

# Directors' Statement

The directors are pleased to present their report 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 shareholders' equity of the Company for the financial year ended 31 December 2015.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto 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 2015 and of the financial performance, changes in equity and cash flows of the Group and the 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 report are as follows:

Choo Chiau Beng	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	

## 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.

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## 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	At end of financial year	As at 21 January 2016

### M1 Limited

Choo Chiau Beng	–	100,000	100,000
Karen Kooi Lee Wah	900,000	950,000	950,000

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 2016

### M1 Limited

Karen Kooi Lee Wah	4,180,700	4,415,700	4,415,700
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Except as disclosed in this report, 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 at the end of the financial year.

## 5. 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 general meeting on 5 April 2013.

The Remuneration Committee ("Committee") is responsible for administering the 2002 Scheme and 2013 Scheme (collectively, the "Schemes"). The Remuneration Committee members are Mr Moses Lee Kim Poo (Chairman appointed on 1 July 2015), Mr Choo Chiau Beng, Mr Chow Kok Kee, Mr Low Huan Ping and Mr Alan Ow Soon Sian. The majority of the Committee comprises of independent directors, including the Committee Chairman.

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## 5. 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:

<b>Date of grant</b>	<b>Balance as at 1 January 2015 or date of grant</b>	<b>Exercised</b>	<b>Cancelled*</b>	<b>Balance as at 31 December 2015</b>	<b>Subscription price</b>
<b>2002 Scheme</b>					
3 February 2005	20,000	(20,000)	–	–	S\$1.81
2 February 2006	660,000	–	–	660,000	S\$2.21
6 February 2007	755,000	(625,000)	–	130,000	S\$2.17
11 February 2008	503,000	(253,000)	–	250,000	S\$1.90
2 February 2009	281,000	(166,000)	–	115,000	S\$1.60
3 February 2010	647,700	(349,700)	–	298,000	S\$2.04
7 February 2011	2,723,500	(871,800)	–	1,851,700	S\$2.44
30 January 2012	5,046,000	(1,853,000)	–	3,193,000	S\$2.43
<b>2013 Scheme</b>					
2 May 2013	7,452,000	(838,000)	(195,000)	6,419,000	S\$3.24
23 January 2014	8,870,000	(884,000)	(210,000)	7,776,000	S\$3.31
22 January 2015	9,230,000	–	(100,000)	9,130,000	S\$3.64
	36,188,200	(5,860,500)	(505,000)	29,822,700	

\* 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 10th anniversary of the date of grant.

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## 5. SHARE OPTIONS (CONT'D)

Information on relevant participants under the Schemes is as follows:

<b>Name of employee</b>	<b>Options granted during financial year</b>	<b>Aggregate options granted since commencement of Schemes to end of financial year</b>	<b>Aggregate options exercised since commencement of Schemes to end of financial year</b>	<b>Aggregate options outstanding at end of financial year</b>	<b>Subscription price</b>
Karen Kooi Lee Wah (Chief Executive Officer)	800,000	9,315,000	4,899,300	4,415,700	S\$1.25 - S\$3.64
Patrick Michael Scodeller	500,000	5,460,000	4,410,000	1,050,000	S\$1.25 - S\$3.64

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.

The 2002 Scheme 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.

The 2013 Scheme was approved by shareholders on 5 April 2013.

## 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:

- Review with external auditor the audit plan including the nature and scope of the audit before commencement, auditor's reports and their management letters and management's response;
- Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. This includes review of quarterly, half-year and annual financial statements before submission to the Board for its approval;
- Review the assistance given by management to external auditor;
- Review the independence and objectivity of the external auditor;
- Review the nature and extent of non-audit services performed by external auditor;
- Examine the scope of internal audit procedures and the results of the internal audit;

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## 6. AUDIT COMMITTEE (CONT'D)

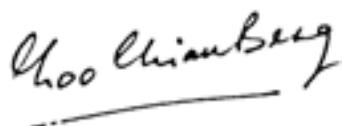
- Review the adequacy of the Company's financial, operational, compliance and information technology controls, policies and system established by management (collectively "internal controls") and reporting on any pertinent aspects of risks thereto, and ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually and such a review can be carried out by the internal auditor;
- Meet with the external and internal auditors without the presence of management at least annually;
- Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;
- 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;
- Review interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- Make recommendation to the Board on the appointment/re-appointment/removal of external auditor, and approve the audit fees and terms of engagement of external auditor; and
- Review arrangement by which staff of 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.

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:



**Choo Chiau Beng**  
Chairman



**Karen Kooi Lee Wah**  
Director

Singapore  
29 February 2016