share Option Reserve (Note 26) S\$'000	Fair value adjustment reserve (Note 26) S\$'000	Retained Profits S\$'000	Total S\$'000
<b>2017 Group</b>						
<b>As at 1 January 2017</b>	217,180	(18,607)	6,668	240	197,932	403,413
Net profit	-	-	-	-	132,520	132,520
Other comprehensive income						
Fair value adjustment reserve	-	-	-	4,334	-	4,334
Total comprehensive income for the year	-	-	-	4,334	132,520	136,854
<b>Contributions by and distributions to owners</b>						
Issuance of ordinary shares on exercise of employee share options	(50)	237	(15)	-	-	172
Purchase of treasury shares	-	(8,949)	-	-	-	(8,949)
Grant of share options/ share plans	-	-	631	-	-	631
Dividends (Note 34)	-	-	-	-	(103,241)	(103,241)
Total contributions by and distributions to owners	(50)	(8,712)	616	-	(103,241)	(111,387)
<b>As at 31 December 2017</b>	<b>217,130</b>	<b>(27,319)</b>	<b>7,284</b>	<b>4,574</b>	<b>227,211</b>	<b>428,880</b>
<b>2016 Group</b>						
<b>As at 1 January 2016</b>	217,086	-	5,585	-	190,542	413,213
Net profit	-	-	-	-	149,651	149,651
Other comprehensive income						
Fair value adjustment reserve	-	-	-	240	-	240
Total comprehensive income for the year	-	-	-	240	149,651	149,891
<b>Contributions by and distributions to owners</b>						
Issuance of ordinary shares on exercise of employee share options	94	721	(64)	-	-	751
Purchase of treasury shares	-	(19,328)	-	-	-	(19,328)
Grant of share options	-	-	1,147	-	-	1,147
Dividends (Note 34)	-	-	-	-	(142,261)	(142,261)
Total contributions by and distributions to owners	94	(18,607)	1,083	-	(142,261)	(159,691)
<b>As at 31 December 2016</b>	<b>217,180</b>	<b>(18,607)</b>	<b>6,668</b>	<b>240</b>	<b>197,932</b>	<b>403,413</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Attributable to equity holders of the Company					
	Share Capital (Note 25) S\$'000	Treasury Shares (Note 25) S\$'000	Share Option Reserve (Note 26) S\$'000	Fair value adjustment reserve (Note 26) S\$'000	Retained Profits S\$'000	Total S\$'000
<b>2017 Company</b>						
<b>As at 1 January 2017</b>	217,180	(18,607)	6,668	–	153,652	358,893
Net profit	–	–	–	–	108,494	108,494
Total comprehensive income for the year	–	–	–	–	108,494	108,494
Issuance of ordinary shares on exercise of employee share options	(50)	237	(15)	–	–	172
Purchase of treasury shares	–	(8,949)	–	–	–	(8,949)
Grant of share options/ share plans	–	–	631	–	–	631
Dividends (Note 34)	–	–	–	–	(103,241)	(103,241)
Total contributions by and distributions to owners	(50)	(8,712)	616	–	(103,241)	(111,387)
<b>As at 31 December 2017</b>	<b>217,130</b>	<b>(27,319)</b>	<b>7,284</b>	<b>–</b>	<b>158,905</b>	<b>356,000</b>
<b>2016 Company</b>						
<b>As at 1 January 2016</b>	217,086	–	5,585	–	162,557	385,228
Net profit	–	–	–	–	133,356	133,356
Total comprehensive income for the year	–	–	–	–	133,356	133,356
Issuance of ordinary shares on exercise of employee share options	94	721	(64)	–	–	751
Purchase of treasury shares	–	(19,328)	–	–	–	(19,328)
Grant of share options	–	–	1,147	–	–	1,147
Dividends (Note 34)	–	–	–	–	(142,261)	(142,261)
Total contributions by and distributions to owners	94	(18,607)	1,083	–	(142,261)	(159,691)
<b>As at 31 December 2016</b>	<b>217,180</b>	<b>(18,607)</b>	<b>6,668</b>	<b>–</b>	<b>153,652</b>	<b>358,893</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2017

	Notes	2017 S\$'000	2016 S\$'000
<b>Cash flows from operating activities:</b>			
Profit before tax		<b>162,634</b>	178,544
Adjustments for:			
Depreciation of fixed assets	11	<b>114,330</b>	112,406
(Gain)/loss on disposal of fixed assets, net	5	<b>(2,332)</b>	5
Amortisation of licences, spectrum rights and other intangibles		<b>15,573</b>	14,354
Share-based payments	5	<b>631</b>	1,147
Interest income	6	<b>(483)</b>	(152)
Interest expense	7	<b>9,884</b>	6,749
Share of loss of an associate		<b>286</b>	53
Allowance for doubtful debts		<b>9,046</b>	8,369
<b>Operating cash flows before working capital changes</b>		<b>309,569</b>	321,475
Changes in working capital:			
(Increase)/decrease in inventories		<b>(26,852)</b>	28,540
Increase in trade receivables		<b>(5,456)</b>	(8,031)
(Increase)/decrease in other receivables and deposits		<b>(24,665)</b>	6,391
Increase in prepayments		<b>(959)</b>	(11)
Increase in non-current staff loans		<b>(111)</b>	(144)
Increase in trade payables and accruals		<b>41,720</b>	19,704
(Decrease)/increase in unearned revenue		<b>(1,508)</b>	7,346
Decrease/(increase) in net amount due from related parties		<b>272</b>	(861)
<b>Cash generated from operations</b>		<b>292,010</b>	374,409
Interest received	6	<b>139</b>	152
Interest paid		<b>(8,713)</b>	(6,498)
Tax paid		<b>(24,419)</b>	(33,213)
<b>Net cash flows from operating activities</b>		<b>259,017</b>	334,850
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets	11	<b>(132,309)</b>	(140,546)
Net cash outflow on acquisition of a business	13	<b>(936)</b>	–
Acquisition of intangible assets	13	<b>–</b>	(687)
Purchase of spectrum rights	12	<b>(20,000)</b>	(64,064)
Purchase of investment securities		<b>(7,290)</b>	(11,899)
Acquisition of an associate		<b>–</b>	(3,000)
Proceeds from disposal of fixed assets		<b>–</b>	27
<b>Net cash flows used in investing activities</b>		<b>(160,535)</b>	(220,169)
<b>Cash flows from financing activities:</b>			
Purchase of treasury shares	25	<b>(8,949)</b>	(19,328)
Proceeds from bank loans		<b>174,800</b>	152,400
Repayment of bank loans		<b>(125,800)</b>	(105,200)
Dividends paid on ordinary shares by the Company	34	<b>(103,241)</b>	(142,261)
Proceeds from issuance of ordinary shares on exercise of employee share options – treasury shares	25	<b>172</b>	657
Proceeds from issuance of ordinary shares on exercise of employee share options – new shares		<b>–</b>	94
<b>Net cash flows used in financing activities</b>		<b>(63,018)</b>	(113,638)
<b>Net changes in cash and cash equivalents</b>		<b>35,464</b>	1,043
Cash and cash equivalents at beginning of financial year	22	<b>11,016</b>	9,973
<b>Cash and cash equivalents at end of financial year</b>	22	<b>46,480</b>	11,016

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 1. CORPORATE INFORMATION

M1 Limited (the Company) is a public limited liability company, which is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is at 10 International Business Park, Singapore 609928.

The principal activities of the Company and its subsidiaries (collectively, the Group) are the provision of telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, and customer services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for available-for-sale financial instruments that have been measured at their fair values.

The financial statements are presented in Singapore dollars (S\$) and all values are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.3.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 102: <i>Classification and measurement of Share-based payment transactions</i>	1 January 2018
Amendments to FRS 40: <i>Transfers of Investment Property</i>	1 January 2018
Improvements to FRSs (December 2016)	
– Amendments to FRS 28: <i>Investments in Associates and Joint Ventures</i>	1 January 2018
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information.

The Group will apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate contracts that are completed as at 1 January 2017.

In 2016, with the assistance of a third party consultant, the Group performed a detailed analysis of FRS 115 and has implemented a separate revenue recognition engine in December 2017. The Group's nature of business involves primarily the bundling of services with handsets or equipment, which will have a significant impact upon the adoption of FRS 115 in 2018.

A cross-functional coordinated implementation team has been established to implement the standard update related to the recognition of revenue from contracts with customers. All contract scenarios have been identified and the Group has implemented changes to the systems, processes and internal controls to meet the standard update's reporting and disclosure requirements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective (cont'd)

#### FRS 115 Revenue from Contracts with Customers (cont'd)

At inception, FRS 115 allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract (i.e. subscription services and handsets or equipment), assessed on an individual contract basis. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. With the adoption of FRS 115, revenue from the sale of goods will be recognised at fair value resulting in the increase of allocation of revenue to handsets or equipment at inception. Correspondingly, the service revenue recorded over the duration of the performance of the contract will be lower. In addition, the timing of recognition of sales commission expenses will also result in an impact as a substantial portion of these costs (which are currently expensed) will be capitalised and amortised.

On the adoption of FRS 115, revenue recognition for handsets and equipment will increase. The Group estimates its handsets and equipment sales will increase by S\$69.2 million and S\$87.3 million decline in service revenue for the financial year ended 31 December 2017. S\$158.1 million of contract assets is expected to be recognised in the same period. The Group expects to reclassify S\$5.4 million from trade and other payables to contract liability.

The Group pays dealer commissions for some of its contracts with customers. Dealer commissions is currently expensed when incurred. Under FRS 115, the Group will capitalise such commissions as incremental costs to obtain a contract with a customer if this cost is recoverable. This cost is amortised to profit or loss as the Group recognises the related revenue. Upon adoption of FRS 115, the Group expects to capitalise such dealer commissions amounting to S\$5.3 million as at 31 December 2017 and to record a corresponding adjustment to decrease the costs of sales expense by S\$1.0 million for the financial year ended 31 December 2017.

#### FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information.

#### (a) Classification and measurement

The Group's debt instruments are expected to give rise to cash flows representing solely payments of principal and interest. The Group does not expect any change to the accounting treatment of its currently held-to-maturity instruments when it applies FRS 109.

For equity securities, the Group will elect to measure its currently held available-for-sale quoted and unquoted equity securities at fair value through other comprehensive income. The Group does not expect any significant impact to arise on the adoption of the new standard.

#### (b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables and contract assets arising from the adoption of FRS 115. Upon application of the expected credit loss model, with the exception of the impact on contract assets, the Group does not expect the standard to have a material impact on the results. The Group expects the loss allowance to increase by S\$4.7 million in the initial period of application on 1 January 2018.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective (cont'd)

#### FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10(a).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.6 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the associate. Distributions received from associate reduces the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The initial cost of fixed assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Dismantling, removal or restoration costs included as part of the cost if obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally recognised in profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed asset beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of fixed assets.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Depreciation

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life as follows:

Leasehold buildings	-	10 – 30 years
Networks and related application systems	-	5 – 25 years
Application systems and computers	-	3 – 10 years
Motor vehicles	-	5 years
Furniture, fittings and equipment	-	2 – 7 years

Capital work-in-progress included in fixed assets are not depreciated as these assets are not yet available for use.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Licences and spectrum rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licences or access codes. These intangible assets are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Licences and spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 17 years. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense is recognised in profit or loss through the 'depreciation and amortisation' line item.

### 2.10 Intangible assets

#### (a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

#### (b) Internet protocol (IP) address

Internet protocol address acquired is measured initially at cost. Following initial recognition, IP address is measured at cost less accumulated amortisation and any accumulated impairment losses.

IP address is amortised on a straight-line basis over the estimated economic useful life of 15 years. The amortisation period and the amortisation method are reviewed at each financial year-end. The amortisation expense is recognised in profit or loss through 'depreciation and amortisation' line item.

### 2.11 Investments

The Group classifies its investments in financial assets in the following categories: held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

Investments are initially measured at fair value plus transaction costs less any accumulated impairment losses. For unquoted equity investments whose fair value cannot be reliably measured using alternative valuation methods, they are carried at cost less any accumulated impairment losses.

The fair value of investments that are traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price is the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies or discounted cash flow analysis.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Financial assets

#### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification as follows:

#### (a) Trade and other receivables

Trade and other receivables, including amounts due from related parties, are classified and accounted for as loans and receivables under FRS 39.

Included in the trade receivables balance are accrued service revenue and accrued handset revenue.

Accrued service revenue relates to services rendered but not billed to customers. They will be billed at the following bill cycle.

Accrued handset revenue relates to revenue recognised for handsets sold with services. The accounting policy relating to specific recognition criteria for handset revenue and service revenue is disclosed in Note 2.22.

Allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.14 below.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### (b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

#### (c) Held-to-maturity financial asset

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Financial assets (cont'd)

*Initial recognition and measurement (cont'd)*

#### (d) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and time deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.13 Financial liabilities

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The accounting policies adopted for specific financial liabilities are set out below.

#### *Borrowings*

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and when the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### *Trade and other payables*

Liabilities for trade and other payables, which are normally settled on 30-90 days terms, and amounts due to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

### 2.15 Derecognition of financial assets and liabilities

#### (a) *Financial assets*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (b) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition is accounted for on weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the normal course of business, less estimated costs necessary to make the sale.

### 2.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

### 2.18 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

### 2.19 Employee benefits

#### (a) Defined contribution plan

The Group makes contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

#### (b) Employee share based payment plans

Employees (including the executive director) and non-executive directors of the Group may receive remuneration in the form of share-based payment transactions. Employees render services as consideration for share options or share plans (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity-settled transactions on date of grant, which takes into account market conditions and non-vesting conditions.

The cost of equity-settled transactions is amortised and recognised in profit or loss on a straight-line basis over the vesting period, with a corresponding increase in share option reserve. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The movement in cumulative expenses recognised at the beginning and end of a reporting period is charged or credited to profit or loss with a corresponding adjustment to share option reserve.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Employee benefits (cont'd)

#### (b) Employee share based payment plans (cont'd)

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. In the case where the share does not vest as the result of a failure to meet a vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The share option reserve is transferred to retained profits upon expiry of the equity-settled transactions.

### 2.20 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Taxes (cont'd)

#### (b) *Deferred tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 2.21 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in profit or loss. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years. After such reversal, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount less any residual value, on a systematic basis over its remaining useful life.

### 2.22 Revenue recognition

Revenue of the Group comprises fees earned from telecommunications, international call services and fixed services rendered and sale of handsets and equipment.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

- Service revenue is recognised at the time when such services are rendered. Revenue billed in advance of the rendering of services is deferred on the statement of financial position as unearned revenue.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Revenue recognition (cont'd)

- Revenue from sale of prepaid cards but for which services have not been rendered is deferred on the statement of financial position as unearned revenue. Upon termination of the prepaid cards, any unutilised value of the prepaid cards will be taken to profit or loss.
- Revenue from sale of handset and equipment is recognised upon the transfer of significant risk and reward of the handset and equipment to the customer which generally coincides with delivery and acceptance of the handsets and equipment sold.
- Revenue on award credits are recognised based on the number of award credits that have been redeemed in exchange for free or discounted goods and services, relative to the total numbers of awards expected to be redeemed.
- Interest income is recognised using the effective interest rate method.

### 2.23 Customer acquisition costs

Customer acquisition costs are accounted for in profit or loss when incurred.

### 2.24 Operating leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### 2.25 Foreign currency

The Group's consolidated financial statements are presented in Singapore dollars, which is also the Company and subsidiary companies' functional currencies.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

### 2.26 Segment reporting

The Company and its subsidiaries operate in Singapore in one business segment, that of provision of telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, and customer services.

### 2.27 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

### 2.28 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.29 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- *Useful lives of network and related application systems*

The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these fixed assets to be within 5 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's and Company's network and related application systems at the end of the reporting period are disclosed in Note 11 to the financial statements.

*Sensitivity analysis*

The Group's carrying amount of the network and related application systems stated at net book value as at 31 December 2017 was S\$516,683,000 (2016: S\$551,748,000). If the useful lives of the network and related systems increased by 5%, the carrying amount of the network and related application systems for the Group will increase by S\$3,892,000 (2016: S\$3,837,000) and the carrying amount of the network and related application systems for the Company will increase by S\$3,875,000 (2016: S\$3,831,000).

If the useful lives of the network and related systems decreased by 5%, the carrying amount of the network and related application systems for the Group will decrease by S\$4,301,000 (2016: S\$4,241,000) and the carrying amount of the network and related application systems for the Company will decrease by S\$4,283,000 (2016: S\$4,234,000).

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Key sources of estimation uncertainty (cont'd)

- *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment at least on an annual basis.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 13 to the financial statements.

- *Impairment of loans and receivables*

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Actual results may differ from management's estimates. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 32 to the financial statements.

## 4. OPERATING REVENUE

	Group	
	2017 S\$'000	2016 S\$'000
Mobile telecommunications services	642,481	639,968
International call services	55,869	61,310
Fixed services	129,725	104,231
Handsets and equipment sales	242,981	255,393
Others	5	-
	1,071,061	1,060,902

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 5. OPERATING EXPENSES

	Group	
	2017 S\$'000	2016 S\$'000
Cost of services	131,771	117,598
Cost of handsets and equipment sold	339,720	344,496
Write-back of inventories (Note 19)	–	(589)
Staff costs	122,548	115,005
Advertising and promotion expenses	19,393	22,093
Depreciation and amortisation	129,903	126,760
Allowance for doubtful debts (Note 20)	9,990	9,767
Bad debts recovered	(944)	(1,398)
Facilities expenses	86,377	86,425
Leased circuit costs	32,779	31,489
General and administrative expenses	28,436	29,283
	899,973	880,929

Cost of services includes mainly traffic expenses, wholesale costs of fixed services and connection incentives payable to dealers.

General and administrative expenses include billing costs, licence fees and other administrative costs.

Total operating expenses included the following:

	Group	
	2017 S\$'000	2016 S\$'000
Audit fees paid to auditors of the Company	249	219
Non-audit fees paid to auditors of the Company	28	23
CPF contributions	12,145	11,619
Share-based payments	631	1,147
Key executives' remuneration	6,429	6,544
Fees paid to Directors of the Company	812	905
Foreign exchange loss, net	86	16
(Gain)/loss on disposal of fixed assets, net	(2,332)	5

Key executives' remuneration included in the staff costs and share-based payments are as follows:

Short term employee benefits	5,927	5,843
CPF contributions	236	249
Share-based payments	266	452
Total compensation paid to key executives	6,429	6,544

## 6. OTHER INCOME

	Group	
	2017 S\$'000	2016 S\$'000
Interest income:		
– Interest income from unquoted convertible note	344	136
– Interest income from banks	139	16
	483	152
Government grants	–	3,547
Miscellaneous income	1,233	1,674
	1,716	5,373

Miscellaneous income includes project management fee.

## 7. FINANCE COSTS

	Group	
	2017 S\$'000	2016 S\$'000
Interest expense on bank loans	9,884	6,749

## 8. TAXATION

### Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group	
	2017 S\$'000	2016 S\$'000
Current income tax		
– Current year	28,137	27,458
– Over provision in respect of prior year	(655)	(5,622)
Deferred income tax		
– Origination and reversal of temporary differences	1,771	5,182
– Under provision in respect of prior year	861	1,875
Income tax expense recognised in profit or loss	30,114	28,893

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 8. TAXATION (CONT'D)

### Relationship between statutory tax rate and effective tax rate

A reconciliation of the statutory tax rate with the effective tax rate applicable to profit before tax of the Group for the years ended 31 December 2017 and 2016 are as follows:

	2017 S\$'000	2016 S\$'000
Profit before tax	162,634	178,544
Tax calculated using Singapore tax rates of 17% (2016: 17%)	27,648	30,352
Adjustments:		
Expenses not deductible for tax purposes	3,072	3,779
Income not subject to taxation	(513)	(5)
Under/(over) provision in respect of prior years	206	(3,747)
Effects of tax relief	(326)	(880)
Benefits from previously unrecognised tax losses	(177)	(616)
Deferred tax assets not recognised	201	-
Others	3	10
Tax expense	30,114	28,893

At the end of the reporting period, the Group has tax losses of approximately Nil (2016: Nil) and capital allowances Nil (2016: Nil).

### Deferred tax liabilities

Deferred taxation at 31 December 2017 and 2016 are related to the following:

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Deferred tax liabilities						
Difference in depreciation	120,617	117,985	2,632	7,057	117,175	115,681

## 9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares on issue during the financial year. Diluted earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares on issue during the financial year (adjusted for effects of dilutive share options).

The following reflects the earnings and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2017 S\$'000	2016 S\$'000
Net profit attributable to owners of the Company for basic and diluted earnings per share	132,520	149,651
	No. of shares	No. of shares
	2017 '000	2016 '000
Weighted average number of ordinary shares on issue applicable for basic earnings per share computation	928,228	931,361
Effect of dilution:		
Share options	23	144
Adjusted weighted average of ordinary shares on issue applicable for diluted earnings per share computation	928,251	931,505

## 10. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA is derived as follows:

	Group	
	2017 S\$'000	2016 S\$'000
Profit before tax	162,634	178,544
Adjustments for:		
Amortisation of licences, spectrum rights and other intangibles	15,573	14,354
Depreciation of fixed assets	114,330	112,406
Finance costs	9,884	6,749
EBITDA	302,421	312,053

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 11. FIXED ASSETS

	Leasehold buildings S\$'000	Networks and related application systems S\$'000	Application systems and computers S\$'000	Motor vehicles S\$'000	Furniture, fittings and equipment S\$'000	Capital work-in-progress S\$'000	Total S\$'000
<b>Group</b>							
<b>Cost:</b>							
At 1 January 2016	115,913	1,818,051	316,462	1,685	75,669	13,545	2,341,325
Additions	11,831	99,520	23,079	–	3,533	2,583	140,546
Disposals	–	–	(173)	–	(46)	–	(219)
At 31 December 2016 and 1 January 2017	127,744	1,917,571	339,368	1,685	79,156	16,128	2,481,652
Additions	3,470	63,044	23,833	–	3,455	57,325	151,127
Disposals	–	(693,888)	(15,479)	–	(1,954)	–	(711,321)
At 31 December 2017	131,214	1,286,727	347,722	1,685	80,657	73,453	1,921,458
<b>Accumulated depreciation:</b>							
At 1 January 2016	55,607	1,285,238	216,080	997	69,476	–	1,627,398
Depreciation charge for the year	5,081	80,585	22,257	213	4,270	–	112,406
Disposals	–	–	(172)	–	(15)	–	(187)
At 31 December 2016 and 1 January 2017	60,688	1,365,823	238,165	1,210	73,731	–	1,739,617
Depreciation charge for the year	5,362	81,726	23,079	213	3,950	–	114,330
Disposals	–	(677,505)	(15,447)	–	(1,883)	–	(694,835)
At 31 December 2017	66,050	770,044	245,797	1,423	75,798	–	1,159,112
<b>Net carrying amount:</b>							
At 31 December 2016	67,056	551,748	101,203	475	5,425	16,128	742,035
At 31 December 2017	65,164	516,683	101,925	262	4,859	73,453	762,346

## 11. FIXED ASSETS (CONT'D)

	Leasehold buildings S\$'000	Networks and related application systems S\$'000	Application systems and computers S\$'000	Motor vehicles S\$'000	Furniture, fittings and equipment S\$'000	Capital work-in-progress S\$'000	Total S\$'000
<b>Company</b>							
<b>Cost:</b>							
At 1 January 2016	115,823	1,816,754	295,230	1,685	54,594	13,545	2,297,631
Additions	11,831	97,981	20,024	–	158	2,583	132,577
Disposals	–	–	(109)	–	–	–	(109)
At 31 December 2016 and 1 January 2017	127,654	1,914,735	315,145	1,685	54,752	16,128	2,430,099
Additions	3,470	61,252	12,532	–	72	50,933	128,259
Disposals	–	(693,887)	(15,285)	–	(1)	–	(709,173)
At 31 December 2017	131,124	1,282,100	312,392	1,685	54,823	67,061	1,849,185
<b>Accumulated depreciation:</b>							
At 1 January 2016	55,557	1,284,005	206,380	997	53,386	–	1,600,325
Depreciation charge for the year	5,079	80,441	18,439	213	487	–	104,659
Disposals	–	–	(109)	–	–	–	(109)
At 31 December 2016 and 1 January 2017	60,636	1,364,446	224,710	1,210	53,873	–	1,704,875
Depreciation charge for the year	5,362	81,370	18,175	213	287	–	105,407
Disposals	–	(677,505)	(15,256)	–	(1)	–	(692,762)
At 31 December 2017	65,998	768,311	227,629	1,423	54,159	–	1,117,520
<b>Net carrying amount:</b>							
At 31 December 2016	67,018	550,289	90,435	475	879	16,128	725,224
At 31 December 2017	65,126	513,789	84,763	262	664	67,061	731,665

During the financial year, total fixed assets addition amounted to \$151,127,000, which includes \$18,818,000 arising from trade-in for network upgrade.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 12. LICENCES AND SPECTRUM RIGHTS

	Licences S\$'000	Spectrum rights S\$'000	Total S\$'000
<b>Group and Company</b>			
<b>Cost:</b>			
At 1 January 2016	2,453	181,707	184,160
Addition	-	64,064	64,064
At 31 December 2016 and 1 January 2017	2,453	245,771	248,224
Addition	-	20,000	20,000
At 31 December 2017	2,453	265,771	268,224
<b>Accumulated amortisation:</b>			
At 1 January 2016	2,420	92,626	95,046
Amortisation charge for the year	21	14,188	14,209
At 31 December 2016 and 1 January 2017	2,441	106,814	109,255
Amortisation charge for the year	12	15,473	15,485
At 31 December 2017	2,453	122,287	124,740
<b>Net carrying amount:</b>			
At 31 December 2016	12	138,957	138,969
At 31 December 2017	-	143,484	143,484

The licences and spectrum rights have remaining useful lives ranging from 4 years to 17 years (2016: 0.5 years to 14 years).

## 13. OTHER INTANGIBLES

	Goodwill S\$'000	Others S\$'000	Total S\$'000
<b>Group</b>			
<b>Cost:</b>			
At 1 January 2016	13,177	764	13,941
Additions	-	687	687
At 31 December 2016 and 1 January 2017	13,177	1,451	14,628
Additions	612	-	612
At 31 December 2017	13,789	1,451	15,240
<b>Accumulated amortisation:</b>			
At 1 January 2016	-	153	153
Amortisation charge for the year	-	145	145
At 31 December 2016 and 1 January 2017	-	298	298
Amortisation charge for the year	-	88	88
At 31 December 2017	-	386	386
<b>Net carrying amount:</b>			
At 31 December 2016	13,177	1,153	14,330
At 31 December 2017	13,789	1,065	14,854

## 13. OTHER INTANGIBLES (CONT'D)

Other intangibles includes club memberships and internet protocol addresses. As at 31 December 2017, the internet protocol addresses have remaining useful lives ranges from 10 years to 13 years (2016: 11 years to 14 years).

	Club Membership S\$'000
<b>Company</b>	
<b>Cost:</b>	
At 31 December 2016 and 1 January 2017	125
Disposals	(125)
At 31 December 2017	-
<b>Accumulated amortisation:</b>	
At 31 December 2016 and 1 January 2017	(125)
Disposals	125
At 31 December 2017	-
<b>Net carrying amount:</b>	
At 31 December 2016	-
At 31 December 2017	-

### Impairment testing of goodwill

The Group previously, acquired a 100% equity interest in M1 Connect Pte. Ltd. (M1 Connect). Subsequently, the Group has transferred M1 Connect's broadband business to another wholly owned subsidiary, M1 Net Ltd. (M1 Net).

Management has allocated the goodwill to M1 Net as a cash-generating unit (CGU) for impairment testing. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections covering a five-year period. The discount rate applied to the cash flow projections and terminal growth rate used to extrapolate cash flow projections beyond the five-year period are 8% (2016: 8%) and Nil (2016: Nil) respectively.

The calculation of value in use for the CGU is most sensitive to the following assumptions:

Terminal growth rate – The terminal growth rate used does not exceed the long term average growth rate of the industry and country in which the CGU operates.

Discount rate applied should reflect the current market assessment of the risks specific to the CGU.

No impairment loss (2016: Nil) was recognised in profit or loss.

A reasonable change to the assumptions used by the management to determine the impairment required, particularly the discount rate and terminal growth rate, would not significantly affect the results.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 13. OTHER INTANGIBLES (CONT'D)

### Acquisition of a business

On 17 November 2017, the Group's subsidiary, M1 Net Ltd. (M1 Net) has acquired the core business of GMS Enterprise Pte Ltd (GMS) for a purchase consideration of S\$2.0 million.

The fair value of the identifiable asset and liabilities of business division for GMS as at the acquisition date were:

	2017 S\$'000
Cash and cash equivalents	1,064
Trade and other receivables	1,342
	2,406
Trade and other payables	(1,018)
Total identifiable net asset at fair value	1,388
Goodwill arising from acquisition	612
Total consideration transferred	2,000

Effect of the acquisition of a business division from GMS Pte Ltd on cash flows:

	2017 S\$'000
Total consideration	2,000
Less: Cash and cash equivalents of a business division acquired	(1,064)
Net cash outflow on acquisition of a business division	936

## 14. STAFF LOANS

	Group and Company	
	2017 S\$'000	2016 S\$'000
Repayable within one year (included in Note 21)	144	109
Repayable after one year	442	331
	586	440

Staff loans are repayable in equal monthly instalments over periods of up to seven years and interest bearing at rates of up to 2% (2016: 2%) per annum.

## 15. INTERESTS IN SUBSIDIARIES

	Company	
	2017 S\$'000	2016 S\$'000
Unquoted shares:		
At cost	8,660	8,660
Impairment loss	(1,560)	(1,560)
	7,100	7,100

## 15. INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries of the Company as at 31 December 2017 and 2016 are as follows:

Name of Company	Country of incorporation	Principal activities	Effective interest of the Company	
			2017 %	2016 %
<b>Held by the Company:</b>				
M1 Shop Pte Ltd	Singapore	Retail sales of telecommunication equipment and accessories	100	100
M1 Net Ltd.	Singapore	Provision of fixed and other related telecommunication services	100	100
M1 TeliNet Pte. Ltd.	Singapore	Licensor of intellectual property rights and investment holding	100	100
Kliq Pte. Ltd.	Singapore	Remittances services	100	100
<b>Held through M1 Net Ltd.:</b>				
M1 Connect Pte. Ltd.	Singapore	Strike off in progress*	100	100

\* The strike off has been completed on 13 February 2018.

All subsidiaries are audited by Ernst & Young LLP.

## 16. DUE FROM/(TO) RELATED PARTIES AND SUBSIDIARIES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Due from subsidiaries (non-trade)	-	-	30,667	40,207
Due from related parties	944	1,374	828	1,372
Due to subsidiaries	-	-	(23,704)	(54,773)
Due to related parties	(307)	(465)	(211)	(373)
	(307)	(465)	(23,915)	(55,146)

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and are not expected to be repaid by the subsidiaries in the next twelve months.

The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

The amounts due from/(to) related parties are unsecured, non-interest bearing and are generally repayable on 30 to 90 days terms.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 17. INVESTMENT IN AN ASSOCIATE

In 2016, M1 TeliNet Pte .Ltd., a subsidiary of the Company invested S\$3.0 million into Octopus Retail Management Pte Ltd (ORM). The contribution of 30% of the shareholding in ORM has resulted in ORM to be an associated company of the Group. As at the end of financial period, no restatement was required to be made to the previous financial year.

The Group's material investment in associate is as follows:

	Group	
	2017 S\$'000	2016 S\$'000
Cost	3,000	3,000
Share of post-acquisition loss	(339)	(53)
	2,661	2,947

Name of Company	Country of incorporation	Principal activities	Effective interest of the Company	
			2017 %	2016 %
<b>Held by the Company:</b>				
Octopus Retail Management Pte Ltd	Singapore	Mobile Point-of-sale solutions provider for retails	30%	30%

The summarised financial information in respect of Octopus Retail Management Pte Ltd, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

### Summarised balance sheet

	As at 31 December 2017 S\$'000	As at 31 December 2016 S\$'000
Current assets	2,033	3,197
Non-current assets	7,015	7,021
Total assets	9,048	10,218
Current liabilities	176	395
Total liabilities	176	395
Net assets	8,872	9,823
Proportion of the Group's ownership	30%	30%
Group's share on net assets	2,661	2,947

### Summarised statement of comprehensive income

	2017 S\$'000	2016 S\$'000
Revenue	1,406	355
Loss after tax	(953)	(279)
Total comprehensive income	(953)	(279)

## 18. INVESTMENT SECURITIES

	Group	
	2017 S\$'000	2016 S\$'000
<b>Current:</b>		
Held-to-maturity financial asset		
- Unquoted convertible note	6,688	-
<b>Non-current:</b>		
Available-for-sale financial assets		
- Unquoted equity	18,483	8,849
- Unquoted investment fund	4,392	3,022
- Quoted equity	2,671	2,044
Held-to-maturity financial asset		
- Unquoted convertible note	-	6,695
	25,546	20,610

The held-to-maturity financial asset relates to investment in a mezzanine financing amounting to US\$5.0 million with a coupon rate of 5% per annum and matures in August 2018.

## 19. INVENTORIES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Balance sheet:</b>				
Handsets and equipment	48,681	21,952	-	-
Accessories	1,143	1,020	153	121
Total inventories at the lower of cost and net realisable value	49,824	22,972	153	121
<b>Income statement:</b>				
Inventories recognised as a gain in operating expense is inclusive of the following:				
- Write-back of obsolete inventories	-	(589)	-	(135)
	-	(589)	-	(135)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 20. TRADE RECEIVABLES

Trade receivables comprise billed trade receivables, accrued service revenue and accrued handset revenue.

Billed trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Billed trade receivables	53,515	55,255	53,515	55,255
Other billed trade receivables	23,885	20,357	11,129	13,993
Accrued handset revenue	85,237	87,104	85,237	87,104
Accrued service revenue	10,792	14,883	10,792	14,884
	173,429	177,599	160,673	171,236
Allowance for doubtful debts	(10,110)	(12,032)	(10,075)	(11,877)
	163,319	165,567	150,598	159,359

### Receivables that are past due but not impaired

The Group and Company have unsecured trade receivables that are past due at the end of the reporting period but not impaired and the analysis of their ageing at the end of the reporting period is as follows:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade receivables past due:				
30 – 60 days	8,037	7,518	7,626	7,383
61 – 90 days	4,886	4,535	3,505	3,729
More than 90 days	6,626	10,449	4,541	10,069
	19,549	22,502	15,672	21,181

### Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record impairment are as follows:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade receivables – gross amount	17,546	18,494	17,511	18,445
Less: Allowance for doubtful debts	(10,110)	(12,032)	(10,075)	(11,877)
	7,436	6,462	7,436	6,568
Movement in allowance accounts:				
Balance at beginning of financial year	12,032	14,415	11,877	14,258
Allowance charge for the year (Note 5)	9,990	9,767	10,110	9,769
Written-off	(11,912)	(12,150)	(11,912)	(12,150)
Balance at end of financial year	10,110	12,032	10,075	11,877

## 21. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Deposits	6,112	6,039	4,398	4,290
Staff loans (Note 14)	144	109	144	109
Other receivables	32,843	7,942	27,403	5,133
	39,099	14,090	31,945	9,532

## 22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash and bank balances	46,480	11,016	43,402	10,122

Cash at banks earns interest at floating rates offered by short-term money market at 0.39% to 0.86% (2016: 0.30% to 0.95%) per annum.

Cash at bank denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
United States Dollar	481	6,212	371	6,155
Euro	101	102	101	102

## 23. TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade payables	116,520	91,448	63,661	49,232
Accrued operating expenses	58,644	47,773	54,651	44,950
Accrued capital expenditure	26,802	20,211	27,384	19,992
Interest payable	1,881	710	1,881	710
Directors' fees payable	812	905	812	905
Other payables	4,733	4,436	4,186	4,031
	209,392	165,483	152,575	119,820

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days terms.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 24. BORROWINGS

	Group and Company	
	2017 S\$'000	2016 S\$'000
<b>Current:</b>		
Short term bank loan	–	151,000
<b>Non-current:</b>		
Long term bank loan	450,000	250,000
	450,000	401,000

As at 31 December 2017, the \$450,000,000 long term bank loan comprises:

- (a) \$250,000,000 long term loan that was refinanced in May 2016 at an effective interest rate of 2.65% per annum and is repayable in full in May 2021.
- (b) \$200,000,000 long term loans with an effective interest rate at 2.45% per annum and are repayable in full by July 2020.

## 25. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

	Group and Company S\$'000
<b>Issued and fully-paid:</b>	
Balance as at 1 January 2016	
937,187,782 ordinary shares	217,086
Less: 7,215,000 treasury shares purchased on the Singapore Exchange (285,000 treasury shares purchased and issued during the year)	(17)
Issued during the financial year	
50,000 shares issued	111
Balance as at 31 December 2016 and 1 January 2017	
930,022,782 ordinary shares	217,180
Less: 4,908,000 treasury shares purchased on the Singapore Exchange (92,000 treasury shares purchased and issued during the year)	(50)
Issued during the financial year	
NIL shares issued	–
Balance as at 31 December 2017	
925,114,782 ordinary shares	217,130

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has employee share option schemes (see Note 29) under which options to subscribe for the Company's ordinary shares may have been granted to employees (including executive director) and non-executive directors of the Group.

## 25. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

### (b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company acquired 5,000,000 (2016: 7,500,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was S\$8,949,000 (2016: S\$19,328,000) and this was presented as a component within shareholders' equity.

	Group and Company			
	2017		2016	
	Number of treasury shares		Number of treasury shares	
	'000	S\$'000	'000	S\$'000
Balance at beginning of financial year	7,215	18,607	–	–
Purchased from open market	5,000	8,949	7,500	19,328
Reissued pursuant to employee share option plans:				
– For cash on exercise on employee share options	(92)	(172)	(285)	(657)
– Loss transferred to share option reserve	–	(65)	–	(64)
Issued to employee as exercise of share option	(92)	(237)	(285)	(721)
	12,123	27,319	7,215	18,607

## 26. OTHER RESERVES

### (a) Share option reserve

Share option reserve represents the equity-settled share options or share plans granted to employees (Note 29). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options or share plans, and is reduced by the expiry or exercise of the share options or share plans.

### (b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed off or impaired.

## 27. RELATED PARTY TRANSACTIONS

### Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant transactions entered into by the Group and the Company with related parties at rates agreed between the parties during the financial year:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Substantial shareholders and their subsidiaries</b>				
Telecommunications services rendered	12,991	13,738	12,859	13,721
Telecommunications services received	(13,233)	(17,110)	(13,231)	(17,108)
Rental and maintenance services received	(5,097)	(4,880)	(2,438)	(2,266)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 28. COMMITMENTS

### (a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group and Company	
	2017 S\$'000	2016 S\$'000
Capital commitments	199,797	40,495

Capital commitment as at 31 December 2017 includes S\$188.0 million for the 700 MHz spectrum.

### (b) Operating lease commitments

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) under operating leases were S\$30,195,000 and S\$29,601,000 for the financial year ended 31 December 2017 and 2016 respectively.

The Group leases various properties under operating lease agreements. These leases have varying terms, escalation clauses and renewal rights. The future minimum lease payments are as follows:

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Not later than one year	14,023	13,225	8,753	8,552
Later than one year but not later than five years	14,258	13,280	9,448	10,879
Later than five years	3,322	1,366	3,322	1,366
	31,603	27,871	21,523	20,797

## 29. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY

### (a) Share options

The Company has 2 employee share option schemes for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

- (i) M1 Share Option Scheme 2002 (the 2002 Scheme) which was approved by shareholders on 8 November 2002. The 2002 Scheme had expired on 7 November 2012. Options already granted under the 2002 Scheme remain valid and exercisable until the end of the relevant exercise period; and
- (ii) M1 Share Option Scheme 2013 (the 2013 Scheme), for granting of non-transferable share options to employees (including executive director) and non-executive directors of the Company and its subsidiaries was adopted and approved by shareholders in Annual General Meeting on 5 April 2013.

The 2013 scheme was terminated by shareholders in Annual General Meeting on 6 April 2016. It was replaced by the M1 Share plan 2016 (2016 Plan) which was adopted and approved by shareholders in the same general meeting. Options already granted under the 2013 Scheme remain valid and exercisable until the end of the relevant exercise period.

The Remuneration Committee (Committee) is responsible for administering the 2002 Scheme and 2013 Scheme (collectively, the Schemes). The Committee members are Mr Moses Lee Kim Poo (Chairman), Mr Choo Chiau Beng (resigned on 1 January 2018), Mr Danny Teoh Leong Kay (appointed on 13 February 2018), Mr Chow Kok Kee, Mr Low Huan Ping, Mr Alan Ow Soon Sian and Mr Tan Wah Yeow (appointed on 13 February 2018). The majority of the Committee comprises of independent directors, including the Committee Chairman.

## 29. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY (CONT'D)

### (a) Share options (cont'd)

Under the Schemes, options granted have a term of 5 or 10 years from the date of grant for non-executive directors and employees (including executive director) respectively.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Committee in its absolute discretion, on the date of grant to be either:

- (i) at a price equal to the average of the last dealt prices of the Company's shares on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the date of grant of that option (the Market Price) or such higher price as may be determined by the Committee; or
- (ii) at a price, which is set at a discount to the Market Price provided that the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

Information with respect to the number of options granted under the Schemes is as follows:

Date of grant	Balance as at 1 January 2017 or date of grant	Exercised	Expired/ cancelled*	Balance as at 31 December 2017	Subscription price
<b>2002 Scheme</b>					
6 February 2007	120,000	–	(120,000)	–	S\$2.17
11 February 2008	155,000	(80,000)	–	75,000	S\$1.90
2 February 2009	115,000	(12,000)	–	103,000	S\$1.60
3 February 2010	298,000	–	–	298,000	S\$2.04
7 February 2011	1,726,700	–	–	1,726,700	S\$2.44
30 January 2012	3,138,000	–	(125,000)	3,013,000	S\$2.43
<b>2013 Scheme</b>					
2 May 2013	6,279,000	–	(554,000)	5,725,000	S\$3.24
23 January 2014	7,496,000	–	(822,000)	6,674,000	S\$3.31
22 January 2015	8,680,000	–	(980,000)	7,700,000	S\$3.64
22 January 2016	9,200,000	–	(1,140,000)	8,060,000	S\$2.48
	37,207,700	(92,000)	(3,741,000)	33,374,700	

\* Cancelled when staff resigned from the Company

The above options will vest over a period of three years from the date of grant and may be exercisable for a period commencing after the first anniversary of the date of grant and expiring on the 10<sup>th</sup> anniversary of the date of grant.

The weighted average share price at the date of exercise of the options during the financial year was S\$2.20 (2016: S\$2.48).

The weighted average remaining contractual life for options outstanding at the end of the financial year was 6.3 years (2016: 7.2 years).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 29. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY (CONT'D)

### (a) *Share options (cont'd)*

Information on relevant participants under the Schemes is as follows:

Name of employee	Options granted during financial year	Aggregate options granted since commencement of Schemes to end of financial year	Aggregate options exercised since commencement of Schemes to end of financial year	Aggregate options expired since commencement of Schemes to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Karen Kooi Lee Wah (Chief Executive Officer)	–	10,115,000	(5,049,300)	(400,000)	4,665,700	\$1.25 - \$3.64
Patrick Michael Scodeller	–	5,960,000	(4,410,000)	–	1,550,000	\$1.25 - \$3.64

The fair value of the share options as at the date of grant is computed using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The inputs to the model for all grants not vested for the years are shown below:

Date of grant	22-Jan-16	22-Jan-15	23-Jan-14	2-May-13	30-Jan-12	7-Feb-11
Dividend Yield (%)	6.59	5.07	6.09	4.32	5.88	7.14
Expected Volatility (%)	19.00	17.00	17.00	16.00	27.00	28.00
Risk-free interest rate (%)	1.58	0.71	0.33	0.33	0.30	1.03
Expected life of option (years)	3.30	3.10	3.10	3.10	3.10	3.10
Share price (\$)	2.32	3.73	3.45	3.38	2.43	2.45
Exercise price (\$)	2.48	3.64	3.31	3.24	2.43	2.44

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option were incorporated into the measurement of fair value.

### (b) *Share plan*

The M1 Share Plan 2016 (2016 Plan) was approved by shareholders in Annual General Meeting on 6 April 2016.

Under the 2016 Plan, the aggregate number of shares which are fully paid to be finally awarded to the participants free of charge will be based on the achievement of certain predetermined performance targets and conditions as determined by the Remuneration Committee at the end of the performance period (Final Award).

The Final Award varies depending on the level of achievement of the pre-determined targets. An achievement factor will be applied to the Provisional Award to determine the final number of shares to be awarded which is capped at 1.2 times of the grant.

Pre-determined targets are set by the Remuneration Committee at their absolute discretion for the performance conditions to be met over the performance period. The targets set are based on the achievement of Profit After Tax and Total Shareholder Return.

The shares which are the subject of the awards will be released to a participant after the relevant vesting period, as determined by the Remuneration Committee, after meeting the time-based service conditions where the participant has served the Company or, as the case may be, a relevant associate, for a specified number of years. Currently, awarded shares vest over a period of 3 years.

## 29. SHARE OPTIONS AND SHARE PLANS OF THE COMPANY (CONT'D)

### (b) *Share plan (cont'd)*

Pursuant to the M1 2016 Plan which were provisionally granted on 1 August 2016, the final number of shares which were awarded is 295,700 shares. 30% of the award will be released and vested in 2018 and 2019 while the remaining 40% of the award will be released and vested in 2020.

Pursuant to the M1 2016 Plan which were provisionally granted on 1 February 2017, the provisional number of shares which were subject to the award is up to 988,800. 30% of the award will be released and vested in 2019 and 2020 while the remaining 40% of the award will be released and vested in 2021.

All of the 2016 Plan shares will be released to the participants at the end of the three-year vesting period. The aggregate number of shares to be finally awarded to the participants will be based on the achievement of certain predetermined performance targets and conditions as determined by the Remuneration Committee or otherwise in accordance to the rules of the 2016 Plan.

At the end of the year, there were 295,700 shares granted (final award) and up to 988,800 shares granted (provisional award) under the 2016 Plan as follows:

#### Total shares awarded

	At beginning of financial year	Final award granted	At end of financial year
Date of grant 1 August 2016	Up to 854,400	295,700	295,700
	At beginning of financial year	Provisional award granted	At end of financial year
Date of grant 1 February 2017	–	Up to 988,800	Up to 988,800

The information on director participating in the 2016 Plan is as follows:

Name of director	Date of Grant	At beginning of financial year	Final award granted	At end of financial year
Karen Kooi Lee Wah	1 Aug 2016	Up to 60,000	21,000	21,000
Name of director	Date of Grant	At beginning of financial year	Provisional award granted	At end of financial year
Karen Kooi Lee Wah	1 Feb 2017	–	Up to 60,000	Up to 60,000

Since the commencement of the 2016 Share Plan till the end of the financial year:

- No awards have been granted to the controlling shareholders of the Company and their associates
- No participant other than the director mentioned above has received 5% or more of the total awards available under the plans

On 1 February 2018, the Company had granted the Final Award for performance period ended 31 December 2017. 741,900 shares were granted, which includes 52,800 shares granted to Karen Kooi Lee Wah (Director/Chief Executive Officer).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market price risk. The Group's risk management strategy aims to minimise the adverse effects of financial risk on the financial performance of the Group. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's credit risk is mitigated by its combination of cash and credit sales. For credit sales, the Group has no significant concentration of credit risk from trade receivables due to its diverse customer base. Credit risk is managed through credit checks, credit reviews and monitoring procedures that include a formal automated collection process.

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2017 in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits, that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

### Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group relies on its internal working capital and bank borrowings to fund most of its operating and investing activities. There are sufficient revolving credit facilities available to meet short term funding requirements.

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Liquidity risk (cont'd)

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less S\$'000	1 to 5 years S\$'000	> 5 years S\$'000	No maturity date S\$'000	Total S\$'000
<b>2017</b>					
<b>Group</b>					
<b>Financial assets</b>					
Trade and other receivables	202,418	442	–	–	202,860
Due from related parties	944	–	–	–	944
Cash and cash equivalents	46,480	–	–	–	46,480
Investment securities	6,688	–	–	25,546	32,234
Total undiscounted financial assets	256,530	442	–	25,546	282,518
<b>Financial liabilities</b>					
Trade payables and accruals	209,392	–	–	–	209,392
Due to related parties	307	–	–	–	307
Borrowings	–	484,210	–	–	484,210
Total undiscounted financial liabilities	209,699	484,210	–	–	693,909
Total net undiscounted financial assets/(liabilities)	46,831	(483,768)	–	25,546	(411,391)
<b>2016</b>					
<b>Group</b>					
<b>Financial assets</b>					
Trade and other receivables	179,657	331	–	–	179,988
Due from related parties	1,374	–	–	–	1,374
Cash and cash equivalents	11,016	–	–	–	11,016
Investment securities	–	6,695	–	13,915	20,610
Total undiscounted financial assets	192,047	7,026	–	13,915	212,988
<b>Financial liabilities</b>					
Trade payables and accruals	163,847	–	–	–	163,847
Due to related parties	465	–	–	–	465
Borrowings	151,057	279,114	–	–	430,171
Total undiscounted financial liabilities	315,369	279,114	–	–	594,483
Total net undiscounted financial (liabilities)/assets	(123,322)	(272,088)	–	13,915	(381,495)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less S\$'000	1 to 5 years S\$'000	> 5 years S\$'000	No maturity date S\$'000	Total S\$'000
<b>2017</b>					
<b>Company</b>					
<b>Financial assets</b>					
Trade and other receivables	182,543	442	–	–	182,985
Due from related parties	828	–	30,667	–	31,495
Cash and cash equivalents	43,402	–	–	–	43,402
Total undiscounted financial assets	226,773	442	30,667	–	257,882
<b>Financial liabilities</b>					
Trade payables and accruals	152,575	–	–	–	152,575
Due to related parties and subsidiaries	23,915	–	–	–	23,915
Borrowings	–	484,210	–	–	484,210
Total undiscounted financial liabilities	176,490	484,210	–	–	660,700
Total net undiscounted financial assets/(liabilities)	50,283	(483,768)	30,667	–	(402,818)
<b>2016</b>					
<b>Company</b>					
<b>Financial assets</b>					
Trade and other receivables	168,891	331	–	–	169,222
Due from related parties	1,372	–	40,207	–	41,579
Cash and cash equivalents	10,122	–	–	–	10,122
Total undiscounted financial assets	180,385	331	40,207	–	220,923
<b>Financial liabilities</b>					
Trade payables and accruals	116,675	–	–	–	116,675
Due to related parties and subsidiaries	55,146	–	–	–	55,146
Borrowings	151,057	279,114	–	–	430,171
Total undiscounted financial liabilities	322,878	279,114	–	–	601,992
Total net undiscounted financial (liabilities)/assets	(142,493)	(278,783)	40,207	–	(381,069)

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore dollars. The currency exposures are mainly limited to Special Drawing Rights (SDR). SDR is an international reserve asset created by International Monetary Fund and is valued on the basis of a basket of key national currencies.

The Group is also exposed to currency translation risk arising from its investment securities denominated in USD and HKD.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes as disclosed in Note 22.

Whenever possible, foreign currency transactions are matched to minimise the exposure. The exchange rates are continually monitored and forward contracts are used when appropriate to hedge against exchange rate fluctuations.

### Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These quoted equity securities are quoted on the Growth Enterprise Market, set up by the Hong Kong Stock Exchange, and are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

### Sensitivity analysis for equity price risk

At the end of the reporting period, if the price per share had been 5% (2016: 5%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been S\$125,000 (2016: S\$102,000) higher/lower, arising as a result of an increase/decrease in the share price of investment in quoted equity securities.

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group			
2017			
	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
<b>Financial assets:</b>			
Available-for-sale financial assets (Note 18)			
– Unquoted equity	–	10,953	10,953
– Unquoted equity, at cost	–	7,530	7,530
– Unquoted investment fund	–	4,392	4,392
– Quoted equity	2,671	–	2,671
	2,671	22,875	25,546

Group			
2016			
	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
<b>Financial assets:</b>			
Available-for-sale financial assets (Note 18)			
– Unquoted equity	–	7,402	7,402
– Unquoted equity, at cost	–	1,447	1,447
– Unquoted investment fund	–	3,022	3,022
– Quoted equity	2,044	–	2,044
	2,044	11,871	13,915

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Determination of fair value

#### Level 3 fair value measurements

Unquoted equity instruments and investment fund are valued based on the net asset value per share as reported by the managers of these funds, less impairment or at cost because fair value cannot be measured reliably. The equity securities that are measured at cost represent investment in companies that are not quoted on any market and does not have any comparable industry peer that is listed.

#### Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of current trade receivables, other receivables, due from related parties, cash and cash equivalents, creditors and due to related parties, based on their notional amounts, are reasonable approximation of fair values either due to their short-term nature or they are floating rate instruments that are re-priced to market rates on or near the end of the reporting period.

#### Financial instrument by classes that is not carried at fair value, for which fair value is disclosed

The fair value of financial liability by classes that is not carried at fair value, for which fair value is disclosed as follows:

Group and Company				
	2017		2016	
	Carrying Amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
Financial liability:				
– Fixed rate bank loan	450,000	446,214	250,000	247,208

The fair value of fixed rate bank loan is determined using market observable inputs such as prevailing term loan interest rates (Level 2 of the fair value hierarchy).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 32. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table shows a comparison by category of carrying amounts of the Group's and Company's financial assets and liabilities at the end of the reporting period:

	2017 S\$'000	2016 S\$'000
<b>Group</b>		
<b>Assets</b>		
<b>Available-for-sale financial assets:</b>		
Long-term investments	25,546	13,915
<b>Held-to-maturity financial asset:</b>		
Unquoted convertible note	6,688	6,695
<b>Loans and receivables:</b>		
Staff loans	586	440
Trade receivables	163,319	165,567
Deposits	6,112	6,039
Other receivables	32,843	7,942
Due from related parties	944	1,374
Cash and cash equivalents	46,480	11,016
	250,284	192,378
<b>Liabilities</b>		
<b>Liabilities at amortised cost:</b>		
Trade payables and accruals	209,392	163,847
Due to related parties	307	465
Borrowings	450,000	401,000
	659,699	565,312

## 32. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2017 S\$'000	2016 S\$'000
<b>Company</b>		
<b>Assets</b>		
<b>Loans and receivables:</b>		
Staff loans	586	440
Due from subsidiaries	30,667	40,207
Trade receivables	150,598	159,359
Deposits	4,398	4,290
Other receivables	27,403	5,133
Due from related parties	828	1,372
Cash and cash equivalents	43,402	10,122
	257,882	220,923
<b>Liabilities</b>		
<b>Liabilities at amortised cost:</b>		
Trade payables and accruals	152,575	116,675
Due to related parties and subsidiaries	23,915	55,146
Borrowings	450,000	401,000
	626,490	572,821

## 33. CAPITAL MANAGEMENT

The objective of the Group's capital management policy is to provide capital to support business requirements and to take advantage of business opportunities that might arise, so as to enhance shareholder value. With prudent capital management, the Group aims to maintain a sustainable dividend payout ratio.

The capital structure of the Group consists of net debts (borrowings less cash and cash equivalents) and equity attributable to the owners of the Group and the Company.

There was no change in the Group's approach to capital management during the year.

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Borrowings				
- Current	-	151,000	-	151,000
- Non-current	450,000	250,000	450,000	250,000
Less: Cash and cash equivalents	(46,480)	(11,016)	(43,402)	(10,122)
Net debts	403,520	389,984	406,598	390,878
Equity	428,880	403,413	356,000	358,893

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 34. DIVIDENDS

	Group and Company	
	2017 S\$'000	2016 S\$'000
<b>Declared and paid during the financial year:</b>		
Final – the previous year		
5.9 cents (2016: 8.3 cents) per ordinary share (one-tier tax)	54,875	77,168
Interim – the current year		
5.2 cents (2016: 7.0 cents) per ordinary share (one-tier tax)	48,366	65,093
	103,241	142,261
<b>Proposed but not recognised as a liability as at 31 December:</b>		
Final		
6.2 cents (2016: 5.9 cents) per ordinary share (one-tier tax)	57,357	54,871

The directors propose a final dividend of 6.2 cents per ordinary share (one-tier tax) in respect of the financial year ended 31 December 2017 for approval by shareholders at the forthcoming Annual General Meeting of the Company.

## 35. SEGMENT INFORMATION

The company and its subsidiaries operate in Singapore in one business segment, that of provision of telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, and customer services.

The Group has a diversified customer base which comprises individuals and corporates. There was no single customer that contributed to 10% or more of the Group's revenue.

## 35. SEGMENT INFORMATION (CONT'D)

The Group's reportable segment information is as follows:

	Group	
	2017 S\$'000	2016 S\$'000
Mobile telecommunications services	642,481	639,968
International call services	55,869	61,310
Fixed services	129,725	104,231
Handsets and equipment sales	242,981	255,393
Others	5	–
<b>Total revenue</b>	<b>1,071,061</b>	<b>1,060,902</b>
EBITDA	302,421	312,053
Depreciation and amortisation	(129,903)	(126,760)
Finance costs	(9,884)	(6,749)
<b>Profit before taxation</b>	<b>162,634</b>	<b>178,544</b>
Taxation	(30,114)	(28,893)
<b>Profit for the year</b>	<b>132,520</b>	<b>149,651</b>
<b>Assets and liabilities</b>		
Non-current assets	949,333	919,222
Current assets	319,677	227,383
<b>Total assets</b>	<b>1,269,010</b>	<b>1,146,605</b>
Borrowings	450,000	401,000
Other non-current liabilities	120,617	117,985
Other current liabilities	269,513	224,207
<b>Total liabilities</b>	<b>840,130</b>	<b>743,192</b>
<b>Other information</b>		
Capital expenditure	151,127	140,546
Free cash flow	106,708	129,566

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

## 36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In October 2017, the Company entered into a share subscription agreement (Agreement) with its subsidiary, Kliq Pte. Ltd. (Kliq) and Merchantrade Asia Sdn. Bhd. (Merchantrade). Merchantrade is a leading provider of online and mobile applications for remittance and money-changing in Malaysia.

The transaction was completed on 26 February 2018, pursuant to the conditions precedent in the Agreement. Accordingly, the Company increased its investment in Kliq from S\$100,000 to S\$2,550,000 through the subscription of an additional 2,450,000 ordinary shares at a subscription price of S\$1.00 per ordinary share. Merchantrade in turn subscribed for 2,450,000 ordinary shares at a subscription price of S\$1.05 per ordinary share. This transaction resulted in Kliq having an enlarged total issued and paid-up share capital of S\$5,122,500 comprising 5,000,000 ordinary shares. Following completion, the Company holds 51% of Kliq, with Merchantrade holding the remaining 49% stake.

## 37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 5 March 2018.

# MAJOR PROPERTIES

<div><div>Name :</div><div>Main Operations Centre</div><div>Use :</div><div>Head Office and Switch Centre</div><div>Address :</div><div>10 International Business Park, Singapore 609928</div><div>Land Area (Sq m) :</div><div>8,442</div><div>Date of Purchase :</div><div>8 October 1996</div><div>Expiry Date of Lease<sup>1</sup> :</div><div>28 February 2026</div></div>	<div><div>Name :</div><div>MiWorld Building</div><div>Use :</div><div>Office</div><div>Address :</div><div>9 International Business Park, Singapore 609915</div><div>Land Area (Sq m) :</div><div>6,850</div><div>Date of Purchase :</div><div>15 February 2002</div><div>Expiry Date of Lease<sup>1</sup> :</div><div>30 June 2022</div></div>	<div><div>Name :</div><div>Regional Operations Centre</div><div>Use :</div><div>Office and Switch Centre</div><div>Address :</div><div>4 Aljunied Avenue 1, Singapore 389978</div><div>Land Area (Sq m) :</div><div>4,816</div><div>Date of Purchase :</div><div>19 November 2001</div><div>Expiry Date of Lease<sup>1</sup> :</div><div>31 May 2020</div></div>
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<sup>1</sup> The Company has the option to lease for a further term of 30 years.

# STATISTICS OF SHAREHOLDINGS

As at 22 February 2018

Number of Issued shares (including Treasury Shares)	: 937,237,782
Number of Issued shares (excluding Treasury Shares)	: 925,200,482
Number/Percentage of Treasury Shares	: 12,037,300 (1.301%)
Class of Shares	: Ordinary Shares
Voting Rights	: One Vote per Share. The Company cannot exercise any voting right in respect of treasury shares.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	97	0.49	3,367	0.00
100 - 1,000	4,795	24.04	4,024,465	0.44
1,001 - 10,000	11,865	59.49	54,811,063	5.92
10,001 - 1,000,000	3,166	15.87	110,977,151	11.99
1,000,001 and above	22	0.11	755,384,436	81.65
<b>Total</b>	<b>19,945</b>	<b>100.00</b>	<b>925,200,482</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	281,215,229	30.40
2	KEPPEL TELECOMS PTE LTD	178,864,000	19.33
3	SPH MULTIMEDIA PTE LTD	124,453,000	13.45
4	DBS NOMINEES (PRIVATE) LIMITED	69,088,323	7.47
5	CITIBANK NOMINEES SINGAPORE PTE LTD	53,079,401	5.74
6	HSBC (SINGAPORE) NOMINEES PTE LTD	8,042,969	0.87
7	DBSN SERVICES PTE. LTD.	7,811,513	0.84
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,300,201	0.68
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,440,560	0.48
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,809,872	0.30
11	OCBC SECURITIES PRIVATE LIMITED	2,178,951	0.24
12	DB NOMINEES (SINGAPORE) PTE LTD	2,070,814	0.22
13	PHILLIP SECURITIES PTE LTD	2,056,472	0.22
14	UOB KAY HIAN PRIVATE LIMITED	1,768,890	0.19
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,666,780	0.18
16	YIM CHEE CHONG	1,620,000	0.18
17	GRALF MAX HANS SIEGHOLD	1,560,000	0.17
18	BPSS NOMINEES SPORE (PTE.) LTD.	1,370,161	0.15
19	YAP CHONG HIN GABRIEL	1,300,000	0.14
20	YORK HOTEL (PRIVATE) LIMITED	1,300,000	0.14
<b>TOTAL</b>		<b>752,997,136</b>	<b>81.39</b>

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	No. of Shares Deemed Interest	Total Interest	% <sup>5</sup>
Axiata Investments (Singapore) Limited	265,410,150	–	265,410,150	28.69
Khazanah Nasional Berhad	–	265,410,150 <sup>1</sup>	265,410,150	28.69
Axiata Group Berhad	–	265,410,150 <sup>1</sup>	265,410,150	28.69
Temasek Holdings (Private) Limited	–	184,819,690 <sup>2</sup>	184,819,690	19.98
Keppel Telecoms Pte Ltd	178,864,000	–	178,864,000	19.33
Keppel Communications Pte Ltd	–	178,864,000 <sup>3</sup>	178,864,000	19.33
Keppel Data Centres Pte. Ltd.	–	178,864,000 <sup>3</sup>	178,864,000	19.33
Keppel Telecommunications & Transportation Ltd	–	178,864,000 <sup>3</sup>	178,864,000	19.33
Keppel Corporation Limited	–	178,864,000 <sup>3</sup>	178,864,000	19.33
SPH Multimedia Private Limited	124,453,000	–	124,453,000	13.45
Singapore Press Holdings Limited	–	124,453,000 <sup>4</sup>	124,453,000	13.45
		<b>568,727,150</b>		

### Notes:

- <sup>1</sup> Each of Khazanah Nasional Berhad and Axiata Group Berhad are deemed to be interested in the 265,410,150 Shares held by Axiata Investments (Singapore) Limited pursuant to Section 7 of the Companies Act
- <sup>2</sup> Temasek Holdings (Private) Limited is deemed to be interested in an aggregate of 184,819,690 Shares in which its associated companies have or are deemed to have an interest pursuant to Section 7 of the Companies Act
- <sup>3</sup> Keppel Communications Pte Ltd, Keppel Data Centres Pte. Ltd., Keppel Telecommunications & Transportation Ltd and Keppel Corporation Limited are deemed to be interested in the 178,864,000 Shares held by Keppel Telecoms Pte Ltd pursuant to Section 7 of the Companies Act
- <sup>4</sup> Singapore Press Holdings Limited is deemed to be interested in 124,453,000 Shares held by SPH Multimedia Private Limited pursuant to Section 7 of the Companies Act
- <sup>5</sup> The percentage of issued share capital is calculated based on the number of issued ordinary shares of the Company as at 22 February 2018, excluding treasury shares

## FREE FLOAT

Approximately 38.48% of the issued share capital of the Company were held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The percentage of issued share capital held by the public is calculated based on the number of issued ordinary shares of the Company as at 22 February 2018, excluding treasury shares.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Danny Teoh Leong Kay, Chairman  
Karen Kooi Lee Wah  
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  
Tan Wah Yeow

## AUDIT COMMITTEE

Alan Ow Soon Sian, Chairman  
Chow Kok Kee  
Elaine Lee Kia Jong  
Tan Wah Yeow

## REMUNERATION COMMITTEE

Moses Lee Kim Poo, Chairman  
Danny Teoh Leong Kay  
Low Huan Ping  
Chow Kok Kee  
Alan Ow Soon Sian  
Tan Wah Yeow

## NOMINATING COMMITTEE

Chow Kok Kee, Chairman  
Danny Teoh Leong Kay  
Huang Cheng Eng  
Elaine Lee Kia Jong

## RISK COMMITTEE

Low Huan Ping, Chairman  
Huang Cheng Eng  
Lionel Lim Chin Teck  
Alan Ow Soon Sian  
Tan Wah Yeow

## COMPANY SECRETARY

Karen Teo

## REGISTERED ADDRESS

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## REGISTRAR

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50 Raffles Place  
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Facsimile : +65 6536 1360

## AUDITOR

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants

One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner-in-charge (since 2015):  
Ms Lim Siew Koon

## INVESTOR RELATIONS

For investor enquiries, please contact  
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