








**SMART  
SOLUTIONS  
FOR EVERY  
ONE** ANNUAL REPORT 2016

ANNUAL REPORT 2016

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## 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.

# SMART IS...

Accelerating digital transformation, developing forward-thinking business practices and laying the foundation for the future. Through effective solutions in every area, SMART makes a positive difference in everyday life

Rapid technological change continues to shape the way we access information and knowledge, how we communicate and how things are made. M1 is at the heart of this revolution, driving and facilitating new developments while listening to user expectations and tracking new behaviours, to continually bring forth new possibilities and better experiences to our customers

# SMART IS...**...ENABLING** **NEW** **POSSIBILITIES**



## **Nationwide HetNet rollout**

The integration of large and small cells with different wireless radio technologies such as cellular and WiFi further enhances coverage and deliver faster download speeds



## **10Gbps XGPON**

Delivering Singapore's fastest fibre connections to consumers and businesses



## **Upsized Data**

Attractively priced mobile data add-on, from 2GB to 36GB, for customers to enjoy their favourite apps or videos without worry



## **IMDA Fibre Ready Scheme**

Fibre infrastructure deployment at 70 Ascendas-Singbridge commercial buildings enable tenants to enjoy cost effective higher speed fibre connectivity



## **3.6GB per month**

Average smartphone data usage of each smartphone customer

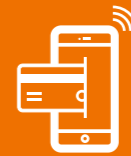
Through continual investments and partnerships, M1 is staying at the forefront of digital and technology developments. From the planned launch of one of the world's first nationwide commercial NB-IoT (narrowband Internet of Things) network in 2017 to drive M2M (machine-to-machine) communications to various collaborations in supporting Singapore's Smart Nation initiatives, customers can expect new and innovative solutions that drive digital adoption and business productivity

# SMART IS... ...DRIVING INNOVATION



## NB-IoT network

Enhancing the performance of machine-to-machine communications to enable smart metering, smart building, sensors, data analytics and more



## NFC transit payment

M1 customers were first to enjoy contactless MRT and public bus ride payments with a tap of their handsets



## Smart Activity Monitoring

Integrated Smart Activity Monitoring Service to support independent seniors living alone



## M1 mPOS

Transform smartphones and tablets into credit and debit card payment acceptance terminals anywhere, anytime



Account



Usage



Roaming

## My M1 App

Upgraded to provide near real-time access to usage information

SMART IS...**...ENHANCING**  
**DAILY LIVES**

Enjoy ultra high-speed data connections, roam across 56 destinations worldwide with your local data bundle, or migrate your business to cost-effective cloud solutions. M1 continues to improve our customers' daily lives with our extensive range of innovative products and services delivered through our advanced networks



### **Sports content bundle**

Watch live English Premier League games and more, at only S\$44.90/month with the 1Gbps M1 Fibre Sports bundle



### **Cloud solutions**

M1's cloud-based Software Defined Networking Data Centre and next-generation Hosted Unified Communications services help corporate customers improve business productivity



### **M1 Data Passport**

Use your local data bundle across 56 destinations, starting from S\$10/month per destination



### **Managed cyber security services**

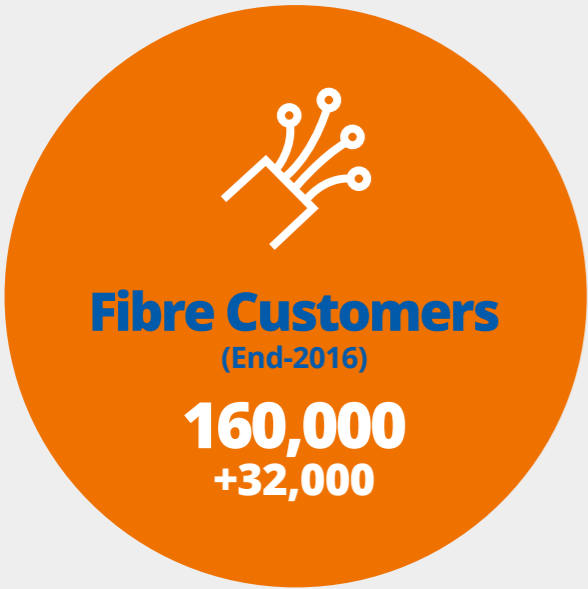
Partnerships with leading security companies to offer a comprehensive suite of enterprise-grade managed cyber security solutions



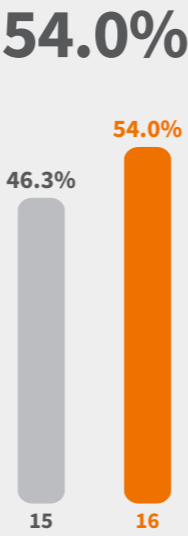
### **M1 Entertainment Data**

M1 customers can enjoy their favourite Netflix's videos or music from Deezer, without having to worry about excess data charges

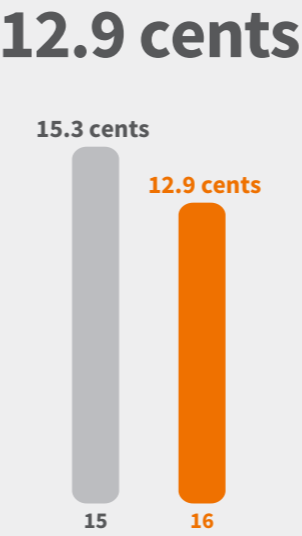
AT A GLANCE



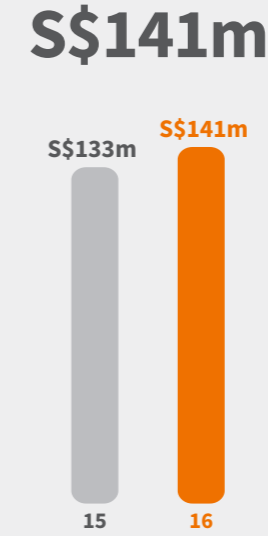
MOBILE DATA AS A % OF SERVICE REVENUE



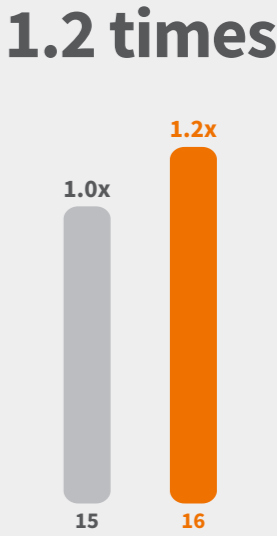
CASH DISTRIBUTION PER SHARE (DECLARED)



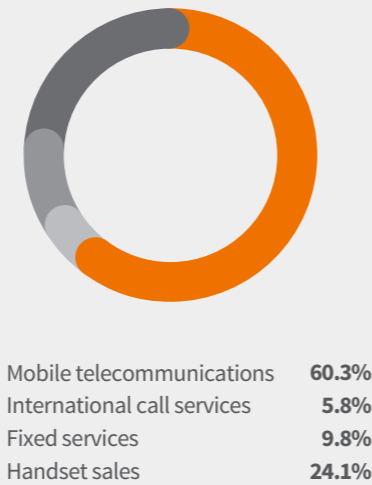
CAPITAL EXPENDITURE



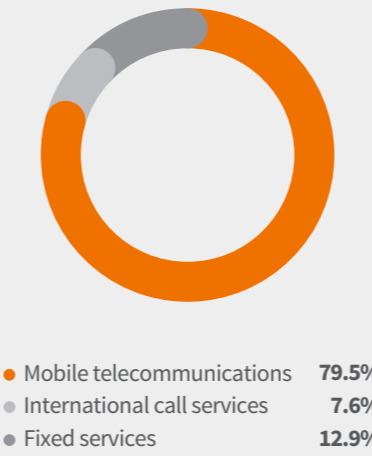
NET DEBT/EBITDA



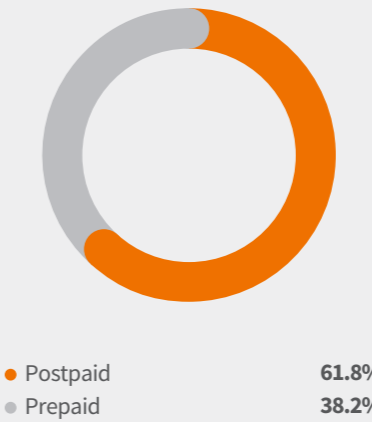
OPERATING REVENUE MIX



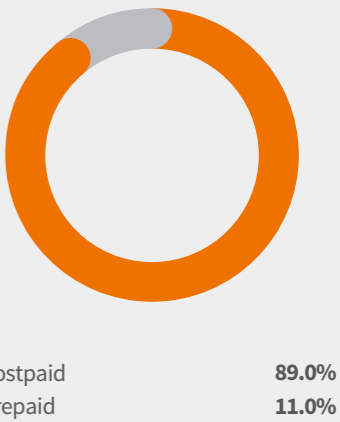
SERVICE REVENUE MIX



MOBILE CUSTOMER MIX

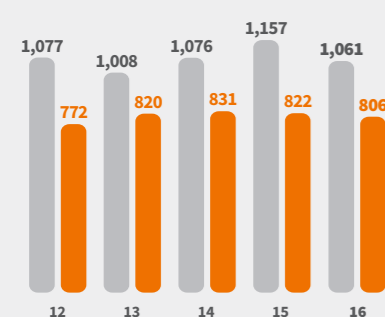


MOBILE TELECOMMUNICATIONS REVENUE MIX



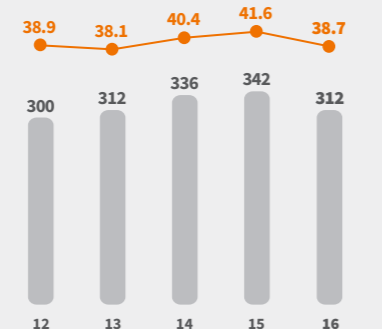
# PERFORMANCE HIGHLIGHTS

## OPERATING AND SERVICE REVENUES



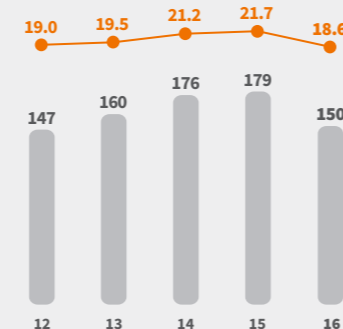
— Operating revenue (S\$m)  
— Service revenue (S\$m)

## EBITDA



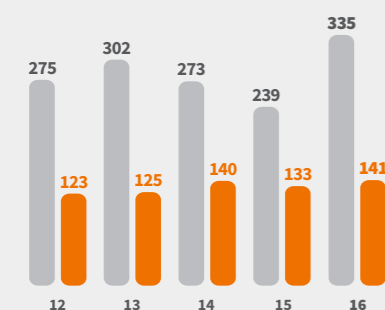
— EBITDA (S\$m)  
— EBITDA margin on service revenue (%)

## NET PROFIT AFTER TAX



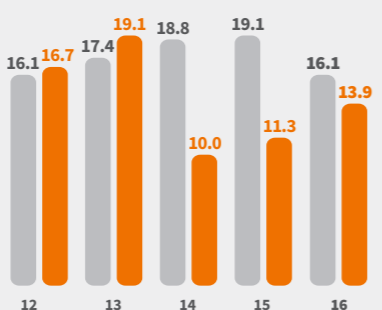
— Net profit after tax (S\$m)  
— Net profit after tax margin on service revenue (%)

## CASH FLOW AND CAPITAL EXPENDITURE



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

	2016	2015	Change (%)
<b>Mobile Telecommunications</b>			
Number of mobile customers ('000)			
Postpaid	1,247	1,195	4.4
Prepaid	772	733	5.2
Total	2,019	1,928	4.7
Market share <sup>1</sup> (%)			
Postpaid	24.7	24.6	—
Prepaid	22.4	21.7	—
Overall	23.8	23.4	—
Singapore mobile penetration rate <sup>1</sup> (%)	149.2	148.4	—
Average revenue per user (ARPU, S\$ per month)			
Postpaid (excludes Data plan)	58.0	61.7	-6.0
Postpaid (excludes Data plan and adjusted) <sup>2</sup>	50.3	54.2	-7.2
Data plan	14.8	17.1	-13.5
Prepaid	12.2	14.7	-17.0
Mobile data as a % of service revenue	54.0	46.3	—
Average monthly churn rate (%)	1.0	1.0	—
Acquisition cost per postpaid customer (S\$)	369	363	1.7
<b>Fixed Services</b>			
Number of fibre customers ('000)	160	128	25.3
ARPU (Fibre, S\$ per month)	45.1	46.7	-3.4

1. Based on IMDA statistics as at November 2016  
2. After adjustment for ARPU allocated to handset sales

## FINANCIAL HIGHLIGHTS

	2016	2015	Change (%)
Operating revenue (S\$m)	1,060.9	1,157.2	-8.3
Mobile telecommunications	640.0	667.7	-4.2
International call services	61.3	68.7	-10.8
Fixed services	104.2	85.9	21.4
Handset sales	255.4	334.9	-23.7
EBITDA (S\$m)	312.1	341.8	-8.7
Net profit after tax (S\$m)	149.7	178.5	-16.1
Free cash flow (S\$m)	129.6	105.7	22.6
Net assets (S\$m)	403.4	413.2	-2.4
Net debt (S\$m)	390.0	343.8	13.4
<b>Financial ratios</b>			
Net debt/equity (x)	1.0	0.8	—
Net debt/EBITDA (x)	1.2	1.0	—
EBITDA/interest (x)	46.2	69.5	—
ROE (%)	36.7	44.2	—
ROCE (%)	19.9	25.1	—

Note: Figures may not add up due to rounding

## LETTER TO SHAREHOLDERS

The Internet's impact is felt in every aspect of our modern society, in businesses, jobs, capital allocation, and in our relationships with one another. It has expanded our world and made experiences even more deeply personal, for everyone.

At M1, we feel our responsibilities as the communications provider to over two million people and businesses keenly, and this drives our commitment to always be at the forefront of this always-on, always-connected world to deliver a superior experience to our customers.

In anticipation of the surge in mobile data, M1 launched Singapore's first commercial nationwide 4G network in 2012, following up on this achievement with the first 4G+ network in 2014.

In 2016, we took important steps toward evolving our networks to 5G, as we began the deployment of our NB-IoT (narrowband Internet of Things) and small cell networks. 5G networks are designed to deliver reliable, high-speed and massive connectivity, ensuring we continue to be able to meet the growing data needs of our customers and to support new applications such as virtual/augmented reality and autonomous vehicles.

We leveraged our advanced technology to make available new products and services for our customers across all segments, and capitalised on our expanded capabilities, such as in the area of data analytics and cloud applications, to penetrate new corporate accounts. To improve efficiency and time-to-market, we continued to digitise our operations to ensure we have the right cost structure to remain competitive.

The year 2017 will usher in a significant milestone as we celebrate our 20<sup>th</sup> anniversary. Since M1's launch in 1997, we have built up a strong brand that stands for excellent service, innovation and value. We will continue to build on these values to meet the challenges ahead, further entrench M1 as the service provider of choice, and

deliver the benefits of our technology to even more customers.

### FINANCIAL HIGHLIGHTS

Service revenue for 2016 decreased 2.0% to S\$805.5 million, as traditional revenues were impacted by over-the-top (OTT) services. However, fixed services posted strong growth with a 21.4% increase in revenue to S\$104.2 million, and this accounted for 12.9% of service revenue compared to 10.4% a year ago. The growth was driven by a larger retail customer base and increased contribution from the corporate segment. Operating revenue decreased 8.3% to S\$1,060.9 million on lower handset sales.

### OUR COMMITMENT: TO ALWAYS BE AT THE FOREFRONT OF THIS ALWAYS-ON, ALWAYS-CONNECTED WORLD TO DELIVER A SUPERIOR EXPERIENCE TO OUR CUSTOMERS

Net profit after tax for the year decreased 16.1% to S\$149.7 million due to lower IDD and roaming revenues, higher handset subsidy, as well as higher depreciation and amortisation expenses from investments in infrastructure, spectrum and platforms for future services.

Mobile data usage continued to grow, with 2016 revenue from mobile data increasing 7.7 percentage points year-on-year to 54.0% of service revenue. Average data usage per post-paid smartphone customer increased to

3.6GB per month in the fourth quarter of 2016, compared to 3.3GB per month a year ago.

The Group's balance sheet remained healthy, with net debt-to-EBITDA at 1.2 times as at end-2016.

### PERFORMANCE HIGHLIGHTS

M1's total customer base grew to 2.18 million as at end-2016.

Postpaid customer base increased 52,000 year-on-year to 1.25 million. The number of customers on tiered data plans grew three percentage points to 77% as at end-2016, of which 28% exceeded their primary data bundles in the fourth quarter of 2016.

To cater to our customers' growing mobile data needs, we launched Upsized Data bundles in March 2016. This enables our customers to significantly increase their data bundles at a highly attractive rate of S\$5.90 per month. In November 2016, we offered even more choices for customers with the launch of Upsized Data Plus and Upsized Data Super, which allowed customers to increase their data bundles by up to 36GB per month.

We also expanded our unique M1 Data Passport service for customers to use their local data bundles affordably to 48 overseas destinations including China, Malaysia, the United Kingdom and the United States, from 29 destinations a year ago. This helped drive more than 100% increase in active data roaming users in 2016 and more than two times increase in data roaming traffic year-on-year.

Prepaid customer base increased 39,000 to 772,000, driven by various marketing campaigns, promotions and new offerings. At the start of the year, we pre-provisioned all new M Cards with 4G speeds and enhanced our prepaid offerings during the year with various data bundles, ranging from 100MB to 100GB of data. We also added three more overseas destinations – Hong Kong, Macau and Taiwan, for prepaid customers to use their data bundles at no additional charge, after introducing Malaysia and Indonesia in 2015. A new IDD prefix, 033, was launched in June 2016, offering all-day flat rates to customers to make international calls on the M Card with the lowest rates to India, Bangladesh, and other popular regional destinations.

Fibre customer base increased 32,000 to 160,000, as we added new customers in both the residential and corporate segments. Throughout the year, we held tactical promotions for our fibre service plans,



**WE HAVE BUILT A STRONG BRAND THAT STANDS FOR EXCELLENT SERVICE, INNOVATION AND VALUE**

**+21.4%**

GROWTH IN FIXED SERVICES REVENUE

## LETTER TO SHAREHOLDERS

**WITH THE COLLECTIVE EFFORT OF EVERYONE, WE ARE WELL-POSITIONED TO MEET THE CHALLENGES AHEAD AND EMERGE STRONGER**

# \$500,000

RECORD AMOUNT RAISED FOR OUR ADOPTED CHARITIES

especially during trade shows. We also introduced the M1 Fibre Sports Bundle, which offers top sports content from around the world including English Premier League games, together with our 1Gbps fibre connection for an additional S\$5.90 per month.

On the corporate front, we partnered with leading security companies to launch the M1 Cyber Security Solutions Suite in September 2016, offering a comprehensive suite of managed cyber security solutions to enhance our connectivity services. Our appointment by Ascendas-Singbridge, as part of Singapore's largest fibre upgrading project to install and enhance the necessary fibre infrastructure at 70 commercial buildings, will enable even more businesses to take up our corporate connectivity and managed solutions.

### OUTLOOK

Market conditions will remain challenging in 2017. Traditional telecommunications will continue to be impacted by OTT services, and global economic conditions remain uncertain. We can also expect competition within the communications sector to remain keen ahead of the entry of a fourth mobile network operator in 2018.

In spite of these challenges, consumers and businesses alike appreciate the benefits of connectivity and this will drive continued growth in mobile data and fixed services through 2017. We are also seeing emerging opportunities in areas such as IoT, Smart Cities and Data Analytics, and these will grow as the technologies and business models that underpin them gain greater traction.

As a forward-looking company, we have been investing and innovating in anticipation of these developments – strengthening our core connectivity infrastructure and services, building our digital capabilities, and enhancing our operational structure. Through these efforts, M1 is well on its way to becoming Singapore's Smart Communications Provider of choice, with products and services that are relevant and serve today's, as well as tomorrow's customers' needs.

## CORPORATE SOCIAL RESPONSIBILITY

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

We are particularly proud to be the Info-communications Media Development Authority's (IMDA) appointed NEU PC Plus Programme partner in 2016, to provide broadband access to students and persons with disabilities from low-income households. Through this engagement, eligible applicants receive a complimentary 4G or fixed fibre broadband connection for three years. We also continued to be IMDA's Home Access Programme partner through 2016, in delivering high-speed broadband and telephony services to low income households at highly subsidised rates. These efforts have made a meaningful impact in narrowing the digital divide, enabling families in the underprivileged and underserved segments, to enjoy the benefits of communications technology.

The arts has also been a part of M1 since inception, as we believe a thriving arts scene is important in enriching the quality of life, and in strengthening social bonds and identity, in our multi-cultural society. With our long-term sponsorships of key arts events such as the M1 Singapore Fringe Festival, the M1 Chinese Theatre Festival, as well as leading performance groups such as T.H.E Dance Company and Frontier Danceland, M1 is widely recognised today as a leading corporate patron of the arts and culture in Singapore. In 2016, we extended our sponsorship to become the title sponsor of the M1 Peer Pleasure Youth Theatre Festival, which features productions staged by youths between the ages 13-25 in Singapore, under the guidance of professional theatre practitioners for audiences young and old.

Through our annual M1 Charity Golf and Charity Carnival events, we raised a record S\$500,000 in 2016 for our adopted charities: Beyond Social Services, Brahm Centre, the Children-At-Risk Empowerment Association, and the M1 Students Support Fund. The Fund, which provides supplementary support to school-going children from low income families, has 10 primary schools participating in the programme.

In celebration of our nation's 51<sup>st</sup> birthday, M1 provided communications services to the parade's elaborate multi-media staging at the National Stadium, while our customers enjoyed free local calls, SMS/MMS messages and mobile data for local usage, on National Day.

## DISTRIBUTION TO SHAREHOLDERS

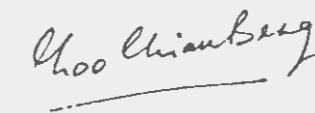
M1 remains committed to maintaining a sustainable dividend policy that will enhance long-term shareholder value. For 2016, the Board of Directors has proposed a final dividend of 5.9 cents, bringing total dividends declared to 12.9 cents, representing a payout of 80% of our full-year net profit after 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

On behalf of the Board of Directors and management, we would like to thank our customers, business partners and shareholders for their continued support in 2016.

M1's Board of Directors and employees are all aligned with the strategic objectives of the Group in creating and delivering long-term value to our stakeholders. With the collective effort of everyone, we are well-positioned to meet the challenges ahead and emerge stronger.



**CHOO CHIAU BENG**  
Chairman



**KAREN KOOI LEE WAH**  
Chief Executive Officer



# OPERATING REVIEW



## M1 IS SINGAPORE’S MOST VIBRANT AND DYNAMIC COMMUNICATIONS COMPANY, PROVIDING MOBILE AND FIXED SERVICES TO MORE THAN 2 MILLION CUSTOMERS

## UP TO 10 GBPS

RESIDENTIAL AND CORPORATE  
FIBRE BOARDBAND PLANS

M1 is Singapore’s most vibrant and dynamic communications company, providing mobile and fixed services to more than 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’s mission is to link anyone and anything; anytime, anywhere.

The Group holds Facilities-Based Operator and Services-Based Operator licences issued by the Info-communications Media Development Authority of Singapore (IMDA), for the provision of telecommunication systems and services. M1 also has a Telecommunication Dealer’s Class Licence, for the import and sale of telecommunication equipment.

M1 operates nationwide 4G/LTE (Long Term Evolution) Advanced and 3G/High Speed Packet Access (HSPA) networks, capable of download speeds of up to 300Mbps. Through these networks, we provide customers with a wide range of data, voice and value-added postpaid and prepaid mobile services. To cater to our customers’ varied needs, we offer service plans with a choice of data and voice bundles that they can take up, with or without a device.

We make available to our mobile and fixed-line customers International Direct Dial (IDD) services through the 002, 021 and 033 prefixes, as well as an International Calling Card service using prefix 1818. We also trade wholesale voice minutes with other international and local service providers, as well as provide dark fibre services to carriers and data centres.

Since September 2010, M1 has made available a range of residential fibre broadband services with speeds of up to 10Gbps, including fixed voice and other value-added services.

M1 also offers an extensive suite of mobile and fixed services, including connectivity solutions of up to 10Gbps, managed services, cloud solutions, cyber security solutions, machine-to-machine (M2M) and data centre services, to the corporate segment. We have a dedicated and highly committed team of corporate account managers, as well as a technical team that provides round-the-clock support on provisioning and technical-related matters.



## OPERATING REVIEW

In the course of our history, we have achieved the following milestones:

- Commercial launch of mobile services in April 1997
- Achieved 10% mobile market share within one 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

For 2016, M1's operating revenue decreased 8.3% year-on-year to S\$1,060.9 million on lower handset sales. Service revenue decreased 2.0% to S\$805.5 million, due to lower international call services and roaming revenues. Mobile data revenue increased 7.7 percentage points year-on-year to 54.0% of service revenue.

Net profit after tax decreased 16.1% year-on-year to S\$149.7 million, due to lower international call and roaming revenues, higher handset subsidy, as well as higher depreciation and amortisation expenses. Net profit after tax margin on service revenue closed 3.1 percentage points lower at 18.6%. Free cash flow increased 22.6% to S\$129.6 million and net debt-to-EBITDA remained healthy at 1.2 times.

As at end-2016, M1 had a total of 2,179,000 customers, comprising 1,247,000 postpaid, 772,000 prepaid and 160,000 fibre customers.

### MARKET DEVELOPMENTS

According to IMDA's latest reported statistics, Singapore's market penetration rate was 149.2% as at end-November 2016, compared to 148.4% as at end-2015. As at end-November 2016, there were a total of 8.4 million mobile subscriptions, comprising 59.3% postpaid and 40.7% prepaid subscriptions.

In the fixed broadband segment, the residential broadband penetration rate was 97.6% as at end-November 2016. From January to November 2016, the total fibre market including both residential and corporate subscriptions, grew 20.6% to 1,124,700. Over the same period, cable and digital subscription line (xDSL) subscriptions fell 34.6% to 253,300, and 52.6% to 69,800, respectively.

## THROUGH THE YEAR, WE CONTINUED TO ENHANCE AND EXPAND OUR PRODUCTS AND SERVICES

### POSTPAID MOBILE

The postpaid mobile segment continues to be the key contributor to our revenue. This segment made up 61.8% of our total mobile customer base as at end-2016 and contributed 89.0% of our 2016 mobile telecommunications revenue. During the year, we added 52,000 postpaid customers to bring our postpaid base to 1,247,000.

Mobile data usage, driven by faster networks and devices, continued to grow in 2016. Average data usage per smartphone customer increased to 3.6GB per month in the fourth quarter of 2016, up from 3.3GB per month a year ago.

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

In March 2016, we further enhanced our SIM-only offerings with new plans, and launched new Upsized Data bundles to cater to the increasing data usage trend, thus ensuring M1 customers continue to enjoy the best value. Upsized Data, which offers up to 12GB additional data bundle at S\$5.90 per month, was well-received. To enable even more customers to enjoy the benefits of this offering, it was extended in June 2016 to in-contract postpaid customers and customers who take up 12-month mySIM plans. In November 2016, we made available two more Upsized Data options – Upsized Data Plus (S\$11.80 per month) and Upsized Data Super (S\$17.70 per month). Through these options, customers enjoy even greater value and flexibility in their data bundles to meet their growing demand for online activities such as streaming video, gaming or using smartphone apps.

Launched in October 2016, M1 Entertainment Data enables M1 customers to enjoy unlimited local access to their favourite over-the-top video and music services – Netflix, Dailymotion and Deezer – without having to worry about excess data charges. M1 Entertainment Data is available at S\$9.90 per month, and was offered at a promotional launch price of S\$4.90 per month for the first six months.

During the year, we continued to partner device manufacturers to make available a selection of new handsets, tablets, wearables and accessories to our customers in a timely manner. Key models launched during the year include Apple iPhone 7 and iPhone 7 Plus, Huawei Mate 9 and P9, LG G5 and LG V20, Samsung Galaxy S7 and Galaxy S7 edge, Sony Xperia X and Xperia XZ, as well as the Xiaomi Mi 5 and Redmi 3S.

### PREPAID MOBILE

M1's prepaid mobile service is 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 2016, we grew our prepaid customer base by 39,000 to 772,000, driven by various marketing campaigns, promotions and new offerings.

In strengthening our prepaid proposition, we pre-provisioned all new M Cards with 4G speeds in January 2016. We also enhanced the attractiveness of M Card, providing a 100MB and 500MB data bundle with S\$5 and S\$15 M Card activations respectively. In November 2016, we introduced new S\$15 and S\$30 Tourist SIM Cards, available at all M1 Shop outlets and M1 Prepaid Counters at Changi Airport, which come bundled with 100GB of data, valid for 5 days and 10 days respectively.

In 2015, we enabled our prepaid customers to use their data bundles in Malaysia and Indonesia. This was further enhanced with an additional three destinations – Hong Kong, Macau and Taiwan – in April 2016. We also collaborated with leading travel companies and airlines to strengthen awareness of our Prepaid Data Roaming services and M Cards.

A new IDD prefix, 033, was launched in June 2016. Through the service, customers enjoy the lowest flat rates all day on M Card international calls to India, Bangladesh, China, Myanmar, Philippines and Indonesia.

The 2G mobile networks in Singapore are scheduled to be closed from 1 April 2017. To encourage our prepaid customers, especially foreign workers who are still using 2G prepaid services to migrate to 3G and 4G, we offered trade-ins on 2G handsets and special offers on 3G handsets at roadshows in areas popular with this segment, as well as through collaborations with the Migrant Workers' Centre. Throughout the year, we organised and participated in outreach events islandwide such as the Bayanihan



## OPERATING REVIEW

Walkathon for the Filipinos, Myanmar New Year celebration for the Burmese, and the Hari Raya Geylang Serai Roadshow for the Indonesians, to promote our prepaid services.

### FIXED SERVICES

During the year, we added 32,000 customers to bring our fibre customer base to 160,000, driven by our competitive service plans, tactical promotions and new complementary services such as the M1 Fibre Sports Bundle.

In February 2016, we launched Singapore's fastest residential fibre broadband service. With M1's 10Gbps XGPON (10-Gigabit Passive Optical Network) fibre service, multi-user households can enjoy ultra-fast downloads, incredibly smooth HD video streaming and lag-free gaming simultaneously. The service is priced at S\$189 per month.

In the corporate segment, we were appointed by Ascendas-Singbridge for Singapore's largest fibre upgrading project. M1 will install and enhance the necessary telecommunication and fibre infrastructure at 70 Ascendas-Singbridge commercial buildings. By 2018, the tenants at these commercial buildings are expected to benefit from the enhanced infrastructure, which would allow expedient access to fibre broadband services including M1's innovative, competitively priced, and highly effective connectivity and managed solutions. The first completed site, Ascent, a 7-storey integrated business park, retail, and food and beverage development situated along Singapore Science Park, was announced in November 2016.

### PRODUCTS AND SERVICES

We made available a range of new products and services through 2016, across both residential and corporate segments, including:

- **Hosted Unified Communications solution:** Launched in February 2016, M1's next generation Hosted Unified

Communications (UC) solution offers integrated modern business tools including instant messaging, digital voice, conferencing, network presence detection and web collaboration. The solution is made available through a user-friendly desktop and mobile client, enabling mobile workers to access and share information effectively with their colleagues, business partners and customers without relying on unsecured third party tools. The solution's pay-as-you-use subscription hosted model further frees the company from IT or telecommunications infrastructure investments, as well as management costs, and offers seamless scalability as business grows. This allows all kinds of businesses, from start-ups that do not wish to wire up their offices for fixed line phones, to businesses with legacy telephony-only solutions, and large corporates that wish to consolidate their existing proprietary communications solutions, to enjoy the benefits of M1's enterprise-grade solution;

- **Elderly Monitoring:** M1 launched its Smart Activity Monitoring Service in March 2016 to support vulnerable seniors who want to continue to live independently and safely, in their own homes. Through this solution, caregivers will be able to access real-time information in monitoring



seniors in a non-intrusive manner. Using a desktop or mobile Internet browser, authorised recipients will be able to access activity information, as well as set customisable alerts, for instance, when no activity has been detected past a pre-set period at the toilet or kitchen sensor. Data analytics tools built into the M1 Smart Activity Monitoring Service will also help caregivers identify trends and patterns in the data collected, so they can make better sense of the information;

- **Contactless transit payments:** Through a partnership with EZ-Link Pte Ltd (EZ-Link), M1 customers were first to enjoy contactless transit payments with their handsets in March 2016. The NFC (near field communication) transit SIM, when inserted into a supported handset, will enable the user to make payment for MRT, LRT, and public bus rides with just a tap of their handsets. The NFC transit SIM, available at M1 Shop outlets, can be used for public transport, as well as at more than 30,000 EZ-Link acceptance points islandwide including shopping, retail, food & beverage and taxi fare payments. It is also integrated with the M1 Prepaid MasterCard, which allows users to top up M1's prepaid mobile M Card or make purchases at merchants that accept MasterCard Paypass;
- **SOHO fibre plan:** Launched in April 2016, M1's SOHO Fibre Broadband plan, priced affordably at S\$59 a month, combines the symmetric upload and download speed of M1's 1Gbps fibre broadband service with a comprehensive suite of business solutions including web and e-mail hosting, unified communications and fixed voice services. With M1's SOHO Fibre Broadband plan, Singapore's innovative home-based entrepreneurs have everything they need to start and grow their business from home;
- **Best value sports content:** M1 made available the best value sports content with its 1Gbps M1 Fibre Sports Bundle in August 2016, in partnership with Eleven Sports Network. The bundle at S\$44.90 per month, offers highly-anticipated live weekly games from the English Premier League, as well as live coverage of the Emirates FA Cup, English Football League Cup and England international home friendlies. More top live football is also available from the Italian Serie A TIM, Campeonato Brasileiro Série A, Scottish Professional Football League, CONMEBOL 2018 World Cup Russia qualifiers and selected



## M1 CUSTOMERS WERE FIRST TO ENJOY CONTACTLESS TRANSIT PAYMENTS WITH THEIR HANDSETS IN MARCH 2016

## OPERATING REVIEW

**A NEW BRAND CAMPAIGN WAS LAUNCHED IN JUNE 2016, SHOWCASING M1'S ROLE IN PEOPLE'S LIVES, BE IT AT WORK OR AT PLAY, BY BEING A PARTNER ALWAYS THERE TO CONNECT THEM TO EVERYONE, EVERYWHERE**

**11 STAR,  
41 GOLD,  
94 SILVER**

TOTAL NUMBER OF AWARDS WON AT EXCELLENT SERVICE AWARDS (EXSA) 2016

Singapore matches. Badminton, basketball, squash, table tennis, baseball and tennis events from around the world are also available through the Eleven and Eleven Sports channels;

- Comprehensive cyber security protection:** Launched in September 2016, the M1 Cyber Security Solutions Suite offers a comprehensive suite of enterprise-grade managed cyber security solutions. A key offering is the Palo Alto Networks Next-Generation Security Platform, which features a next-generation firewall and threat intelligence cloud to enable M1 customers to safely use applications and prevent both known and unknown threats. The Proficio 24/7 Security Operations Centre network monitoring service and Red Sentry's vulnerability scanning and assessment service further enhance the solution, proactively detecting and shutting down cyber-attacks.



## SALES AND DISTRIBUTION

As at end-2016, we operated 13 M1 Shop outlets, to provide customers with convenient access to our products and services. In addition, we partner exclusive distributors such as Arrow Communications, Big Box Singapore, Era International Network, Gam3Asia, and Handphone Shop, as well as conduct regular roadshows at high traffic locations such as shopping malls, migrant worker dormitories and major consumer technology events to expand our reach and accessibility.

M1's e-Shop is available for customers' increasing preference to engage with us online. Through our online pre-order and collection system, customer enjoy a better service experience with the ability to choose their preferred model, make payment and select their preferred location for collection or have it delivered to them. Customers who choose to collect their handsets from an M1 Shop enjoy shortened collection times of as low as ten minutes. During the year, we saw an increase in utilisation of the online channel and this enabled us to deliver more handsets to our customers, especially during the launch of popular models.

## BRAND

A new brand campaign was launched in June 2016, showcasing M1's role in people's lives, be it at work or at play, by being a partner always there to connect them to everyone, everywhere. The "M1. For Every One. Everywhere." campaign was executed on TV, print, online and outdoor advertising channels.

This was followed by another campaign in September 2016, positioning M1 as a progressive communications company constantly investing in innovative technology to make a difference to people's lives and businesses. The Smart Solutions campaign, focusing on both consumers and businesses, showcased a range of products and services such as Cyber Security, Smart Activity Monitoring Service, Utility Management System, mPOS (mobile point-of-sale) solution, and Unified Communications. The campaign was launched on both print and online advertising channels.

Our marketing and branding efforts were recognised through several awards in 2016, including the Straits Times Print Ad of the Month in July 2016 for our Brand campaign,

as well as the Straits Times Print Ad of the Month in September and October 2016 for the Smart Solutions campaign.

## CUSTOMER EXPERIENCE

We continued to strengthen the customer experience across all touch points throughout the year. One such initiative was the enhancement of our My M1 app to provide customers near real-time access to their voice, messaging and data usage information. The upgrade was well-received by customers.

M1 staff's positive engagement with customers was recognised at the highly-regarded annual Excellent Service Awards (EXSA). At the event, M1 staff received 11 Star, 41 Gold, and 94 Silver awards, compared to 4 Star, 27 Gold, and 68 Silver awards the year before. 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 (CCAS) Awards 2016 also honoured our staff with both the Best Contact Centre Team Leader and Best Customer Service Professional of the Year awards.

Through our continued efforts to better serve our customers, M1 was able to leapfrog the competition to top the Customer Satisfaction Index of Singapore for 2016 in the residential broadband segment, and further improved our score in mobile telecommunications services.

## NETWORKS

Since inception, we have invested more than S\$1.9 billion into our fixed and mobile networks. Through continual investment in 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 initiatives in 2016 include:

- 4.5G speed trial:** In collaboration with our network partner Huawei, we successfully demonstrated Southeast Asia's fastest combined upload and download speeds in January 2016. In the trial, performed in M1's Long Term Evolution (LTE) Advanced test lab, we were able to achieve peak download speeds of more than 1Gbps and upload speeds of more than 130Mbps.



# OPERATING REVIEW

- Singapore’s first WiFi-On-The-Go service:** M1 deployed Singapore’s first connected public buses on selected SMRT vehicles in April 2016, as part of the national HetNet (Heterogeneous Network) Trials. The WiFi-On-The-Go service was offered on buses connected to M1’s advanced 4G+ network through an intelligent in-vehicle unit that boosts the bandwidth available to the on-board wireless network.
- NB-IoT deployment:** M1 initiated Singapore’s first nationwide commercial narrowband Internet of Things (NB-IoT) network rollout in September 2016. The network, when fully deployed in 2017, will deliver improved network performance for M2M (machine-to-machine) communications – low-bandwidth, robust indoor penetration and low power consumption, and offer the benefits of licensed spectrum such as network reliability and security. The deployment will strengthen M1’s ability to support Singapore’s IoT eco-system, and drive innovative and effective new fleet management, smart metering, public safety and other smart solutions deployed by our growing customers in the corporate and Government segments. In October 2016, in collaboration with Nokia, M1 conducted Singapore’s first NB-IoT demo, simulating an environmental monitoring telemetry service whereby data from a sensor is collected and shared via NB-IoT connectivity.
- HetNet:** Following successful trials in Paragon Mall, Jurong East, and selected MRT stations, M1 announced Singapore’s first nationwide HetNet rollout. HetNet, the integration of large and small cells with different wireless radio technologies such as cellular and WiFi, will enable M1 to provide the best coverage and network capacity to meet customer’s increasing demand for data. We will progressively roll out an overlay of Nokia’s award-winning Flexi Zone small cells and

WiFi equipment across hundreds of high traffic hotspots nationwide, to complement our advanced 4G+ network. The HetNet deployment is also an integral part of our 5G network roadmap, the infrastructure on which we will build a ubiquitous on-demand, high-performance 5G service for our customers in the coming years.

## M1 WON A MERIT AWARD FOR THE MOST INNOVATIVE USE OF INFO-COMMUNICATIONS TECHNOLOGY AT THE NATIONAL INFO-COMMUNICATIONS AWARDS 2016, FOR OUR MOBILE POINT OF SALE (MPOS) SOLUTION

### AWARDS

- M1 and Parallel Wireless won the third place (Mobility Management Solutions) for In-vehicle HetNet Technology at the 2016 CTIA Emerging Technology award
- M1 won a Merit Award for the Most Innovative Use of Info-communications Technology at the National Info-communications Awards 2016, for our mobile Point of Sale (mPOS) solution
- M1 and Parallel Wireless won the Small Cell Forum’s Excellence in Commercial Deployment (Urban) 2016 for our WiFi-On-The-Go service on Singapore’s first connected public buses
- M1 is the recipient of the 2016 Frost & Sullivan Singapore Overall Telecom Service Provider of the Year Award
- M1 was presented the Patron of the Arts award, our 17<sup>th</sup> consecutive award by the National Arts Council

# FINANCIAL REVIEW

## OPERATING REVENUE

	Year Ended 31 December		
	2016 S\$’m	2015 S\$’m	YoY Change
<b>Operating revenue</b>			
Mobile telecommunications	640.0	667.7	-4.2%
International call services	61.3	68.7	-10.8%
Fixed services	104.2	85.9	21.4%
<b>Total service revenue</b>	805.5	822.3	-2.0%
Handset sales	255.4	334.9	-23.7%
<b>Total</b>	1,060.9	1,157.2	-8.3%

For 2016, operating revenue decreased 8.3% to S\$1,060.9 million, mainly due to lower handset sales volume. Service revenue decreased 2.0% to S\$805.5 million, due to lower international call services and roaming revenues.

## MOBILE TELECOMMUNICATIONS REVENUE

	Year Ended 31 December		
	2016 S\$’m	2015 S\$’m	YoY Change
<b>Mobile telecommunications revenue</b>			
Postpaid	569.7	590.8	-3.6%
Prepaid	70.3	76.9	-8.6%
<b>Total</b>	640.0	667.7	-4.2%
<b>Average revenue per user (ARPU, S\$ per month)</b>			
Postpaid (excludes Data Plan)	S\$58.0	S\$61.7	-6.0%
Postpaid (excludes Data Plan and adjusted) <sup>1</sup>	S\$50.3	S\$54.2	-7.2%
Data plan	S\$14.8	S\$17.1	-13.5%
Prepaid	S\$12.2	S\$14.7	-17.0%
Fibre Broadband	S\$45.1	S\$46.7	-3.4%
Mobile data as a % of service revenue	54.0%	46.3%	

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

Mobile telecommunications revenue decreased 4.2% to S\$640.0 million. Segmentally, postpaid revenue decreased 3.6% to S\$569.7 million due to lower voice and roaming revenues. Prepaid revenue at S\$70.3 million was 8.6% lower year-on-year due to lower voice traffic.

Mobile data revenue continued to grow with average smartphone data usage increasing to 3.6GB per month in the fourth quarter of 2016 from 3.3GB per month a year ago. Accordingly, mobile data revenue increased 7.7 percentage points year-on-year to 54.0% of service revenue.



# FINANCIAL REVIEW

## INTERNATIONAL CALL SERVICES REVENUE

	Year Ended 31 December		
	2016 S\$'m	2015 S\$'m	YoY Change
<b>International call services revenue</b>			
Retail revenue	42.5	53.0	-19.7%
Wholesale and bilateral revenue	18.8	15.8	19.2%
<b>Total</b>	<b>61.3</b>	<b>68.7</b>	<b>-10.8%</b>
Total international retail minutes (in millions)	696	813	-14.3%

International retail minutes decreased 14.3% to 696 million minutes, mainly due to decline in usage to low value destinations. Accordingly, international call services revenue decreased 10.8% to S\$61.3 million.

## HANDSET SALES

Handset sales decreased 23.7% to S\$255.4 million as a result of lower sales volume and selling price.

## OPERATING EXPENSES

	Year Ended 31 December		
	2016 S\$'m	2015 S\$'m	YoY Change
Cost of sales	461.5	530.8	-13.1%
Staff costs	115.0	118.2	-2.7%
Advertising and promotion expenses	22.1	24.3	-9.0%
Depreciation and amortisation	126.8	118.4	7.0%
Allowance for doubtful debts	8.4	8.9	-6.1%
Facilities expenses	86.4	82.1	5.3%
Leased circuit costs	31.5	31.7	-0.6%
Other general and administrative expenses	29.3	25.6	14.3%
<b>Total</b>	<b>880.9</b>	<b>940.0</b>	<b>-6.3%</b>

Operating expenses decreased 6.3% to S\$880.9 million, mainly due to lower cost of sales.

## COST OF SALES

	Year Ended 31 December		
	2016 S\$'m	2015 S\$'m	YoY Change
Handset costs	343.9	419.1	-17.9%
Traffic expenses	39.2	39.4	-0.5%
Wholesale costs of fixed services	45.1	38.4	17.5%
Other costs	33.3	34.0	-2.0%
<b>Total</b>	<b>461.5</b>	<b>530.8</b>	<b>-13.1%</b>

Cost of sales decreased 13.1% to S\$461.5 million, driven mainly by lower handset costs. Handset costs decreased 17.9% to S\$343.9 million due to lower sales volume and average unit cost. Wholesale costs of fixed services increased 17.5% to S\$45.1 million as a result of a larger base of fibre customers.

## STAFF COSTS

Staff costs decreased 2.7% to S\$115.0 million, due to lower variable performance-based incentive.

## ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses decreased 9.0% to S\$22.1 million, due to lower marketing activities.

## DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenses increased 7.0% to S\$126.8 million as a result of higher fixed asset base.

## ALLOWANCE FOR DOUBTFUL DEBTS

Allowance for doubtful debts decreased 6.1% to S\$8.4 million, due to improved collection.

## FACILITIES EXPENSES

Facilities expenses increased 5.3% to S\$86.4 million, driven mainly by higher network maintenance expenses.

## LEASED CIRCUIT COSTS

Leased circuit costs at S\$31.5 million was stable year-on-year.

# FINANCIAL REVIEW

## OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses increased 14.3% to S\$29.3 million, mainly due to higher licence fees provisions.

## FINANCE COSTS

Finance costs increased 37.2% to S\$6.7 million, due to higher borrowings and interest rate.

## TAXATION

Provision for taxation decreased 27.7% to S\$28.9 million, due to lower profit before tax and overprovision in prior year.

## NET PROFIT AFTER TAX

	Year Ended 31 December		
	2016 S\$'m	2015 S\$'m	YoY Change
Net profit after tax	149.7	178.5	-16.1%
Net profit after tax margin (on service revenue)	18.6%	21.7%	

Net profit after tax at S\$149.7 million was 16.1% lower and net profit after tax margin declined to 18.6% of service revenue.

## EBITDA

	Year Ended 31 December		
	2016 S\$'m	2015 S\$'m	YoY Change
EBITDA	312.1	341.8	-8.7%
EBITDA margin (on service revenue)	38.7%	41.6%	

EBITDA decreased 8.7% to S\$312.1 million.

EBITDA margin as a percentage of service revenue, was lower at 38.7%.

## CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for 2016 increased by S\$7.0 million to S\$140.5 million, mainly due to expansion of fibre infrastructure.

Capital commitment as at 31 December 2016 was S\$40.5 million.

## LIQUIDITY AND CAPITAL RESOURCES

	Year Ended 31 December		
	2016 S\$'m	2015 S\$'m	YoY Change
Profit before tax	178.6	218.4	-18.2%
Non-cash item and net interest expense adjustments	95.0	80.8	17.6%
Net change in working capital	61.3	(60.1)	-202.0%
Net cash provided by operating activities	334.9	239.1	40.0%
Net cash used in investing activities	(220.2)	(141.8)	-55.2%
Net cash used in financing activities	(113.7)	(110.1)	-3.2%
Net change in cash and cash equivalents	1.0	(12.8)	108.1%
Cash and cash equivalents at beginning of financial year	10.0	22.8	-56.2%
Cash and cash equivalents at end of financial year	11.0	10.0	10.5%
Free cash flow <sup>1</sup>	129.6	105.7	22.6%

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

Operating cash flow increased 40.0% to S\$334.9 million. Accordingly, free cash flow was 22.6% higher at S\$129.6 million.

## FINANCIAL LEVERAGE

As at 31 December 2016, gearing ratio was 1.0 time compared to 0.8 times as at 31 December 2015. Interest coverage ratio (EBITDA/Interest) was 46.2 times for 2016 compared to 69.5 times for 2015.



## BOARD OF DIRECTORS

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### PROFILE OF DIRECTORS

**1 CHOO CHIAU BENG, 69**  
Chairman

**2 KAREN KOOI LEE WAH, 62**  
Chief Executive Officer

**3 JAMALUDIN IBRAHIM, 57**

**4 LOW HUAN PING, 60**

**5 CHOW KOK KEE, 64**

#### **1 CHOO CHIAU BENG, 69** Chairman

Mr Choo Chiau Beng was appointed as the Chairman of M1 on 12 January 2015. Mr Choo sits on the Board of NRF Holdings Pte Ltd. He is a Board member of National Research Foundation, a member of Science and Engineering Research Council Board of A\*Star and a member of the Investment Board of GIC. He is also the Chairman of the Board of Governors of Raffles Institution and a member of Singapore University of Technology and Design's Board of Trustees.

He was Chief Executive Officer of Keppel Corporation from January 2009 to December 2013 and he served as Senior Advisor from January 2014 to December 2015. Before that, he held various positions within Keppel Group including Chairman and Chief Executive Officer of Keppel Offshore & Marine.

Mr Choo was awarded the Colombo Plan Scholarship to study Naval Architecture in the University of Newcastle upon Tyne. He graduated with a Bachelor of Science (First Class Honours) in 1970 and a Master of Science degree in Naval Architecture in 1971. He attended the Program for Management Development in Harvard Business School in 1982.

In July 2014, Mr Choo was appointed by National University of Singapore (NUS) as Provost's Chair and Professor (Practice) in the Department of Civil and Environmental Engineering. He was also appointed as Rector of Residential College 4 of NUS.

Mr Choo was conferred the Public Service Star Award (BBM) in August 2004, NTUC Medal of Commendation (Gold) Award in May 2007 and The Meritorious Service Medal in 2008.

#### **3 JAMALUDIN IBRAHIM, 57**

Tan Sri Jamaludin Ibrahim was appointed to M1's Board of Directors on 21 August 2008. He is President 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.

He has about 35 years experience in the ICT and telecommunications industry, holding management positions at IBM and Digital Equipment Malaysia. In 1997, Tan Sri Jamaludin Ibrahim 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.

#### **4 LOW HUAN PING, 60**

Mr Low was appointed to M1's Board of Directors on 1 September 1994. He is also the Executive Vice President (Technology) of Singapore Press Holdings Limited.

He is currently serving on the boards of iFast Corporation Ltd, Shareinvestor.com Holdings Ltd, MediaCorp Press Ltd and MediaCorp TV Holdings Pte Ltd.

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

#### **2 KAREN KOOI LEE WAH, 62** 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.

#### **5 CHOW KOK KEE, 64**

Mr Chow was appointed to M1's Board of Directors 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.



## BOARD OF DIRECTORS

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### PROFILE OF DIRECTORS

**6 HUANG CHENG ENG, 68**

**7 ELAINE LEE KIA JONG  
(MRS ELAINE LIM), 61**

**8 MOSES LEE KIM POO, 65**

**9 LIONEL LIM CHIN TECK, 60**

**10 ALAN OW SOON SIAN, 69**

#### **6 HUANG CHENG ENG, 68**

Mr Huang was appointed to M1's Board of Directors 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 had 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 Chairman of SIA Cargo Pte Ltd and Silkair Pte Ltd. He had served

on the board of Virgin Atlantic Airways and the Singapore Tourism Board. He had amassed 10 years of overseas experience, working in Taiwan, France and Hong Kong from 1977 to 1987.

Outside of the corporate sector, Mr Huang is Vice President of MINDS (Movement for the Intellectually Disabled of Singapore).

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.

#### **7 ELAINE LEE KIA JONG (MRS ELAINE LIM), 61**

Mrs Elaine Lim was appointed to M1's Board of Directors on 30 April 2015.

#### **8 MOSES LEE KIM POO, 65**

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 (Mech & Production) (Hons-Class 1) and also holds a Master in Public Administration from Harvard University.

#### **9 LIONEL LIM CHIN TECK, 60**

Mr Lim was appointed to M1's Board of Directors on 30 April 2015. He is currently Vice President and Managing Director of Pivotal Inc., for Asia Pacific and Japan, responsible for growing Pivotal's business and expanding the company's customer momentum across these regions.

Mr Lim is an industry veteran with about 35 years of leadership and management experience in Enterprise IT Systems, Software and Solutions across the Asia Pacific region. Mr Lim served as President and General Manager of CA Technologies for the Asia Pacific and Japan region from August 2010 to April 2014. In 1988, he was the founding Managing Director of Sun Microsystems ASEAN. During his 22-year tenure at Sun Microsystems, he held various senior leadership positions, including President of Asia Pacific and Japan, Chief Operating Officer for Asia Pacific and Japan, President for Greater China, President for Japan and President for the Asia South region. Prior to joining Sun Microsystems,

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.

Mr Lim was Country Sales Director for Hewlett Packard Singapore where he started his career in 1980.

Mr Lim holds a Bachelor's Degree in Electrical and Electronic 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. He is also a member of the IT Committee of the SingHealth Group.

#### **10 ALAN OW SOON SIAN, 69**

Mr Ow was appointed to M1's Board of Directors 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).



# SENIOR MANAGEMENT



## PROFILE OF SENIOR MANAGEMENT

- 1

**KAREN KOOI LEE WAH**  
Chief Executive Officer
- 2

**PATRICK MICHAEL SCODELLER**  
Chief Operating Officer
- 3

**LEE KOK CHEW**  
Chief Commercial Officer
- 4

**NICHOLAS TAN**  
Chief Financial Officer
- 5

**POOPALASINGAM SUBRAMANIAM**  
Chief Marketing Officer

1

**KAREN KOOI LEE WAH**  
Chief Executive Officer

Please see Ms Kooi's profile on page 31.

2

**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.

He has more than 37 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.

3

**LEE KOK CHEW**  
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, he was appointed as Chief Commercial Officer to provide added focus on corporate strategy and commercial initiatives to drive business growth.

He 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.

4

**NICHOLAS TAN**  
Chief Financial Officer

Mr Tan joined M1 in September 2016 as Chief Financial Officer.

Prior to M1, Mr Tan was Chief Financial Officer for StarHub. Mr Tan has also previously held senior positions at Fortune 500 companies such as Hewlett Packard, Becton Dickinson and Texas Instruments, as well as ST Telemedia group of companies in Singapore and in the region.

At ST Telemedia, Mr Tan was Senior Vice President for Corporate Planning at ST Telemedia. During his secondment to ST Telemedia former Indonesian subsidiary, PT Indosat Tbk, as CFO, Mr Tan facilitated a refinancing deal that successfully raised almost US\$1 billion, a landmark deal that achieved several industry awards.

Mr Tan holds a Bachelor of Accountancy from the National University of Singapore.

5

**POOPALASINGAM SUBRAMANIAM**  
Chief Marketing Officer

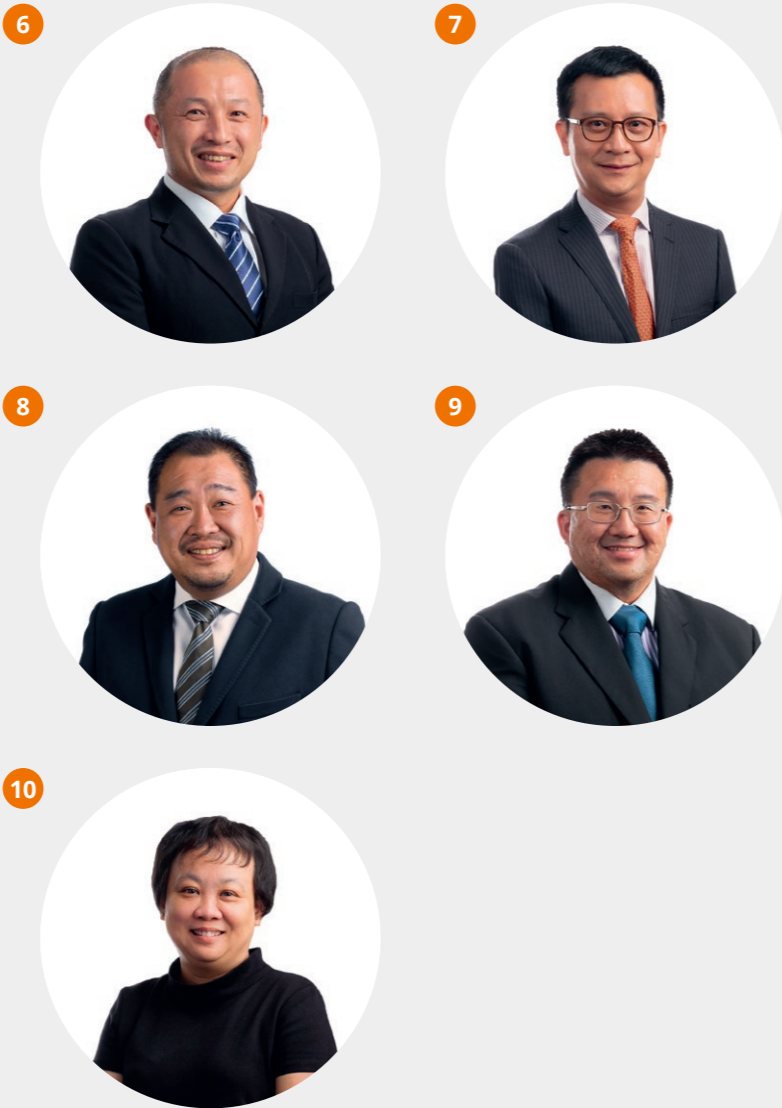
Mr Subramaniam joined M1 in October 1999 and heads the Consumer and Marketing Communication functions. He also oversees the Company's distribution network, comprising both M1 Shop outlets and exclusive distributors.

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.



# SENIOR MANAGEMENT



## PROFILE OF SENIOR MANAGEMENT

- 6

**ALAN GOH**  
Chief Information Officer
- 7

**DENIS SEEK**  
Chief Technical Officer
- 8

**ALEX TAN**  
Chief Innovation Officer
- 9

**WILLIS SIM**  
Chief Corporate Sales and Solutions Officer
- 10

**LIM SOCK LENG**  
Director, Regulatory and Enterprise Risk Management

6

**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. Graduating from the National University of Singapore, he holds a Bachelor of Science degree in Computer Science.

7

**DENIS SEEK**  
Chief Technical Officer

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.

Mr Seek joined M1 in November 2014 as Director, Engineering and was appointed as Chief Technical Officer in May 2015. He has over 23 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.

8

**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. In his role, 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’s<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.

9

**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 WiFi coverage in Singapore under the Wireless@SG initiative by the Info-communications Development Authority of Singapore<sup>1</sup> (IDA).

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, Info-communications Media Development Authority, 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.

10

**LIM SOCK LENG**  
Director, Regulatory and Enterprise Risk Management

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.

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

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# SENIOR MANAGEMENT

## PROFILE OF SENIOR MANAGEMENT

- 11

**KAREN TEO**  
Director, Head Legal Services/  
Joint Company Secretary
- 12

**STAMFORD LOW**  
Director, Customer Service
- 13

**KOH ANN HUAT**  
Director, Procurement and Facilities
- 14

**TEO WEE SENG**  
Director, Human Resource
- 15

**IVAN LIM**  
Director, Corporate Communications  
and Investor Relations
- 16

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



- 11

**KAREN TEO**  
Director, Head Legal Services/  
Joint Company Secretary

Ms Teo joined M1 in October 2014. She currently heads the Legal department.

Prior to joining M1, Ms Teo was an Equity Partner at TSMP Law Corporation. She has more than 10 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 the New York State.
- 12

**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 has also managed two award-winning call centres at DHL Express (Singapore) Pte Ltd and MobileOne Ltd. He is a certified COPC-2000® 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.
- 13

**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, 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 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.
- 14

**TEO WEE SENG**  
Director, Human Resource

Mr Teo joined M1 in May 2014 and is in charge of the Human Resource department. He has more than 25 years of work experience in human resource, consulting, training and organisation development.

Mr Teo has held various positions in financial institutions, consulting firms, and public sector organisations such as the National Library Board and Public Service Division (Prime Minister's Office). Prior to joining M1, he was the Vice President, Human Resource of Jurong Port Pte Limited.

Mr Teo holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore.
- 15

**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.
- 16

**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 2016

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>Choo Chiau Beng</b>	Bachelor of Science 1 <sup>st</sup> Class Hons, University of Newcastle upon Tyne, UK	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 69		<b>Listed Companies</b> Nil	
<b>Date first appointed</b> 12.01.2015	Master of Science degree in Naval Architecture, University of Newcastle upon Tyne, UK	<b>Principal or Other Directorships</b> Director / Chairman NRF Holdings Pte Ltd	
<b>Length of Service</b> 2 years	Management Development Program, Harvard Business School, USA	<b>Major Appointments (other than Directorships)</b> Member of the Board National Research Foundation, Prime Minister's Office, Singapore	
	Member, Wharton Society of Fellows, University of Pennsylvania	Member of the Science and Engineering Research Council Board Agency for Science, Technology & Research (A*Star)	
	Doctor of Civil Law, University of Newcastle upon Tyne, UK	Chairman Centre for Maritime Studies (NUS)	
	Provost's Chair and Professor (Practice) in the Department of Civil and Environmental Engineering, Faculty of Engineering and Department of Management and Organisation, NUS Business School	Board Member Energy Studies Institute (NUS)	
		Member of the Investment Board GIC Private Limited	
		Chairman of Board of Governors Raffles Institution	
		Member of Board of Trustees Singapore University of Technology and Design	
		<b>PAST DIRECTORSHIPS</b>	
		Director k1 Ventures Limited	
		Chairman Keppel Land China Limited	
		Director Asian Lift Pte Ltd	
		Director Keppel Capital Pte Ltd	
		Director Keppel Capital Holdings Pte Ltd	
		Director Keppel Capital One Pte Ltd	
		Director / CEO Keppel Corporation Limited	
		Director / Chairman Keppel Energy Pte Ltd	
		Director / Chairman Keppel FELS Limited	
		Director / Chairman Keppel Infrastructure Holdings Pte. Ltd.	
		Director / Chairman Keppel Land Limited	
		Director / Chairman Keppel Offshore & Marine Ltd	
		Director Keppel Offshore & Marine Technology Centre Pte Ltd	
		Director / Chairman Keppel Shipyard Limited	
		Director Tianjin Eco-city Keppel New Energy Development Co., Ltd	
		Director KrisEnergy Ltd	
		Director Keppel Care Foundation Limited	
		Director / Council Member American Bureau of Shipping	

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>Karen Kooi Lee Wah</b>	Fellow, Association of Chartered Certified Accountants (UK)	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 62 yrs		<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. Director M1 Shop Pte Ltd Director M1 TeliNet Pte. Ltd. Director Kliq Pte. Ltd.	
<b>Length of Service</b> 7 years 8 months		<b>Major Appointments (other than Directorships)</b> Nil	
		<b>PAST DIRECTORSHIPS</b> Nil	
<b>Jamaludin Ibrahim</b>	Master of Business Administration (Specialising in Quantitative Methods) from Portland State University, Oregon, USA	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 57 yrs		<b>Listed Companies</b> Director / GCEO Axiata Group Berhad Director PT XL Axiata Tbk Alternate Director Dialog Axiata PLC	
<b>Date first appointed</b> 21.08.2008	Bachelor of Science in Business Administration and a minor in Mathematics from California State University, USA	<b>Principal or Other Directorships</b> Director / Chairman Celcom Axiata Berhad Alternate Director edotco Group Sdn Bhd Director Axiata Digital Services Sdn Bhd Director Axiata Foundation	
<b>Length of Service</b> 8 years 4 months		<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) Science Education Committee	
		Member Capital Raising Advisory Group, Securities Commission Malaysia	
		Member Malaysian Global Innovation & Creativity Centre Berhad	
		Director	



PARTICULARS OF DIRECTORS

AS AT 31 DECEMBER 2016

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), Master of Arts, Cambridge University	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 60 yrs		<b>Listed Companies</b>	
		iFast Corporation Ltd	
<b>Date first appointed</b> 01.09.1994	Master of Science, National University of Singapore	<b>Principal or Other Directorships</b>	
		Director	SPH Multimedia Pte Ltd
		Director	SPH AsiaOne Ltd
		Director	Zaobao.com Ltd
		Director	MediaCorp Press Ltd
		Director	Shareinvestor.com Holdings Ltd
		Director	Shareinvestor Pte Ltd
		Director	clickTRUE Pte Ltd
		Director	Kyosei Ventures Pte Ltd
		Director	Invest Media Pte Ltd
		Director	Magzter Inc.
		Director	SPH Media Fund Pte Ltd
		Director	Digi Ventures Private Limited
		Alternate Director	MediaCorp TV Holdings Pte Ltd
		Alternate Director	701Search Pte Ltd
<b>Length of Service</b> 22 years 3 months	Advanced Management Program, Harvard Business School, USA	<b>Major Appointments (other than Directorships)</b>	
		Executive Vice-President, Information Technology	Singapore Press Holding Limited
		<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



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> 64 yrs		<b>Listed Companies</b>	
		Director	Tuan Sing Holdings Ltd
<b>Date first appointed</b> 16.02.2009	Bachelor of Commerce University of Newcastle, Australia	<b>Principal or Other Directorships</b>	
		Director	ACTA Investment & Services Pte Ltd
		Director	Transwater Services Pte Ltd
<b>Length of Service</b> 7 years 10 months	Master of Business Administration National University of Singapore	<b>Major Appointments (other than Directorships)</b>	
		Nil	
	Fellow of the Singapore Institute of Directors	<b>PAST DIRECTORSHIPS</b>	
		Director	Chosen Holdings Ltd
		Director	Valuetronics Holdings Ltd
	Member of Institute of Engineers, Australia		
	Associate of Institute of Chartered Secretaries and Administrators, UK		
<b>Huang Cheng Eng</b>	Bachelor of Business Administration, University of Hawaii	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 68 yrs		<b>Listed Companies</b>	
		Director	FEO Hospitality Asset Management Pte Ltd (REIT Manager Board of Far East Hospitality Trust)
<b>Date first appointed</b> 30.04.2015	Travel Industry Management, East West Center Institution University of Hawaii	<b>Principal or Other Directorships</b>	
		Director	FEO Hospitality Trust Management Pte Ltd (Trustee-Manager Board of Far East Hospitality Business Trust)
<b>Length of Service</b> 1 year 8 months	Master of Business Administration, Michigan State University	<b>Major Appointments (other than Directorships)</b>	
		Exco Member	MINDS (Movement for the Intellectually Disabled of Singapore)
	Management Development Program for Managers, INSEAD	Exco Member	Children's Aid Society
	Stanford Executive Program, Graduate School of Business Stanford University	<b>PAST DIRECTORSHIPS</b>	
		Nil	
	Managing Partnership & Strategic Alliances Program, INSEAD		

# PARTICULARS OF DIRECTORS

AS AT 31 DECEMBER 2016

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 Graduate School of Business  Fellow, Singapore Institute of Directors	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 61 yrs		<b>Listed Companies</b>	
<b>Date first appointed</b> 30.04.2015		Director	Chemical Industries (F.E.) Limited
<b>Length of Service</b> 1 year 8 months		<b>Principal or Other Directorships</b>	
		Director	Lien Aid Limited
		<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  Master in Public Administration, Harvard University, USA	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 65 yrs		<b>Listed Companies</b>	
<b>Date first appointed</b> 01.06.2015		Director / Chairman	GuocoLand Limited
<b>Length of Service</b> 1 year 6 months		<b>Principal or Other Directorships</b>	
		Chairman	Sentosa Development Corporation
		Chairman / Board Member	Singapore Totalisator Board
		<b>Major Appointments (other than Directorships)</b>	
		Nil	
		<b>PAST APPOINTMENTS</b>	
		Commissioner / CEO	Inland Revenue Authority of Singapore



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  Member, Singapore Institute of Directors	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 60 yrs		<b>Listed Companies</b>	
<b>Date first appointed</b> 30.04.2015		Nil	
<b>Length of Service</b> 1 year 8 months		<b>Principal or Other Directorships</b>	
		Director	Greennano Holdings Pte Ltd
		<b>Major Appointments (other than Directorships)</b>	
		Member, IT Committee	Singapore Health Services
		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
<b>Alan Ow Soon Sian</b>	Bachelor, Social Sciences (Hons), University of Singapore  Special Agent in Tax Fraud Training IRS, USA  International Tax Program Harvard Law School, USA  Advanced Management Program Harvard Business School, USA	<b>PRESENT APPOINTMENTS</b>	
<b>Age</b> 69 yrs		<b>Listed Companies</b>	
<b>Date first appointed</b> 16.02.2009		Nil	
<b>Length of Service</b> 7 years 10 months		<b>Principal or Other Directorships</b>	
		Director	Cairnhill Rock Pte Ltd
		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

# PARTICULARS OF SENIOR MANAGEMENT

AS AT 31 DECEMBER 2016

Name of Senior Management	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
	Present Directorships	Past Directorships
Patrick Michael Scodeller	M1 TeliNet Pte. Ltd. Singapore Internet Exchange Limited	None
Lee Kok Chew	Kliq Pte. Ltd. M1 Connect Pte. Ltd. M1 Net Ltd. M1 Shop Pte Ltd M1 TeliNet Pte. Ltd. Octopus Retail Management Pte Ltd	None
Nicholas Tan	None	StarHub Mobile Pte Ltd StarHub Cable Vision Ltd. StarHub Internet Pte Ltd StarHub Online Pte. Ltd. StarHub Shop Pte Ltd Shine Systems Assets Pte. Ltd. StarHub (Mauritius) Ltd StarHub (Hong Kong) Ltd StarHub, Inc
Poopalasingam Subramaniam	M1 Shop Pte Ltd	None
Alan Goh	None	None
Denis Seek	None	None
Alex Tan	None	Astiv Pte Ltd Cinenow Singapore Pte. Ltd. M1 Connect Pte. Ltd.
Willis Sim	M1 Connect Pte. Ltd. M1 Net Ltd.	Astiv Pte Ltd Cinenow Singapore Pte. Ltd.
Lim Sock Leng	M1 Net Ltd. M1 Shop Pte Ltd M1 TeliNet Pte. Ltd.	Kliq Pte. Ltd.
Karen Teo	None	None
Stamford Low	None	None
Koh Ann Huat	None	None
Teo Wee Seng	None	None
Ivan Lim	None	None
Kwan Wai Ling	None	None

# CORPORATE GOVERNANCE

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 (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).

1 BOARD OF DIRECTORS  
(Code of Corporate Governance Principles 1, 2, 4, 6, 10 & 11)

The Board of Directors is accountable to the shareholders 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. Material transactions that require Board approval are capital expenditure in excess of S\$5.0 million and operating expenditure in excess of S\$3.0 million.

Currently, 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. The Board does not have any alternate Directors. The Board consists of respected individuals from different backgrounds and whose core competencies, qualifications, skills and experience are extensive and complementary. Details of the Directors’ academic and professional qualifications and other appointments are set out on pages 40 to 45 of the Annual Report.

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		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
Executive						
Karen Kooi Lee Wah	N	Member				

N: Non-independent  
I: Independent



# CORPORATE GOVERNANCE

1 BOARD OF DIRECTORS (CONT'D)

At least one-third of the Directors shall 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. 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
Choo Chiau Beng	69	Chairman & Director	12.01.2015	13.04.2015
Karen Kooi Lee Wah	62	Executive Director	22.04.2009	13.04.2015
Jamaludin Ibrahim	57	Director	21.08.2008	06.04.2016
Low Huan Ping	60	Director	01.09.1994	13.04.2015
Chow Kok Kee	64	Director	16.02.2009	13.04.2015
Huang Cheng Eng	68	Director	30.04.2015	06.04.2016
Elaine Lee Kia Jong	61	Director	30.04.2015	06.04.2016
Moses Lee Kim Poo	65	Director	01.06.2015	06.04.2016
Lionel Lim Chin Teck	60	Director	30.04.2015	06.04.2016
Alan Ow Soon Sian	69	Director	16.02.2009	06.04.2016

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. Directors and senior management can securely access and read Board and Board Committee papers prior to and at meetings via tablets.

All Directors have separate and independent access to senior management, and to the Company Secretaries whose appointments and removals are decided by the Board. The Company Secretaries administer, attend and prepare minutes of Board and Board Committee meetings, and assist 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 Secretaries also act as the primary channels 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.



1 BOARD OF DIRECTORS (CONT'D)

Regular quarterly Board meetings are scheduled yearly in advance. Additional meetings are scheduled in between to provide technical updates and to facilitate discussion or deliberations on strategic or compliance issues where necessary. The non-executive Directors meet without the presence of management from time to time. During the year, five Board meetings were held. The Company's Constitution provides for telephonic and videoconference meetings. The number of applicable Board meetings held in 2016 and the attendance of every Board member at those meetings applicable to them are as follows:

Director	Number of Applicable Board Meetings Held in 2016	Number of Applicable Board Meetings Attended
Choo Chiau Beng	5	5
Karen Kooi Lee Wah	5	5
Jamaludin Ibrahim	5	5
Low Huan Ping	5	5
Chow Kok Kee	5	5
Huang Cheng Eng	5	5
Elaine Lee Kia Jong	5	4
Moses Lee Kim Poo	5	5
Lionel Lim Chin Teck	5	5
Alan Ow Soon Sian	5	5

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.

2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
(Code of Corporate Governance Principle 3)

Mr Choo Chiau Beng is the Chairman of the Company and Ms Karen Kooi Lee Wah is the CEO. They each perform 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.

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 the Board discussions are open and frank. The Board will review the need for a lead independent director as part of its continuous assessment of corporate governance best practices.

CORPORATE GOVERNANCE

3 NOMINATING COMMITTEE (NC)  
(Code of Corporate Governance Principles 2, 4 & 5)

The NC comprises entirely independent Directors, namely Mr Chow Kok Kee as Chairman, Mr Huang Cheng Eng and Ms Elaine Lee Kia Jong.

The NC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles in the 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 re-appointment, 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; and review the independence of any independent Director who has served on the Board beyond nine years from the date of first appointment, and making 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) Reviewing succession plans for the Board Chairman and the Chief Executive Officer;
- (k) Reviewing and approving appointments of key management personnel;



3 NOMINATING COMMITTEE (NC) (CONT'D)

- (l) Reviewing and recommending 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 Code.

The number of applicable NC meetings held in 2016 and the attendance of each member at those meetings are as follows:

NC Member	Number of Applicable NC Meetings Held in 2016	Number of Applicable NC Meetings Attended
Chow Kok Kee	6	6
Huang Cheng Eng	6	6
Elaine Lee Kia Jong	6	5

The NC determines on an annual basis the independence of a Director taking guidance from the 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 NC noted that under the Code, the independence of a Director who has served for more than nine years since date of first appointment should be subject to rigorous review. None of the independent Directors has served for more than nine years since date of first appointment.

The NC considers on an on-going 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.

The NC keeps a constant scan for suitable candidates, 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 Board Chairman, evaluate and interview 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.

# CORPORATE GOVERNANCE

## 3 NOMINATING COMMITTEE (NC) (CONT'D)

During the year, the NC supervised an exercise to evaluate the Board's 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 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 consultant and the advisor do not have any other direct connection with the Company or any of its Directors.

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 management
- Overall perception of the Board

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

- Contribution
- Knowledge and abilities
- Teamwork
- 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.

## 3 NOMINATING COMMITTEE (NC) (CONT'D)

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 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 their respective duties and responsibilities as directors of the Company.

Directors are provided with continuing education or briefings in areas such as changes in financial reporting standards and issues which have a direct impact on financial statements, corporate governance, changes in laws and regulations, risks identification, as well as industry trends and updates, so as to update the Directors on relevant matters. In addition, Directors are invited from time to time to attend professional programmes for Directors conducted by the Singapore Institute of Directors, and other relevant bodies.

## 4 REMUNERATION COMMITTEE (RC) (Code of Corporate Governance Principles 7 & 8)

The RC comprises Mr Moses Lee Kim Poo as Chairman, Mr Choo Chiau Beng, Mr Low Huan Ping, Mr Chow Kok Kee and Mr Alan Ow Soon Sian, all of whom are non-executive Directors. Mr Moses Lee Kim Poo, Mr Chow Kok Kee and Mr Alan Ow Soon Sian are the independent Directors on the RC.

The Director of Human Resource assists the RC in the execution of its functions and the RC has access to external expert advice, if required.

The RC, which has written terms of reference approved by the Board, performs the following functions taking into account the relevant principles in the 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 Code.



CORPORATE GOVERNANCE

4 REMUNERATION COMMITTEE (RC) (CONT'D)

The number of applicable RC meetings held in 2016 and the attendance of each member at those meetings are as follows:

RC Member	Number of Applicable RC Meetings Held in 2016	Number of Applicable RC Meetings Attended
Moses Lee Kim Poo	4	4
Choo Chiau Beng	4	4
Chow Kok Kee	4	4
Low Huan Ping	4	4
Alan Ow Soon Sian	4	4

5 DISCLOSURE ON REMUNERATION (Code of Corporate Governance Principles 8 & 9)

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 options and 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. The framework for determining fees payable to each non-executive Director for 2016 is as follows:

Board	Chairman	S\$100,000 per annum
	Member	S\$50,000 per annum
Audit Committee	Chairman	S\$40,000 per annum
	Member	S\$25,000 per annum
Risk Committee	Chairman	S\$30,000 per annum
	Member	S\$25,000 per annum
Nominating Committee	Chairman	S\$30,000 per annum
	Member	S\$25,000 per annum
Remuneration Committee	Chairman	S\$30,000 per annum
	Member	S\$25,000 per annum



5 DISCLOSURE ON REMUNERATION (CONT'D)

The annual remuneration of non-executive Directors payable for 2016 is as follows:

Non-Executive Director	Position Held	Director’s Fee
Choo Chiau Beng	Board Chairman, RC member	S\$125,000
Jamaludin Ibrahim	Board member	S\$50,000
Low Huan Ping	Board member, RC member, Risk Committee Chairman	S\$105,000
Chow Kok Kee	Board member, NC Chairman, AC member, RC member	S\$130,000
Huang Cheng Eng	Board member, Risk Committee member, NC member	S\$100,000
Elaine Lee Kia Jong	Board member, AC member, NC member	S\$100,000
Moses Lee Kim Poo	Board member, RC Chairman	S\$80,000
Lionel Lim Chin Teck	Board member, Risk Committee member	S\$75,000
Alan Ow Soon Sian	Board member, AC Chairman, RC member, Risk Committee member	S\$140,000

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

The RC 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 2016.

# CORPORATE GOVERNANCE

## 5 DISCLOSURE ON REMUNERATION (CONT'D)

In view of the competitive pressures in the talent market, the remuneration paid to the CEO and the top five key management personnel are disclosed in bands. In 2016, 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 Options	Number of Share Options Granted	Number of Contingent Share Awards Granted
<b>Above S\$1,000,000 to S\$1,250,000</b>							
Karen Kooi Lee Wah	49%	35%	1%	7%	8%	800,000	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	55%	17%	2%	18%	8%	500,000	30,000
<b>Above S\$250,000 to S\$500,000</b>							
Lee Kok Chew	59%	20%	4%	6%	11%	500,000	30,000
Poopalasingam Subramaniam	72%	12%	3%	6%	7%	300,000	15,000
Alan Goh	65%	21%	4%	6%	4%	200,000	15,000
Willis Sim	62%	21%	5%	7%	5%	200,000	15,000

In 2016, share options and contingent 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 103 to 107 of the Annual Report. The final number of shares released under the contingent share awards will depend on the achievement of pre-determined targets, capped at 1.2 times of the award.

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) was S\$2,439,800.

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.

The Company does not have any employee who is an immediate family member of a Director or the CEO in 2016.

## 6 AUDIT COMMITTEE (AC)

(Code of Corporate Governance Principles 12 & 13; Listing Manual Rule 1207(6))

The AC comprises Mr Alan Ow Soon Sian as Chairman, Mr Chow Kok Kee and Ms Elaine Lee Kia Jong as members, all of whom, including the Chairman, are independent Directors. Two 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 Code and other salient factors:

- 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;
- 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;
- Review the assistance given by management to the external auditor;
- Review the independence and objectivity of the external auditor;
- Review the nature and extent of non-audit services performed by the external auditor;
- Examine the scope of internal audit procedures and the results of the internal audit;
- 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;
- Meet with the external and internal auditors without the presence of management at least annually;
- 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;



CORPORATE GOVERNANCE

6 AUDIT COMMITTEE (AC) (CONT'D)

- (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.

The number of applicable AC meetings held in 2016 and the attendance of each member at those meetings were as follows:

AC Member	Number of Applicable AC Meetings Held in 2016	Number of Applicable AC Meetings Attended
Alan Ow Soon Sian	4	4
Chow Kok Kee	4	4
Elaine Lee Kia Jong	4	3

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



6 AUDIT COMMITTEE (AC) (CONT'D)

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
Revenue recognition due to complex billing system	<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 2016. Please refer to page 110 of the Annual Report.</p>
Allowance for doubtful debts	<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 2016. Please refer to page 110 of the Annual Report.</p>

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 re-nomination. The aggregate amount of fees paid to the external auditor in 2016 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 (save for Kliq Pte Ltd for which there is no statutory audit requirement), the Group and the Company have complied with Rules 712 and 715 of the Listing Manual.

# CORPORATE GOVERNANCE

7 RISK COMMITTEE  
(Code of Corporate Governance Principle 11)

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 and Mr Lionel Lim Chin Teck as members, all of whom are non-executive Directors and three 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, finding 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 2016 and the attendance of each member at those meetings are as follows:

Risk Committee Member	Number of Applicable Risk Committee Meetings Held in 2016	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	3



7 RISK COMMITTEE (CONT’D)

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, CCO, CFO 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.

8 RISK MANAGEMENT  
(Code of Corporate Governance Principle 11; Listing Manual Rule 1207(4)(b)(iv))

The Company is committed to continually improve its approach to managing risks to ensure that it maintains 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.

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. Risk training programmes are conducted on an on-going 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.

During the year, the Company further strengthened operational risk mitigation mechanisms in areas including cyber security and network infrastructure resiliency. The Company also attained bizSAFE certification in recognition of the Company’s capabilities and efforts in promotion of safety and health standards at the workplace.

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.

# CORPORATE GOVERNANCE

## 9 INTERNAL CONTROLS

*(Code of Corporate Governance Principle 11)*

The Group and the Company have established a system of internal controls to address the financial, operational, compliance and information technology risks of the Group and the Company. Based on the work performed by the internal and external auditors, and the reviews performed by management, the AC and the Board, the Board, with the concurrence of the AC, 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 abovementioned risks of the Group and the Company in its current business environment.

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 CFO 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.

## 10 INTERNAL AUDIT

*(Code of Corporate Governance Principle 13)*

The Group and the Company have an internal audit function that is independent of the activities it audits. The Internal Auditor reports functionally to the AC Chairman and administratively to the CEO. 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 hiring, removal and evaluation of the Internal Auditor is approved by the AC. The AC also approves the Internal Audit Charter that defines the internal audit function's objective, responsibility and scope of authority. The internal audit activities meets the standards of internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC reviews, on an annual basis, the adequacy and effectiveness of the internal audit function. The AC has reviewed and is satisfied that the Company's internal audit function is appropriately resourced with qualified professional staff and has appropriate standing within the Group and the Company.

## 11 COMMUNICATION WITH SHAREHOLDERS

*(Code of Corporate Governance Principles 14, 15 & 16)*

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 also made available on the Company's website.

In 2016, 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. As such, all Board members and senior management make their best efforts to attend each AGM. The Annual Report and notice of the AGM were sent to all shareholders more than two weeks prior to the AGM which was held on 6 April 2016, 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.

All resolutions were put to vote by electronic polling at the AGM on 6 April 2016, and announcements of the detailed results showing the number of votes for and against each resolution and the respective percentages were also made at that AGM. Minutes of the AGM that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board 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.

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. Barring unforeseen circumstances, we will continue to maintain a dividend payout ratio of at least 80% of net profit after tax for 2017.



# CORPORATE GOVERNANCE

## 12 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.

## 13 ETHICAL BEHAVIOUR (Code of Corporate Governance Principle 12)

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 have 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 whistleblower.

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

- Unlawful acts
- Theft, misuse or wilful damage of the Group's 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

## 13 ETHICAL BEHAVIOUR (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 whistleblower, 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.

## 14 EMPLOYEE CODE OF CONDUCT (Code of Corporate Governance Principle 12)

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



# CORPORATE GOVERNANCE

## 15 RESPONSIBLE PROCUREMENT (Code of Corporate Governance Principle 12)

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.

## 16 INTERESTED PERSON TRANSACTIONS AND MATERIAL CONTRACTS (Listing Manual Rule 907 & 1207(8))

Interested person transactions carried out during the financial year ended 31 December 2016 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)
	2016 S\$'000	2016 S\$'000
<b>Transactions for the purchase of goods and services<sup>1</sup></b>		
Singapore Telecommunications Limited & its associates	–	18,311
SingPost Ltd	–	707
Axiata Group Berhad	6,695	847
Keppel Logistics Pte Ltd	–	1,370
StarHub Ltd & its associates	–	9,532
Temasek Holdings (Private) Limited & its associates	–	4,232
<b>Transactions for the sale of goods and services</b>		
Singapore Telecommunications Limited & its associates	–	5,242
Axiata Group Berhad	–	415
StarHub Ltd & its associates	–	2,134
Temasek Holdings (Private) Limited & its associates	–	27
<b>Total interested person transactions</b>	<b>6,695</b>	<b>42,817</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 the investment community, shareholders and other interested parties remains 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 relevant and prompt updates, to facilitate their having an informed opinion of M1 and the industry which we operate in.

In 2016, we continued to publicly release quarterly, interim and full-year results within one month of financial period. All materials relating to the Group's and 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 2016 included the launch of Upsized Data, to provide customers with greater value and flexibility in their data bundles, as well as a comprehensive suite of managed cyber security services to complement our business connectivity solutions. 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 Group's and 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 Group's and the Company's performance and strategy, and address any concerns that they may have.

As at 22 February 2017, the free float<sup>1</sup> of M1 shares was 38.76%, with the majority 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 2016 to Hong Kong, Japan, Malaysia, the UK and the USA. Locally, we participated in three investor conferences, namely Deutsche Bank Access Asia Conference, Macquarie ASEAN Conference and Morgan Stanley Asia Pacific Summit.

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 Group's and 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 14<sup>th</sup> AGM, held on 6 April 2016 at the Fullerton Hotel Singapore, was well attended by shareholders. The minutes of the AGM 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. These were promptly prepared after the AGM and made available to shareholders upon request.

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 2016, we announced an interim dividend of 7.0 cents per share and a final dividend of 5.9 cents per share, bringing the total dividend declared to 12.9 cents per share. Barring unforeseen circumstances, we will continue to maintain a dividend payout ratio of at least 80% of net profit after tax for 2017.

<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)



## HISTORICAL CAPITAL DISTRIBUTIONS

Year	Interim Dividend (cents)	Final Dividend (cents)	Special Dividend (cents)	Other Distributions (cents) <sup>2</sup>
2016	7.0	5.9 <sup>1</sup>	–	–
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 15<sup>th</sup> AGM  
<sup>2</sup> M1 undertook capital reduction exercises in 2004, 2006 and 2007

## FINANCIAL CALENDAR FOR 2017

Date	Event/Announcement
24 January 2017	Release of 2016 full year results
12 April 2017	Annual General Meeting
28 April 2017	Payment of 2016 final dividend (subject to shareholders' approval at the 15 <sup>th</sup> AGM)
April 2017 <sup>1</sup>	Release of 2017 first quarter results
July 2017 <sup>1</sup>	Release of 2017 half year results
August 2017 <sup>1</sup>	Payment of 2017 interim dividend (if applicable)
October 2017 <sup>1</sup>	Release of 2017 third quarter results

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

SMART IS...**CARING**  
**FOR OUR**  
**COMMUNITY**

M1 is committed to responsible business practices and continues to contribute to the social, economic and environmental progress of our nation



**MARVEL Avengers  
S.T.A.T.I.O.N.**

Hosted 100 children beneficiaries and their families for a day of interactive fun



**M1 Charity  
Golf**

Raised a record S\$500,000 in 2016 for M1's adopted charities



**Digital inclusion**

Appointed by the IMDA to provide complimentary broadband access to students and persons with disabilities from low-income households



**Champion  
of the arts**

Enriching the quality of life and strengthening social bonds and identity in our multi-culture society



**National Day  
Parade principal  
partner sponsor**

Powering communications for the planning committee in our nation's 51<sup>st</sup> birthday celebrations



**Greener  
base-stations**

Solar photovoltaic power systems deployed at M1's offshore base stations on Pulau Satumu and St. John's Island

SUSTAINABILITY  
REPORT  
INTRODUCTION

M1 is committed to conducting its business in a responsible, ethical and sustainable way. Through our efforts, we aim to create long-term value for our stakeholders, make a positive impact on our community and minimise our environmental footprint.

1,551  
NUMBER OF EMPLOYEES  
WORKING IN M1

This annual sustainability report covers M1’s economic, environmental, social and corporate governance performance for 2016.

These are described over four sections, namely “Our Business”, “Our People”, “Our Community” and “Our Environment”.

To ensure comparability, we have used internationally accepted measurement units for the reporting of performance data and indicators. A full listing of reported General Standard Disclosures and Specific Standard Disclosures is available at pages 95 to 100 of this Annual Report.

M1 continually reviews its sustainability performance, monitoring and reporting processes, as well as new developments in sustainability reporting, to ensure ongoing improvements.

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

**REPORTING SCOPE AND BOUNDARIES**

The M1 sustainability report has been prepared in accordance with the Global Reporting Initiative’s (GRI) G4 “Core” level guidelines, in describing key materiality issues and impact on our stakeholders, and is limited to M1’s operations under its direct control for the period 1 January to 31 December 2016.

We reviewed the key environmental, social and governance issues highlighted by our stakeholders. The GRI’s G4 reporting principles, including stakeholder inclusiveness, key materiality, the sustainability context, and indicator comparability, have been applied to identify the key material issues most relevant to our business operations and stakeholders, and we have presented the results accordingly.

Stakeholder	Main engagement channels	Stakeholder’s expectations	How M1 addresses concerns and notable initiatives
Consumer and corporate customers	<ul style="list-style-type: none"><li>• 24-hour contact centre</li><li>• M1 Shop outlets</li><li>• Mobile sales team</li><li>• Corporate sales team</li><li>• Technical support team</li><li>• M1 website and Facebook page feedback forms</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>	<ul style="list-style-type: none"><li>• Continual investment in networks and training to enhance customer experience</li><li>• Constantly review and update products and services to ensure they are relevant and offer meaningful value</li><li>• Clear disclosure of all information relevant to customers in marketing materials</li><li>• Controls in place to ensure the privacy of our customers’ personal data</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>• Create 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>	<ul style="list-style-type: none"><li>• Provide relevant and prompt updates on company developments</li><li>• Respond to investors’ queries in a timely manner</li><li>• Opportunities to engage with senior management through investor meetings, emails, teleconferences, roadshows and AGM</li><li>• Strong CSR programme in place</li></ul>
Business partners and suppliers	<ul style="list-style-type: none"><li>• Meetings</li><li>• Emails</li><li>• Telephone</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>	<ul style="list-style-type: none"><li>• Communicate M1’s business policies to employees</li><li>• Transparent business processes in the selection of winning tenderers</li><li>• Avenues to report incidence of abuse and corruption</li><li>• Whistleblower policy</li><li>• Supplier Code of Conduct in place for best practices in procurement</li></ul>
Employees	<ul style="list-style-type: none"><li>• Employee feedback</li><li>• Team building sessions</li><li>• Annual employee appraisal sessions</li><li>• Bi-annual townhall events</li><li>• Open door policy</li><li>• Quarterly CEO messages</li><li>• Grievance handling channel through 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>	<ul style="list-style-type: none"><li>• Maintain a safe and inclusive working environment</li><li>• M1 offers employees competitive remuneration packages commensurate with their experience, performance and job responsibilities</li><li>• Recruit, reward and promote employees based on performance and merit</li><li>• Continual investment in human capital</li></ul>

SUSTAINABILITY  
REPORT  
INTRODUCTION

Stakeholder	Main engagement channels	Stakeholder's expectations	How M1 addresses concerns and notable initiatives
Regulators	<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>	<ul style="list-style-type: none"><li>Policies to ensure compliance with regulations, laws and quality of service standards</li><li>Swift remedial action in case of any regulatory or legislative violation</li></ul>
Analysts and the media	<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 conferences and 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>	<ul style="list-style-type: none"><li>Provide relevant and prompt updates on company developments</li><li>Respond to media and analysts' queries in a timely manner</li><li>Work closely with media and analysts to advance Company's interests</li></ul>
Trade associations	<ul style="list-style-type: none"><li>Membership in and engaging with trade bodies and associations, including the Contact Centre Association of Singapore, National Trade Union Congress, Singapore Internet Exchange, and Singapore National Employer Federation</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>	<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>
Non-governmental organisations and community partners	<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>	<ul style="list-style-type: none"><li>Continual support of adopted community causes and conservation efforts</li><li>Ensure products and services address the needs of and are available to underserved communities</li><li>Continually review and improve sustainability performance and reporting</li></ul>

KEY MATERIALITY ISSUES, ASPECTS AND SUSTAINABILITY CONTEXT

The following section summarises the key material sustainability issues for M1, as determined through our engagement with stakeholders and inputs from our management and employees. We have provided an indication of the impact of the issues, and a summary of our management approach for each issue.

Material issues	Material aspects and targets	Sustainability context	Management approach	Internal impact	External impact
Network access and coverage	<ul style="list-style-type: none"><li>Continue to deliver good quality and reliable network access</li><li>Offer good customer value in our products and services</li><li>Strengthen digital inclusion efforts</li></ul>	<ul style="list-style-type: none"><li>We provide mobile and fixed services to over 2 million customers</li><li>The availability and affordability of our services greatly enhance our customers' productivity and quality of life</li><li>Enabler for other sectors by providing essential connectivity infrastructure for functioning and growing in the digital economy</li></ul>	<ul style="list-style-type: none"><li>As at end-2016, we have invested more than S\$1.9 billion into our mobile and fixed networks. We will continue to invest in technology to enhance our customers' mobile and fixed experience</li></ul>	Yes	Yes
Ethics and integrity	<ul style="list-style-type: none"><li>Ensure transparency in business practices including marketing communications, recruitment and procurement</li><li>Continue to protect customers' data privacy</li></ul>	<ul style="list-style-type: none"><li>Maintaining a high standard of corporate governance is key to protecting the interests of our stakeholders, including customers, employees, business partners and shareholders</li></ul>	<ul style="list-style-type: none"><li>The Company has strict guidelines and policies with regard to procurement and staff conduct in our business, and we abide by all relevant laws including those governing data protection</li></ul>	Yes	Yes
Employees	<ul style="list-style-type: none"><li>Offer staff a safe and conducive working environment</li><li>Continually provide relevant training</li></ul>	<ul style="list-style-type: none"><li>We provide employment to 1,551 employees, who form an important stakeholder segment and a critical component to our continued success in a competitive marketplace</li></ul>	<ul style="list-style-type: none"><li>We maintain a safe and conducive working environment</li><li>We have a merit-based recruitment and promotion policy</li><li>Our human resource colleagues, management and employees work together to identify suitable and relevant training programmes to enhance employees' skill sets</li></ul>	Yes	No



SUSTAINABILITY  
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INTRODUCTION

Material issues	Material aspects and targets	Sustainability context	Management approach	Internal impact	External impact
Economic performance	<ul style="list-style-type: none"><li>Create long-term value for stakeholders</li></ul>	<ul style="list-style-type: none"><li>We contribute toward Singapore's economy by creating jobs, responsibly paying our taxes and introducing business opportunities for our business partners</li><li>Our shareholders benefit through regular dividend payouts and long-term share price performance</li><li>Our employees share in the company's success, through monetary rewards and staff benefits</li><li>Our continuous network investments and introduction of innovative products and services have a positive impact on the level of competition in our industry for the benefit of both retail and corporate consumers in Singapore</li></ul>	<ul style="list-style-type: none"><li>We continually invest in our networks to enhance customer experience, deliver relevant products and services that bring value to our customers, and provide a positive customer experience, to drive our business forward</li></ul>	Yes	Yes
Community support	<ul style="list-style-type: none"><li>Continue our support for deserving community initiatives and underprivileged groups</li></ul>	<ul style="list-style-type: none"><li>We believe that for a company to be successful in the long-term, it should help create value for the community it operates in</li></ul>	<ul style="list-style-type: none"><li>We are a long-term supporter of various charity causes, by providing financial assistance and conducting outings through the efforts of the M1 SunCare Club volunteers</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></ul>	Yes	Yes
Environmental footprint	<ul style="list-style-type: none"><li>Minimise energy usage where possible</li></ul>	<ul style="list-style-type: none"><li>Energy is consumed in our business</li><li>As a non-extractive business, M1 does not have a significant environmental footprint</li></ul>	<ul style="list-style-type: none"><li>We continually review our environmental footprint to identify feasible initiatives to make the most efficient use of limited resources in a sustainable way</li></ul>	Yes	Yes

In addition to the material issues highlighted above, there may also be other important sustainability-related issues, such as our impact on biodiversity. We have not included these issues in our report as they are not material to our business, due to our operating environment or the nature of our business.

SUSTAINABILITY  
REPORT  
OUR BUSINESS

M1 engages in fair, transparent and responsible business practices in all dealings with our stakeholders, including customers, suppliers and business partners. We comply with regulatory requirements, and meet or surpass the expectations of our customers.

>\$1.9  
BILLION

INVESTMENT IN OUR  
M1 MOBILE AND FIXED  
NETWORK INFRASTRUCTURE  
SINCE INCEPTION

FINANCIAL PERFORMANCE

Our key financial indicators are as follows:

Financial indicators	2016 (\$m)	2015 (\$m)
Operating revenue	1,060.9	1,157.2
Net profit after tax	149.7	178.5
Operating expenses (including staff cost)	880.9	940.0
Staff costs	115.0	118.2
Dividends paid to shareholders	142.3	177.0

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

INVESTMENTS IN NETWORK  
AND SYSTEMS

We continually invest 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, we have invested more than \$1.9 billion in expanding and upgrading our mobile and fixed network infrastructure. Following our successful small cell trials in 2015, we announced Singapore's first nationwide commercial HetNet (heterogenous network) deployment in 2016. In addition, we also announced the first nationwide commercial NB-IoT (narrowband Internet of Things) network deployment. The completion of these networks will enable M1 to augment the customer experience and launch new services to cater to the existing and future needs of our customers.

# SUSTAINABILITY REPORT

## OUR BUSINESS

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

### QUALITY PRODUCTS AND SERVICES

Technology and connectivity is an integral part of 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 each of our customer segments, including the underprivileged and underserved communities.

Working with the Info-communications Media Development Authority (IMDA), M1 provided broadband access to students and persons with disabilities from low-income households through 2016, under the NEU PC Plus Programme. Through this programme, eligible applicants receive a complimentary 4G or fixed fibre broadband connection for three years. 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.



In March 2016, we launched an integrated Smart Activity Monitoring Service to enable caregivers to non-intrusively monitor the safety of vulnerable seniors, particularly those who live alone. Through this service, caregivers will be able to access real-time activity information of these seniors and support them in continuing to live independently and safely, in their own homes.

To further drive fibre adoption in the corporate segment for more companies to enjoy cost-effective high speed fibre connectivity, we embarked on a fibre

### ENHANCED NETWORKS TO SUPPORT OUR SMART NATION

M1's HetNet and NB-IoT deployment, initiated in August 2016, will deliver improved coverage and faster download speeds, and enhance the performance for M2M (machine-to-machine) communications.

The HetNet deployment will see the deployment of small cells and WiFi equipment across hundreds

of high traffic hotspots nationwide, to complement our advanced 4G+ network. Through these hotspots, we will be able to deliver the best coverage and network capacity to meet our customers' continued demand for mobile data, especially at previously hard-to-reach areas such as car parks, basements and parks.

NB-IoT technology is designed to offer improved M2M performance – low-bandwidth, robust indoor

penetration and low power consumption, while delivering the benefits of licensed spectrum such as network reliability and security, thus helping to pave the way for services such as autonomous vehicles and smart healthcare.

The two networks are expected to be amongst the world's first commercial large scale HetNet and NB-IoT deployments.

network expansion programme. In addition, we were appointed by Ascendas-Singbridge in Singapore's biggest fibre upgrading project, to install and enhance fibre infrastructure at 70 commercial buildings. This has reduced the fibre access turnaround time for tenants. Through the year, we also launched a selection of new corporate managed services, such as the M1 Cyber Security Solutions Suite, Hosted Unified Communications solution, and SOHO fibre plan bundled with business solutions, to further enhance our connectivity solutions.

### REGULATORY COMPLIANCE

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.

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).

M1 protects vulnerable customer segments such as children and youths from undesirable content, and worked with the 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 available a variety of tools at both the network and the device levels, to enable parents to monitor the access of their children to online sites.

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

M1 was not fined by any authority in 2016 for non-compliance with any laws and regulations.

### ENTERTAINMENT DATA

Over-the-top (OTT) video and music streaming services have delivered unprecedented content to Internet users, and in doing so, driven media consumption online.

To enable M1 customers to enjoy their favourite OTT content services anytime, anywhere, without worrying about excess data charges, we launched our M1 Entertainment Data in October 2016. Through the service, priced at S\$9.90 per month, M1 postpaid customers enjoy unlimited local data access to popular video and music streaming services Netflix, Dailymotion and Deezer.

As a launch promotion, Entertainment Data was made available at a promotional monthly subscription price of S\$4.90 for the first six months.

# SUSTAINABILITY REPORT

## OUR BUSINESS

### BRAZIL DATA PASSPORT

The 2016 Olympics and 2016 Summer Paralympics games were significant sporting events of the year. To help athletes, officials and supporters visiting Brazil stay connected with their loved ones and fans at home, M1 made available a new Brazil Data Passport at a promotional rate of S\$10 (UP S\$25) a month during the sporting season.

M1's unique Data Passport service enables customers to use their local data bundle overseas, as if they never left home. As at February 2017, it is available in 56 destinations including Australia, Malaysia, China, India, the United Kingdom and the United States.



**CAPTURE YOUR FAVOURITE MOMENTS OF THIS YEAR'S BIGGEST SPORTING EVENT IN BRAZIL.**

With \$10 Brazil Data Passport, you can use your local data bundle to stay connected and share the excitement of the world's biggest sporting event with your loved ones at home.

Promotion is only valid till 30 September 2016. Activate Brazil Data Passport now via My M1 App or dial \*123#!

M1. FOR EVERY ONE. [m1.com.sg/datapassport](http://m1.com.sg/datapassport)

### 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 ("Act").

All M1 employees are trained on 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.

### RESPONSIBLE MARKETING

M1 clearly labels all products and services in advertisements and marketing collaterals, and provides relevant details in customer contracts. Prior to processing any customer's transaction, the following are explained in a clear and concise manner by our employees:

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

### TELECOMMUNICATIONS AND PUBLIC SAFETY

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

To date, the World Health Organisation<sup>1</sup> has found no substantiated link between

<sup>1</sup> The World Health Organisation is currently conducting a formal assessment of all studied health outcomes (<http://www.who.int/mediacentre/factsheets/fs193/en/>)

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.

We are committed to public health and safety, and will continue to monitor RF radiation levels at our base stations and further scientific developments, to ensure our networks meet all relevant guidelines. We will also continue to be 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 the guideline limits.

In October 2016, some overseas users of Samsung Galaxy Note 7 handsets reported overheating issues. While there were no reported cases in Singapore, M1 halted sales of the handset to ensure the safety

of its customers. Samsung subsequently issued a recall of the Galaxy Note 7 and refunded affected customers.

### CUSTOMER EXPERIENCE

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

To help our employees 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 programme.

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.

### UNIVERSAL SECURE MOBILE-BASED AUTHENTICATION

GSMA's Mobile Connect standard, which has been adopted by Singapore's mobile operators, will enable Singapore consumers to enjoy fast, simple and secure access to a variety of online services with their mobile devices.

Announced in November 2016 and expected to be rolled out in late 2017, Mobile Connect will free customers from having to manage multiple usernames and passwords for every online account. Instead, customers will be able to use Mobile Connect's universal trusted

digital identity for convenient and secure access to compatible telecommunications, banking, e-commerce, entertainment, government and travel services and applications.

To access Mobile Connect-enabled services, customers will confirm their identities using their mobile numbers on their devices, with unique personal codes for online transactions that require greater levels of security. No information will be made available to online service providers without users' permission.

Online service providers will also benefit from accepting Mobile

Connect logins. They will be able to offer simpler sign-ups, reduce customer frustration and abandoned transactions due to authentication issues, and increase the likelihood of repeat business.

To drive rollout and adoption, Singapore's mobile operators are building a unified platform to enable easy integration with online service providers through a common Mobile Connect Application Programme Interface (API). Mobile Connect is developed by the GSMA and is currently available in 22 countries.



# SUSTAINABILITY REPORT

## OUR PEOPLE

Our people are critical to our success. They are instrumental to delivering excellent customer experience and creating long-term value for stakeholders. As we move into a digital future, it is important that we attract, develop and retain exceptional people to continue to be the service provider of choice. At M1, we offer opportunities for our people to realise their full potential, by encouraging them to take ownership of their work and fostering a work environment and organisation culture that embraces inclusiveness, diversity and teamwork.

# 9% INCREASE YEAR-ON-YEAR

NUMBER OF COURSES  
ATTENDED BY EMPLOYEES

### EMPLOYEE PROFILE

As at end-2016, M1 employed 1,551 people. The majority of our staff are in technology, marketing, customer service and retail functions on a full-time basis, with a small number of part-timers and contract hires.

### TYPE OF EMPLOYMENT

	2016	%	2015	%
Full-time	1,511	97.4	1,529	97.8
Part-time	8	0.5	11	0.7
Contract	32	2.1	23	1.5
Total	1,551	100.0	1,563	100.0

### LENGTH OF SERVICE

	2016	%	2015	%
< 5 years	746	48.1	847	54.2
5 – 10 years	314	20.2	245	15.7
> 10 years	491	31.7	471	30.1
Total	1,551	100.0	1,563	100.0

### EQUALITY AND DIVERSITY

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 of fair, responsible and merit-based employment practices, we are a signatory to the Tripartite Alliance for Fair Employment Practices' Employers' Pledge of Fair Employment Practices. The Company did not receive any complaint with regard to discriminatory practices in 2016.

2016	Male %	Female %
Senior Management	76.8	23.2
Mid-Management	55.0	45.0
Executive	53.8	46.2
Non-Executive	42.2	57.8
Total	48.6	51.4

2015	Male %	Female %
Senior Management	69.9	30.1
Mid-Management	57.8	42.2
Executive	52.3	47.7
Non-Executive	42.6	57.4
Total	48.9	51.1

### M1 FEMALE WORKFORCE 2016

Age	Chinese	Indian	Malay	Others	Total
< 20	–	–	–	–	–
20 – 29	163	7	6	34	210
30 – 39	217	12	15	70	314
40 – 49	170	9	18	20	217
50 – 59	37	–	5	4	46
> 60	9	1	–	–	10
Total	596	29	44	128	797
Percentage mix (%)	74.8	3.6	5.5	16.1	100.0

### M1 FEMALE WORKFORCE 2015

Age	Chinese	Indian	Malay	Others	Total
< 20	–	–	–	–	–
20 – 29	170	8	6	31	215
30 – 39	225	12	18	79	334
40 – 49	153	9	18	19	199
50 – 59	34	1	5	3	43
> 60	6	1	–	–	7
Total	588	31	47	132	798
Percentage mix (%)	73.7	3.9	5.9	16.5	100

### M1 MALE WORKFORCE 2016

Age	Chinese	Indian	Malay	Others	Total
< 20	–	–	–	–	–
20 – 29	156	2	10	12	180
30 – 39	204	11	15	57	287
40 – 49	181	4	6	15	206
50 – 59	54	2	8	5	69
> 60	9	1	–	2	12
Total	604	20	39	91	754
Percentage mix (%)	80.1	2.6	5.2	12.1	100.0

### M1 MALE WORKFORCE 2015

Age	Chinese	Indian	Malay	Others	Total
< 20	–	–	–	–	–
20 – 29	158	6	13	14	191
30 – 39	218	11	10	65	304
40 – 49	173	4	8	18	203
50 – 59	48	2	5	3	58
> 60	6	1	–	2	9
Total	603	24	36	102	765
Percentage mix (%)	78.8	3.2	4.7	13.3	100

# SUSTAINABILITY REPORT

## OUR PEOPLE

### COMPENSATION AND BENEFITS

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.

M1 is also committed to our employees' physical and mental health and well-being. 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 dependents. In early 2016, we engaged Raffles Medical Group to provide employees with complimentary flu vaccinations, which were well-received.

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 YOLO Run in 2016.

A fully-equipped gymnasium is available for use round the clock for employees who enjoy working up a healthy sweat. To support employees who wish to walk, run or cycle to work, facilities such as bicycle racks and shower rooms are also made available.



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.

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.

In fostering team bonding and camaraderie, every department organises annual team building and de-stress activities such as games, craft-work, and meal outings. The annual Dinner and Dance, which features a different dress-up theme each year, continues to be a key highlight of our Company's social calendar.

### SUPPORTING FAMILIES

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

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

Our annual "Bring Your Kids to Work Day" also enables children of our employees to spend a day with their parents at work and gain a better appreciation of their parents' job responsibilities at M1.

### WORKPLACE SAFETY

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, 30 employees have been trained in the use of the AEDs and cardio-pulmonary resuscitation techniques, in case of a medical emergency.

There was no workplace accident or injury sustained by our employees in 2016.



# SUSTAINABILITY REPORT

## OUR PEOPLE

### LIFELONG LEARNING

M1 believes in and continually invests in our employees to help them achieve their full potential through lifelong learning.

Mr Mervyn Chua, 46, first joined M1 18 years ago as an Assistant Store Manager. Serving customers with a passion, Mr Chua is today the General Manager for Retail Operations, overseeing M1's chain of M1 Shop outlets including online operations.

Supported by M1, Mr Chua successfully applied for the Singapore Retailers Association's (SRA) National Retail Scholarship to undergo a Masters in Retailing, to equip him with the relevant knowledge to further improve M1's retail operations.

Mr Chua's accomplishments were highlighted by Dr Koh Poh Koon, Minister of State, Ministry of Trade and Industry and Ministry of National Development, at his speech to the Singapore Retailers' Association Ball 2016.

We are proud of Mr Chua's achievements, and will continue to encourage and support all M1 staff keen to improve themselves.



### TRAINING

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 such as 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, as well as encourage longer-term learning options such as post-graduate studies and certification courses, through subsidies and measures such as examination leave.

New initiatives launched in 2016 include a refreshed Customer Centric Initiative (CCI) 3.0 programme, to ensure all our employees continue to serve both internal and external customers with passion. In 2016, the average employee training hours was 33.5 hours, compared to 42.2 hours in 2015, and the number of courses attended by employees rose 9% year-on-year. The lower training hours in 2016 was due to increased participation in shorter-duration courses.

### OPEN AND REGULAR COMMUNICATIONS

We strongly believe in open and regular communications with our employees in 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.

Twice a year, townhall-style presentation and discussion sessions are conducted by the Company's senior management to enable employees to interact and share their views on company-related matters and other relevant issues.

M1 subscribes to a high standard of corporate governance, with a "zero tolerance" policy on fraud, corruption and other forms of unethical behaviour or conduct. Employees are encouraged to report suspicious or irregular behaviour they encounter in the course of work, with the assurance that allegations will be investigated and their identities protected.

### LABOUR RIGHTS

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 support the union's efforts to further worker welfare and labour-management harmony and have a Collective Agreement with the Singapore Industrial & Services Employees Union, covering matters such as working hours, overtime pay, and notice periods. In 2016, a step-up in recruitment activities drove union membership to 61% of eligible M1 staff, 10 percentage points higher compared to a year ago.

To encourage our suppliers to abide by relevant labour regulations and industry best practices such as non-discrimination and fair compensation, the M1 Supplier Code of Conduct was introduced in January 2015 and remains in effect since.

### SERVING WITH PASSION

M1 introduced the company-wide Customer Centric Initiative (CCI) programme as part of our service excellence journey.

In August 2016, we launched a refreshed CCI workshop series, CCI 3.0, to bring staff from various departments together to experience our new Strategic Service Intent: Serve with Passion, and our new Service Standards: "Take Ownership", "One & Done; Follow Through" and "Serve the Staff Serving the Customer".

The workshops have been well-received by participants, who are able to better appreciate the importance of working together and building a strong working



relationship in order to exceed the ever-growing customers' expectations.

As at end-2016, seven workshops have been conducted, with additional workshops to be conducted progressively through 2017.



# SUSTAINABILITY REPORT

## OUR COMMUNITY

In 2016, M1 continued to actively engage and support the community with corporate social responsibility projects that covers the arts, sports and youth causes.

# \$500,000

AMOUNT RAISED FOR BENEFICIARIES  
OF M1 ADOPTED CHARITIES

### M1 AND THE ARTS

M1 has been supporting the arts since 1997. Over the years, we have worked with various arts groups and supported numerous arts-related projects to help grow the quality, diversity and depth of the Singapore arts scene. In recognition of our contributions to the arts, we were accorded an award at the National Arts Council's Patron of the Arts Awards in 2016 for the 17<sup>th</sup> consecutive year.

Together with The Necessary Stage, we presented the 12<sup>th</sup> edition of the M1 Singapore Fringe Festival, titled "Art & the Animal" in January 2016 to rave reviews and good attendance. Featuring 19 quality works by international and local artists, the festival continued to be a favourite of



the local audience, as ticket prices were kept affordable.

The M1 Chinese Theatre Festival, which ran for three weeks in July and August 2016, brought together six exciting and high calibre productions from Singapore, China, Hong Kong and Taiwan. In partnership with the Theatre Practice, the festival aims to bring professional theatrical performances, ranging from family oriented to cutting edge experimental fare, to smaller stages for a more intimate experience.

In 2016, we extended our sponsorship to become the title sponsor of the M1 Peer Pleasure Youth Theatre Festival. The Festival features productions produced by Singapore youth under the guidance of professional theatre practitioners, for audiences young and old.

To honour outstanding achievements in local theatre and recognise the contributions of theatre productions in Singapore, we continued to support the M1-The Straits Times Life! Theatre Awards in 2016.

At the same time, we remain a keen supporter of leading dance companies, T.H.E Dance Company and Frontier Danceland, in their efforts to grow

Singapore's contemporary arts scene and nurture young dance talents.

The 7<sup>th</sup> edition of the M1 CONTACT Contemporary Dance Festival was held from November to December 2016. Curated by T.H.E Dance Company, the festival featured three weeks of exhilarating dance performances, choreographic workshops and technique classes, as well as the M1 Open Stage – a distinctive platform for young, talented and aspiring dancers to showcase their works.

With Frontier Danceland, our partnership continued with the M1 Dancing on the Frontier Appreciation Series to introduce contemporary dance to students from secondary schools and tertiary institutions, as well as the M1-Frontier Danceland PULSE scholarship programme for aspiring and talented dancers.

### SPORTS WITH A CAUSE

We work extensively with Netball Singapore in promoting netball to the community and schools. Some of our key initiatives include the M1 Schools Challenge League,



# SUSTAINABILITY REPORT

## OUR COMMUNITY

the M1 Talent Identification Programme and the M1 Age Groups KL Tour, which help create fresh opportunities for young sporting talent to excel.

Our 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. In 2016, we increased our support toward the netball sport and became the title sponsor of the M1 Netball Super League, a local competitive event that features Singapore's best netball players.

To promote a sporting habit for life, we continued to present the M1 Corporate Netball Challenge (M1CNC), Singapore's biggest mixed corporate annual netball competition. The fourth edition of the M1CNC, which took place in November 2016 at the Kallang Netball Centre, saw the participation of 41 teams across a wide spectrum of corporates. New Zealand netball legend, World Champion and Commonwealth Games double gold medallist Ms Leana de Bruin was specially invited to make an appearance at the event to meet participants and fans. She also conducted netball clinics for schools and the National age groups, to share tips with young, aspiring netball players.

Another highlight of the M1CNC was the exhibition match between M1 Senior Management and Singapore's Members of Parliament (MPs) and friends team, comprising Mr Tan Chuan-Jin, Minister for Social & Family Development; Mr Teo Ser Luck, Minister of State for Manpower; Members of Parliament Ms Cheryl Chan, Ms Jessica Tan and Mr Zaqy Mohamad, and Mr Bruce Liang, Chief Executive Officer for Integrated Health Information Systems. In appreciation of the MPs' participation, M1 pledged a S\$50,000 donation to the underprivileged

children and youths-at-risk causes of our adopted charities.

### HELPING HAND TO UNDERPRIVILEGED CHILDREN AND YOUTHS-AT-RISK

The primary focus of M1's fundraising efforts in 2016 remained on the underprivileged children and youths-at-risk causes.



The annual M1 Charity Golf 2016 and M1 Epicurean Charity Carnival 2016 were two key fundraising events successfully staged during the year. The events were passionately supported by our staff and families, business partners and associates, as well as members of the community.

Through these events, more than S\$500,000 was raised 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-going children from low income families. It is currently extended to financially needy students from 10 primary schools, for 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, HomeTeamNS Adventure Centre, as well as the M1-sponsored Southeast Asia's first MARVEL Avengers S.T.A.T.I.O.N. exhibition at the Singapore Science Centre.

### SERVICE TO THE COMMUNITY

In celebration of our nation's 51<sup>st</sup> birthday, M1 provided communications services to the parade's elaborate multi-media staging at the National Stadium. M1 customers also enjoyed free local calls, SMS/MMS messages and mobile data for local usage, on National Day.

In partnership with the Singapore Red Cross Society, we organised two on-site blood donation drives in 2016 at our main office building. During these donation drives, 174 M1 staff and visitors donated 133 units of blood, which in turn will benefit about 400 patients.



# SUSTAINABILITY REPORT

## OUR ENVIRONMENT

**We strive to conduct our business operations efficiently, to minimise our environmental footprint and make effective use of limited resources. We are committed to adhering with all applicable environmental regulations, and have not been fined or otherwise sanctioned for any environment-related violations in 2016.**



### ENVIRONMENTAL FOOTPRINT

Energy, generated from both renewable and non-renewable sources, continued to be the main resource consumed in the provision of our services.

In 2016, our mobile networks, offices and data centre operations used 62,387,979kWh of electrical power, 2.5% higher than 2015. This was to support increased business requirements including the deployment of approximately 200 new base station sites to enhance coverage and support customers' growing data needs, as well as testbed projects such as our upcoming NB-IoT and HetNet networks. In 2016, we included our fibre operating centre's energy usage, based on data provided by the fibre network company NetLink Trust and our own meter readings.

We also operate three offshore base stations, at Pulau Satumu, Pulau Tekong and St. John's Island. These islands are not connected to Singapore's power grid, and therefore on-site diesel generators are required to provide power for the base station equipment. The three sites used 48,774 litres of diesel fuel in 2016, 5.6% lower than 2015, primarily driven by the upgrade of the solar hybrid battery on our Pulau Satumu site in January 2016.

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 2016, fuel consumption for



our diesel vehicle fleet was 26,635 litres, 10.2% higher than the year before, and 11,273 litres for our petrol vehicle fleet, 10.8% lower than the year before, as we shifted usage to diesel vehicles in covering our expanded networks.

M1's retail operations used an estimated 322,310kWh of electrical power in 2016, 2% higher compared to 2015. In addition to energy, water is used for drinking, cleaning and equipment cooling purposes in our daily operations.

In 2016, total water consumption was 60,996m<sup>3</sup>, marginally lower compared to 2015. We began using NEWater for cooling purposes in our new data centre in 2015, and in 2016 we increased our usage of NEWater, thereby reducing the usage of potable water. NEWater is reclaimed water for industrial use and has a lower environmental impact.

### ENVIRONMENTAL CONSERVATION

We continually review our business operations to identify ways to help us increase productivity and reduce impact to the environment, and at the same time, deliver consistent quality service to our customers.

Our key efforts are in the following areas:

#### NETWORKS

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

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. As the terrain on Pulau Tekong does not permit the installation of solar PV power systems, the base station's generators were overhauled. This overhaul, completed in January 2015, has enhanced the generators' efficiency and reduced annual diesel usage by 17%.

Following a successful trial, more small cells were deployed at selected high traffic sites such as malls, libraries and MRT stations in 2016. Small cells enable us to enhance the mobile data experience in a more targeted and energy-efficient manner, compared to using a base station. We will continue to roll out more small cells in 2017.

#### FACILITIES

M1's 4,214sqm 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.

All our buildings, in Jurong and Aljunied, are fitted with energy-efficient LED lights and this yields an estimated power savings of 450,000kWh a year.



SUSTAINABILITY  
REPORT  
OUR ENVIRONMENT



GENERAL OPERATIONS

Our M1 Shop retail outlets are designed to enhance productivity and customer experience, as well as minimise our carbon footprint. In-shop light fittings were changed to LED where possible, and our streamlined transaction process using wireless tablets enables us to cut down on the use of printed brochures, receipts, forms and

other non-recyclable materials by an estimated 20% annually.

M1 uses 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.

OPCO POWER USAGE

For 2016, we are reporting the power used by our fibre OpCo (Operating Centre). Our OpCO equipment supports the fibre broadband connectivity we provide to our residential and corporate customers. Our reported usage is based on data provided to us from fibre network company NetLink Trust and our own meter readings.

For 2016, the OpCo energy consumption is 1,604,038kWh, 2.5% of our total power consumption.

SENTOSA GREEN WIFI

M1, in collaboration with the IMDA and Sentosa Development Corporation, launched Singapore's first solar-powered WiFi hotspot along Sentosa's Merlion Walk.

The Wireless@SG hotspot, which is located outdoors, was part of a trial to test the viability of this renewable power source and wireless backhaul systems, which can reduce the amount of trenching required to lay power and network cabling during deployment. The trial was launched in March and ended in September 2016.

Electricity consumption	2016 (kWh)	2015 (kWh)
M1 buildings and data centre operations	30,835,554	31,430,594
Mobile networks	31,552,425	29,423,546
Fibre OpCo	1,604,038	NA <sup>1</sup>
Retail outlets <sup>2</sup>	322,310	315,989
Total	64,314,327	61,170,129

Fuel consumption	2016 (litres)	2015 (litres)
Diesel (offshore base stations)	48,774	51,648
Diesel (vehicle fleet)	26,635	24,164
Petrol (vehicle fleet)	11,273	12,642

Water consumption	2016 (m³)	2015 (m³)
Potable water	48,735	54,774
NEWater	12,231	6,601
Total	60,996	61,375

<sup>1</sup> Our total reported energy consumption for 2015 does not include our fibre operating company energy consumption which we began tracking in 2016

<sup>2</sup> Power usage at some M1 Shops usage is estimated based on available utility bills

SUSTAINABILITY  
REPORT  
GRI CONTENT INDEX

General Standard Disclosures		Page or Direct Reference
STRATEGY AND ANALYSIS		
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	15
ORGANISATIONAL PROFILE		
G4-3	Report the name of the organisation.	M1 Limited
G4-4	Report the primary brands, products, and services.	16-24
G4-5	Report the location of the organisation's headquarters.	10 International Business Park, Singapore 609928
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Singapore
G4-7	Report the nature of ownership and legal form.	119, 170-171
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	16-24
G4-9	Report the scale of the organisation, including: <ul style="list-style-type: none"><li>Total number of employees</li><li>Total number of operations</li><li>Net sales (for private sector organisations) or net revenues (for public sector organisations)</li><li>Total capitalization broken down in terms of debt and equity (for private sector organisations)</li><li>Quantity of products or services provided</li></ul>	16-24, 82
G4-10	Report the total number of employees by employment contract and gender.  Report the total number of permanent employees by employment type and gender.  Report the total workforce by employees and supervised workers and by gender.  Report the total workforce by region and gender.  Report whether a substantial portion of the organisation's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.  Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	82-87
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	61% of eligible employees
G4-12	Describe the organisation's supply chain.	66

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

General Standard Disclosures		Page or Direct Reference
ORGANISATIONAL PROFILE (CONT'D)		
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> <li>Changes in the location of, or changes in, operations, including facility openings, closings, and expansions</li> <li>Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations)</li> <li>Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</li> </ul>	16-24
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	92-94
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	77-81
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: <ul style="list-style-type: none"> <li>Holds a position on the governance body</li> <li>Participates in projects or committees</li> <li>Provides substantive funding beyond routine membership dues</li> <li>Views membership as strategic</li> </ul>	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  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 IDA's Telecommunications Standards Committee  Mr Stamford Low, Director, Customer Service, is the Honorary Treasurer of the Contact Centre Association of Singapore

General Standard Disclosures		Page or Direct Reference
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents.  Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	M1 Limited
G4-18	Explain the process for defining the report content and the Aspect Boundaries.  Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	72-76
G4-19	List all the material Aspects identified in the process for defining report content.	72-76
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	M1 Limited
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	72-76
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	There are no restatements in this Sustainability Report
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Our reporting period remains our financial year
STAKEHOLDER ENGAGEMENT		
G4-24	Provide a list of stakeholder groups engaged by the organisation.	72-76
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	72-76
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	72-76
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	72-76



SUSTAINABILITY  
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GRI CONTENT INDEX

General Standard Disclosures		Page or Direct Reference
REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2016
G4-29	Date of most recent previous report (if any).	2015
G4-30	Reporting cycle (such as annual, biennial).	Annual
G4-31	Provide the contact point for questions regarding the report or its contents.	corpcomms@m1.com.sg
G4-32	Report the 'in accordance' option the organisation has chosen.  Report the GRI Content Index for the chosen option.  Report the reference to the External Assurance Report, if the report has been externally assured.	Core; 95-100
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report.  If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.  Report the relationship between the organisation and the assurance providers.  Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	This sustainability report has not been externally assured
GOVERNANCE		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	47-67
ETHICS AND INTEGRITY		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	64-67

Specific Standard Disclosures		Page or Direct Reference	
MATERIAL ASPECTS	INDICATORS	DESCRIPTION	
Good quality and reliable network access	IO 1	Capital investment in telecommunication network infrastructure broken down by country/region.	23-24, 28, 77
	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.	16-24
	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.	15, 78-79
	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.	16-24, 77-78
	PA 4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates.	16-24
	G4-EC7	Development and impact of infrastructure investments and services supported.	12-24, 77-79
	G4-EC8	Significant indirect economic impacts.	12-24, 77-79, 88-91
	G4-DMA		12-24, 77-79
Good value products and services	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. Include an explanation of business models applied.	77-79
Digital inclusion	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. Include an explanation of business models applied.	12-15, 77-79



SUSTAINABILITY  
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Specific Standard Disclosures		Page or Direct Reference	
MATERIAL ASPECTS	INDICATORS	DESCRIPTION	
Transparency in business practices including marketing communications, recruitment and procurement	PA 10	Initiatives to ensure clarity of charges and tariffs.	80
Data privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None
A safe and conducive working environment	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	30-33, 40-45, 47-53, 82-83
Relevant training	G4-LA9	Average hours of training per year by gender and by employee category.	The average employee training hours in 2016 was 33.5 hours. We do not breakdown training hours by gender or rank.
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	All full-time employees receive regular performance appraisals.
Create long-term value for stakeholders	G4-DMA		77-81
	G4-EC1	Direct economic value generated and distributed.	68-69, 77
Supporting deserving community initiatives and underprivileged groups	G4-DMA		88-91
Energy usage	G4-EN3	Energy consumption within the organisation.	92-94
	G4-EN6	Reduction of energy consumption.	92-94



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Statements of Changes in Equity	116
Consolidated Cash Flow Statement	118
Notes to the Financial Statements	119

## 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 shareholders' equity of the Company for the financial year ended 31 December 2016.

### 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 2016 and 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 statement are:

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.

## DIRECTORS' STATEMENT

### 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 2017
<b>M1 Limited</b>			
Choo Chiau Beng	100,000	300,000	300,000
Karen Kooi Lee Wah	950,000	500,000	500,000
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 2017
<b>M1 Limited</b>			
Karen Kooi Lee Wah	4,415,700	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 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 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.

## DIRECTORS' STATEMENT

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

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

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), 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.

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 2016 or date of grant	Exercised	Expired/ Cancelled*	Balance as at 31 December 2016	Subscription price
<b>2002 Scheme</b>					
2 February 2006	660,000	(50,000)	(610,000)	–	S\$2.21
6 February 2007	130,000	(10,000)	–	120,000	S\$2.17
11 February 2008	250,000	(95,000)	–	155,000	S\$1.90
2 February 2009	115,000	–	–	115,000	S\$1.60
3 February 2010	298,000	–	–	298,000	S\$2.04
7 February 2011	1,851,700	(125,000)	–	1,726,700	S\$2.44
30 January 2012	3,193,000	(55,000)	–	3,138,000	S\$2.43
<b>2013 Scheme</b>					
2 May 2013	6,419,000	–	(140,000)	6,279,000	S\$3.24
23 January 2014	7,776,000	–	(280,000)	7,496,000	S\$3.31
22 January 2015	9,130,000	–	(450,000)	8,680,000	S\$3.64
22 January 2016	9,500,000	–	(300,000)	9,200,000	S\$2.48
	39,322,700	(335,000)	(1,780,000)	37,207,700	

\* Cancelled when staff resigned from the Company

## DIRECTORS' STATEMENT

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

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

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 commence- ment of Schemes to end of financial year	Aggregate options exercised since commence- ment of Schemes to end of financial year	Aggregate options expired since commence- ment of Schemes to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Karen Kooi Lee Wah (Chief Executive Officer)	800,000	10,115,000	(5,049,300)	(400,000)	4,665,700	S\$1.25 - S\$3.64
Patrick Michael Scodeller	500,000	5,960,000	(4,410,000)	–	1,550,000	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.

#### (b) Share plans of the Company

The Company introduced the 2016 Plan to replace the 2013 Scheme 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 of the following five non-executive directors who do not participate in the Share Plans:

Moses Lee Kim Poo	Chairman
Choo Chiau Beng	
Low Huan Ping	
Chow Kok Kee	
Alan Ow Soon Sian	

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

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, their equivalent cash value or combinations thereof, 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 from 2018 to 2020 after meeting the time-based service conditions where participant has served the Company or, as the case may be, a relevant associate, for a specified number of years. 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.

All of the 2016 Plan shares will be released to the participants at the end of the three-year vesting period.

At the end of the year, there were up to 854,400 shares provisional award unvested under the 2016 Plan as follows:

Provisional share award

	At beginning of financial year	Provisional awards granted	At end of financial year
Date of grant 1 August 2016	–	Up to 854,400	Up to 854,400

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)

The information on director participating in the 2016 Plan is as follows:

Provisional share award

Name of director	At beginning of financial year	Provisional awards granted	As at 21 January 2017
Karen Kooi Lee Wah	–	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
- No awards have been granted to other directors of the holding company and its subsidiaries

On 1 February 2017, the Company had granted the Final Award for performance period ended 31 December 2016. 295,700 shares were granted, which includes 21,000 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

## DIRECTORS' STATEMENT

### 6. AUDIT COMMITTEE (CONT'D)

- 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:



**Choo Chiau Beng**  
Chairman



**Karen Kooi Lee Wah**  
Director

Singapore  
27 February 2017

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M1 LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 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 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, 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 2016 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.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M1 LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Key Audit Matters	How the scope of our audit addressed the Key Audit Matter
<p>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\$1,060.9 million during the financial year. New products, tariffs and a 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 bundles and discounts. The inherent industry risk arises from the complexity of the telecommunications billing systems. This may have an impact on the amount of revenue recorded during the financial year. 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. 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; and</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;</li><li>• Evaluated appropriateness of revenue recognition policies.</li></ul>
<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 13.7% of the Group's assets. Trade receivables from subscribers amounted to S\$55.3 million as at 31 December 2016.</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 exercise judgement in performing a detailed 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 when the trend changes. Accordingly, 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>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M1 LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

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.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M1 LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Auditor's responsibilities for the audit of the financial statements (cont'd)

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.
- 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M1 LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Auditor's responsibilities for the audit of the financial statements (cont'd)

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  
27 February 2017

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Notes	2016 S\$'000	2015 S\$'000
<b>Operating revenue</b>	4	<b>1,060,902</b>	1,157,196
Operating expenses	5	<b>(880,929)</b>	(940,033)
Other income	6	<b>5,373</b>	6,175
<b>Operating profit</b>		<b>185,346</b>	223,338
Finance costs	7	<b>(6,749)</b>	(4,918)
Share of loss of an associate		<b>(53)</b>	–
<b>Profit before tax</b>		<b>178,544</b>	218,420
Taxation	8	<b>(28,893)</b>	(39,938)
<b>Net profit for the year</b>		<b>149,651</b>	178,482
Other comprehensive income:			
Items that maybe reclassified subsequently to profit or loss			
Net fair value gains on available-for-sale financial assets		<b>240</b>	–
<b>Total comprehensive income for the year</b>		<b>149,891</b>	178,482
<b>Earnings per share (cents)</b>			
Basic	9	<b>16.1</b>	19.1
Diluted		<b>16.1</b>	19.0
<b>EBITDA (S\$'000)</b>	10	<b>312,053</b>	341,786

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Notes	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Non-current assets:</b>					
Fixed assets	11	<b>742,035</b>	713,927	<b>725,224</b>	697,306
Licences and spectrum rights	12	<b>138,969</b>	89,114	<b>138,969</b>	89,114
Other intangibles	13	<b>14,330</b>	13,788	–	83
Staff loans	14	<b>331</b>	187	<b>331</b>	187
Interests in subsidiaries	15	–	–	<b>7,100</b>	7,100
Due from subsidiaries	16	–	–	<b>40,207</b>	25,401
Investment in an associate	17	<b>2,947</b>	–	–	–
Long-term investments	18	<b>20,610</b>	8,471	–	–
		<b>919,222</b>	825,487	<b>911,831</b>	819,191
<b>Current assets:</b>					
Inventories	19	<b>22,972</b>	51,512	<b>121</b>	39
Trade receivables	20	<b>165,567</b>	165,905	<b>159,359</b>	161,688
Other receivables and deposits	21	<b>14,090</b>	20,481	<b>9,532</b>	15,040
Prepayments		<b>12,364</b>	12,353	<b>11,899</b>	11,976
Due from related parties and subsidiaries	16	<b>1,374</b>	235	<b>1,372</b>	692
Cash and cash equivalents	22	<b>11,016</b>	9,973	<b>10,122</b>	9,189
		<b>227,383</b>	260,459	<b>192,405</b>	198,624
<b>Current liabilities:</b>					
Trade payables and accruals	23	<b>(165,483)</b>	(145,528)	<b>(119,820)</b>	(110,705)
Unearned revenue		<b>(32,809)</b>	(25,463)	<b>(30,061)</b>	(23,130)
Due to related parties and subsidiaries	16	<b>(465)</b>	(187)	<b>(55,146)</b>	(116)
Borrowings	24	<b>(151,000)</b>	(353,800)	<b>(151,000)</b>	(353,800)
Income tax payable		<b>(25,450)</b>	(36,827)	<b>(23,635)</b>	(33,443)
		<b>(375,207)</b>	(561,805)	<b>(379,662)</b>	(521,194)
<b>Net current liabilities</b>		<b>(147,824)</b>	(301,346)	<b>(187,257)</b>	(322,570)
<b>Non-current liabilities:</b>					
Borrowings	24	<b>(250,000)</b>	–	<b>(250,000)</b>	–
Deferred tax liabilities	8	<b>(117,985)</b>	(110,928)	<b>(115,681)</b>	(111,393)
<b>Net assets</b>		<b>403,413</b>	413,213	<b>358,893</b>	385,228
Represented by:					
Share capital	25	<b>217,180</b>	217,086	<b>217,180</b>	217,086
Treasury shares	25	<b>(18,607)</b>	–	<b>(18,607)</b>	–
Share option reserve	26	<b>6,668</b>	5,585	<b>6,668</b>	5,585
Fair value adjustment reserve	26	<b>240</b>	–	–	–
Retained profits		<b>197,932</b>	190,542	<b>153,652</b>	162,557
<b>Total equity</b>		<b>403,413</b>	413,213	<b>358,893</b>	385,228

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 2016

	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>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
<u>Contributions by and distributions to owners</u>						
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>
<b>2015 Group</b>						
<b>As at 1 January 2015</b>	200,589	–	4,897	–	189,084	394,570
Net profit	–	–	–	–	178,482	178,482
Total comprehensive income for the year	–	–	–	–	178,482	178,482
<u>Contributions by and distributions to owners</u>						
Issuance of ordinary shares on exercise of employee share options	16,497	–	(1,374)	–	–	15,123
Grant of share options	–	–	2,062	–	–	2,062
Dividends (Note 34)	–	–	–	–	(177,024)	(177,024)
Total contributions by and distributions to owners	16,497	–	688	–	(177,024)	(159,839)
<b>As at 31 December 2015</b>	<b>217,086</b>	<b>–</b>	<b>5,585</b>	<b>–</b>	<b>190,542</b>	<b>413,213</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 2016

	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>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>
<b>2015 Company</b>						
<b>As at 1 January 2015</b>	200,589	–	4,897	–	176,836	382,322
Net profit	–	–	–	–	162,745	162,745
Total comprehensive income for the year	–	–	–	–	162,745	162,745
Issuance of ordinary shares on exercise of employee share options	16,497	–	(1,374)	–	–	15,123
Grant of share options	–	–	2,062	–	–	2,062
Dividends (Note 34)	–	–	–	–	(177,024)	(177,024)
Total contributions by and distributions to owners	16,497	–	688	–	(177,024)	(159,839)
<b>As at 31 December 2015</b>	<b>217,086</b>	<b>–</b>	<b>5,585</b>	<b>–</b>	<b>162,557</b>	<b>385,228</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 2016

	Notes	2016 S\$'000	2015 S\$'000
<b>Cash flows from operating activities:</b>			
Profit before tax		178,544	218,420
Adjustments for:			
Depreciation of fixed assets	11	112,406	105,411
Loss/(gain) on disposal of fixed assets, net	5	5	(109)
Amortisation of licences, spectrum rights and other intangibles		14,354	13,037
Share-based payments	5	1,147	2,062
Interest income	6	(152)	(37)
Interest expense	7	6,749	4,918
Share of loss of an associate		53	-
<b>Operating cash flows before working capital changes</b>		<b>313,106</b>	<b>343,702</b>
Changes in working capital:			
Decrease/(increase) in inventories		28,540	(21,179)
Decrease/(increase) in trade receivables		338	(16,244)
Decrease/(increase) in other receivables and deposits		6,391	(6,555)
Decrease in prepayments		(11)	(3,637)
Decrease in non-current staff loans		(144)	(87)
Increase/(decrease) in trade payables and accruals		19,704	(11,773)
Increase/(decrease) in unearned revenue		7,346	(969)
(Increase)/decrease in related parties		(861)	371
<b>Cash generated from operations</b>		<b>374,409</b>	<b>283,629</b>
Interest received	6	152	35
Interest paid		(6,498)	(4,900)
Tax paid		(33,213)	(39,630)
<b>Net cash flows from operating activities</b>		<b>334,850</b>	<b>239,134</b>
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets	11	(140,546)	(133,482)
Acquisition of intangible assets	13	(687)	-
Purchase of spectrum rights	12	(64,064)	-
Purchase of long-term investments		(11,899)	(8,471)
Acquisition of an associate		(3,000)	-
Proceeds from disposal of fixed assets		27	110
<b>Net cash flows used in investing activities</b>		<b>(220,169)</b>	<b>(141,843)</b>
<b>Cash flows from financing activities:</b>			
Purchase of treasury shares	25	(19,328)	-
Proceeds from bank loans		152,400	171,100
Repayment of bank loans		(105,200)	(119,300)
Dividends paid on ordinary shares by the Company	34	(142,261)	(177,024)
Proceeds from issuance of ordinary shares on exercise of employee share options – treasury shares	25	657	-
Proceeds from issuance of ordinary shares on exercise of employee share options – new shares		94	15,123
<b>Net cash flows used in financing activities</b>		<b>(113,638)</b>	<b>(110,101)</b>
<b>Net changes in cash and cash equivalents</b>		<b>1,043</b>	<b>(12,810)</b>
Cash and cash equivalents at beginning of financial year	22	9,973	22,783
<b>Cash and cash equivalents at end of financial year</b>	22	<b>11,016</b>	<b>9,973</b>

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 2016

## 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).

Its registered office and principal place of business 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.

### 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 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016)	
– Amendments to FRS 112: Classification and Measurement of Share-based Payment Transactions	1 January 2017
– Amendments to FRS 28: <i>Measuring an Associate or Joint Venture at fair value</i>	1 January 2018
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
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
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 period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 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. 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 will supersede all current revenue recognition requirements under FRS. A full retrospective application will be adopted for annual periods beginning on or after 1 January 2018, in this case, the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognised at the earliest period shown. The Group will apply all the practical expedients available for full retrospective approach under FRS 115.

During 2016, with the assistance of a third party consultant, the Group performed a detailed analysis of FRS 115 and is currently undergoing the system implementation phase. The Group is in the business of providing telecommunications services, international call services, fixed services, retail sales of telecommunications equipment and accessories, and customer services.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 capitalized and amortized. In the event that a material right has been exercised, it will result in more revenue being deferred than is under current FRS.

A cross-functional coordinated implementation team has been established to implement the standard update related to the recognition of revenue from contracts with customers. Various contract scenarios have been identified and the Group is in the process of implementing changes to the systems, processes and internal controls to meet the standard update’s reporting and disclosure requirements.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. 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.

(a) Classification and measurement

The Group intends to hold its currently held-to-maturity instruments assets to collect contractual cash flows, and accordingly measured at amortised cost when it applies FRS 109. The Group does not expect any significant impact to arise on the adoption of the new standard.

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. Upon application of the expected credit loss model, the Group expects an impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

### 2.4 Basis of consolidation

#### Business combinations from 1 January 2010

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation (cont'd)

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).

#### Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

### 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 Associates

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 associates 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 associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Associates (cont'd)

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.

2.7 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 is not depreciated as these assets are not 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 2016

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 6 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) Club membership

Club membership acquired is measured initially at cost less accumulated amortisation and impairment losses.

(c) 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of comprehensive income.

For held-to-maturity investments, gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

The fair value of investments that are traded in active markets is based on quoted market prices at the statement of financial position date. 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.

### 2.12 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Financial assets (cont'd)

#### Initial recognition and measurement (cont'd)

#### (a) Trade and other receivables (cont'd)

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 and 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.

#### (c) Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company 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 2016

## 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. They are carried in the statement of financial position, classified and accounted for under FRS 39.

For purpose of the consolidated cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts, if any, which are repayable on demand and which form an integral part of the Group's cash management.

### 2.13 Financial liabilities

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 or a group of financial assets 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 amount of the 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Derecognition of financial assets and liabilities

#### (a) Financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have 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 expired. For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

### 2.16 Inventories

Inventories are valued 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 economic resources 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 option plan

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 (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted. In valuing the share option, no account is taken of any performance conditions, other than conditions linked to the price of shares of the Company (market condition), if applicable.

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 options 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.

No expense is recognised for options that do not ultimately vest, except for options 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 option 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 share option.

### 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 by the statement of financial position date.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

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 assets 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 income 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 statement of financial position date 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 statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Taxes (cont'd)

(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 in 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. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset up to the end of its useful life. 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 is recognised upon the transfer of significant risk and reward of the handset to the customer which generally coincides with delivery and acceptance of the handsets 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 closing rate of exchange ruling at the statement of financial position date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the statement of financial position date 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 2.29 Contingencies

A contingent liability is:

- 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
- a present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Key sources of estimation uncertainty (cont'd)

#### 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 statement of financial position date 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 2016 was S\$551,748,000 (2015: S\$532,813,000). If the useful lives of the network and related systems increase by 5%, the carrying amount of the network and related application systems for the Group will increase by S\$3,837,000 (2015: S\$3,612,000) and the carrying amount of the network and related application systems for the Company will increase by S\$3,831,000 (2015: S\$3,612,000).

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\$4,241,000 (2015: S\$3,992,000) and the carrying amount of the network and related application systems for the Company will increase by S\$4,234,000 (2015: S\$3,992,000).

#### 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 each statement of financial position date 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 statement of financial position date are disclosed in Note 31 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 4. OPERATING REVENUE

	Group	
	2016 S\$'000	2015 S\$'000
Mobile telecommunications	639,968	667,707
International call services	61,310	68,708
Handset sales	255,393	334,931
Fixed services	104,231	85,850
	1,060,902	1,157,196

## 5. OPERATING EXPENSES

	Group	
	2016 S\$'000	2015 S\$'000
Cost of services	117,598	111,740
Cost of handsets sold	344,496	418,456
(Write-back)/write-down of inventories (Note 19)	(589)	648
Staff costs	115,005	118,177
Advertising and promotion expenses	22,093	24,277
Depreciation and amortisation	126,760	118,448
Allowance for doubtful debts (Note 20)	9,767	10,551
Bad debts recovered	(1,398)	(1,638)
Facilities expenses	86,425	82,067
Leased circuit costs	31,489	31,684
General and administrative expenses	29,283	25,623
	880,929	940,033

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 5. OPERATING EXPENSES (CONT'D)

Total operating expenses included the following:

	Group	
	2016 S\$'000	2015 S\$'000
Audit fees paid to auditors of the Company	219	221
Non-audit fees paid to auditors of the Company	23	22
CPF contributions	11,619	11,111
Share-based payments	1,147	2,062
Key executives' remuneration	6,544	7,219
Fees paid to Directors of the Company	905	858
Foreign exchange loss/(gain), net	16	(247)
Loss/(gain) on disposal of fixed assets, net	5	(109)

Key executives' remuneration included in the staff costs and share-based payments are as follows:

Short term employee benefits	5,843	6,122
CPF contributions	249	197
Share-based payments	452	900
Total compensation paid to key executives	6,544	7,219

## 6. OTHER INCOME

	Group	
	2016 S\$'000	2015 S\$'000
Interest income:		
– Interest income from unquoted convertible note	136	–
– Interest income from banks	16	37
	152	37
Government grants	3,547	4,028
Miscellaneous income	1,674	2,110
	5,373	6,175

Miscellaneous income includes project management fee income.

## 7. FINANCE COSTS

	Group	
	2016 S\$'000	2015 S\$'000
Interest expense on bank loans	6,749	4,918

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8. TAXATION

### Major components of income tax expense

Major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016 S\$'000	2015 S\$'000
Current income tax		
– Current year	27,458	37,664
– (Over)/under provision in respect of prior year	(5,622)	88
Deferred income tax		
– Origination and reversal of temporary differences	5,182	1,160
– Under provision in respect of prior year	1,875	1,026
Income tax expense recognised in profit or loss	28,893	39,938

### 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 2016 and 2015 are as follows:

	Group	
	2016 S\$'000	2015 S\$'000
Profit before tax	178,544	218,420
Tax calculated using Singapore tax rates of 17% (2015: 17%)	30,352	37,131
Adjustments:		
Expenses not deductible for tax purposes	3,779	2,082
Income not subject to taxation	(5)	(250)
(Over)/under provision in respect of prior years	(3,747)	1,114
Effects of tax relief	(880)	(139)
Benefits from previously unrecognised tax losses	(616)	–
Others	10	–
Tax expense	28,893	39,938

At the end of the reporting period, the Group has tax losses of approximately nil (2015: S\$2,009,000) and capital allowances nil (2015: S\$1,614,000) available for offset against future taxable profit, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these tax losses and capital allowances is subject to the agreement of the respective tax authorities and compliance with certain provisions of the tax regulation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8. TAXATION (CONT'D)

### Deferred tax liabilities

Deferred taxation at 31 December 2016 and 2015 are related to the following:

	Group		Company	
	Consolidated statement of financial position	Consolidated statement of comprehensive income	Statement of financial position	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Deferred tax liabilities</b>				
Difference in depreciation	117,985	110,928	7,057	2,186
			115,681	111,393

## 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	
	2016 S\$'000	2015 S\$'000
Net profit attributable to owners of the Company for basic and diluted earnings per share	149,651	178,482
	No. of shares 2016 '000	No. of shares 2015 '000
Weighted average number of ordinary shares on issue applicable for basic earnings per share computation	931,361	935,984
Effect of dilution:		
Share options	144	2,039
Adjusted weighted average of ordinary shares on issue applicable for diluted earnings per share computation	931,505	938,023

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 10. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA is derived as follows:

	Group	
	2016 S\$'000	2015 S\$'000
Profit before tax	178,544	218,420
Adjustments for:		
Amortisation of licences, spectrum rights and other intangibles	14,354	13,037
Depreciation of fixed assets	112,406	105,411
Finance costs	6,749	4,918
EBITDA	312,053	341,786

## 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 2015	111,980	1,683,503	241,369	1,290	72,459	97,400	2,208,001
Additions	3,933	88,287	18,167	395	3,249	19,451	133,482
Disposals	-	-	(119)	-	(39)	-	(158)
Reclassification	-	46,261	57,045	-	-	(103,306)	-
At 31 December 2015 and 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	127,744	1,917,571	339,368	1,685	79,156	16,128	2,481,652
<b>Accumulated depreciation:</b>							
At 1 January 2015	51,086	1,209,385	196,490	791	64,392	-	1,522,144
Depreciation charge for the year	4,521	75,853	19,708	206	5,123	-	105,411
Disposals	-	-	(118)	-	(39)	-	(157)
At 31 December 2015 and 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	60,688	1,365,823	238,165	1,210	73,731	-	1,739,617
<b>Net carrying amount:</b>							
At 31 December 2015	60,306	532,813	100,382	688	6,193	13,545	713,927
At 31 December 2016	67,056	551,748	101,203	475	5,425	16,128	742,035

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 2015	111,890	1,682,206	229,871	1,290	54,252	97,400	2,176,909
Additions	3,933	88,287	8,408	395	380	19,451	120,854
Disposals	–	–	(94)	–	(38)	–	(132)
Reclassification	–	46,261	57,045	–	–	(103,306)	–
At 31 December 2015 and 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	127,654	1,914,735	315,145	1,685	54,752	16,128	2,430,099
<b>Accumulated depreciation:</b>							
At 1 January 2015	51,035	1,208,153	189,649	791	52,238	–	1,501,866
Depreciation charge for the year	4,522	75,852	16,825	206	1,186	–	98,591
Disposals	–	–	(94)	–	(38)	–	(132)
At 31 December 2015 and 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	60,636	1,364,446	224,710	1,210	53,873	–	1,704,875
<b>Net carrying amount:</b>							
At 31 December 2015	60,266	532,749	88,850	688	1,208	13,545	697,306
At 31 December 2016	67,018	550,289	90,435	475	879	16,128	725,224

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 2015/31 December 2015 and 1 January 2016	2,453	181,707	184,160
Addition	–	64,064	64,064
At 31 December 2016	2,453	245,771	248,224
<b>Accumulated amortisation:</b>			
At 1 January 2015	2,319	79,775	82,094
Amortisation charge for the year	101	12,851	12,952
At 31 December 2015 and 1 January 2016	2,420	92,626	95,046
Amortisation charge for the year	21	14,188	14,209
At 31 December 2016	2,441	106,814	109,255
<b>Net carrying amount:</b>			
At 31 December 2015	33	89,081	89,114
At 31 December 2016	12	138,957	138,969

The licences and spectrum rights have remaining useful lives ranging from 0.5 years to 14 years (2015: 1.5 years to 15 years).

## 13. OTHER INTANGIBLES

	Goodwill S\$'000	Others S\$'000	Total S\$'000
<b>Group</b>			
<b>Cost:</b>			
At 1 January 2015/31 December 2015 and 1 January 2016	13,177	764	13,941
Additions	–	687	687
At 31 December 2016	13,177	1,451	14,628
<b>Accumulated amortisation:</b>			
At 1 January 2015	–	68	68
Amortisation charge for the year	–	85	85
At 31 December 2015 and 1 January 2016	–	153	153
Amortisation charge for the year	–	145	145
At 31 December 2016	–	298	298
<b>Net carrying amount:</b>			
At 31 December 2015	13,177	611	13,788
At 31 December 2016	13,177	1,153	14,330

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 13. OTHER INTANGIBLES (CONT'D)

Other intangibles includes club memberships and internet protocol addresses. As at 31 December 2016, the internet protocol addresses have remaining useful lives ranges from 11 years to 14 years (2015: 12 years).

	Club memberships S\$'000
<b>Company</b>	
<b>Cost:</b>	
At 31 December 2015/1 January 2016 and 31 December 2016	125
<b>Accumulated amortisation:</b>	
At 31 December 2015 and 1 January 2016	(42)
Amortisation charge for the year	(83)
At 31 December 2016	(125)
<b>Net carrying amount:</b>	
At 31 December 2015	83
At 31 December 2016	–

### Impairment testing of goodwill

The Group's subsidiary, M1 Net Ltd. (M1 Net) previously, acquired a 100% equity interest in M1 Connect Pte. Ltd. (M1 Connect).

Management has allocated the goodwill to M1 Net and M1 Connect as a single 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% (2015: 8%) and nil (2015: 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 (2015: 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 2016

## 14. STAFF LOANS

	Group and Company	
	2016 S\$'000	2015 S\$'000
Repayable within one year (included in Note 21)	109	81
Repayable after one year	331	187
	440	268

Staff loans are repayable in equal monthly instalments over periods of up to seven years and interest bearing at rates of up to 2% (2015: 2%) per annum.

## 15. INTERESTS IN SUBSIDIARIES

	Company	
	2016 S\$'000	2015 S\$'000
Unquoted shares:		
At cost	8,660	8,660
Impairment loss	(1,560)	(1,560)
	7,100	7,100

Details of the subsidiaries of the Company as at 31 December 2016 and 2015 are as follows:

Name of Company	Country of incorporation	Principal activities	Effective interest of the Company	
			2016 %	2015 %
<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	Dormant	100	100
<b>Held through M1 Net Ltd.:</b>				
M1 Connect Pte. Ltd.	Singapore	Inactive	100	100

All subsidiaries are audited by Ernst & Young LLP except for Kliq Pte. Ltd. for which there is no statutory audit requirement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 16. DUE FROM/(TO) RELATED PARTIES AND SUBSIDIARIES

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Due from subsidiaries (non-trade)	-	-	40,207	25,401
Due from subsidiaries	-	-	-	457
Due from related parties	1,374	235	1,372	235
	1,374	235	1,372	692
Due to subsidiaries	-	-	(54,773)	-
Due to related parties	(465)	(187)	(373)	(116)
	(465)	(187)	(55,146)	(116)

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 from/(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.

## 17. INVESTMENT IN AN ASSOCIATE

On 2 August 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 the financial period, the final allocation of purchase price has not been completed.

The Group's material investment in associate as follow:

	Group	
	2016 S\$'000	2015 S\$'000
Cost	3,000	-
Share of post-acquisition loss	(53)	-
	2,947	-

Name of Company	Country of incorporation	Principal activities	Effective interest of the Company	
			2016 %	2015 %
<b>Held by the Company:</b>				
Octopus Retail Management Pte Ltd	Singapore	Mobile Point-of-sale solutions provider for retails	30%	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 17. INVESTMENT IN AN ASSOCIATE (CONT'D)

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 2016 S\$'000
<b>Octopus Retail Management</b>	
Current assets	3,197
Non-current asset	7,021
Total assets	10,218
Current liabilities	395
Total liabilities	395
Net assets	9,823
Proportion of the Group's ownership	30%
Group's share on net assets	2,947

### Summarised statement of comprehensive income

	2016 S\$'000
<b>Octopus Retail Management</b>	
Revenue	355
Profit after tax	(279)
Other comprehensive income	-
Total comprehensive income	(279)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 18. LONG-TERM INVESTMENTS

	Group	
	2016 S\$'000	2015 S\$'000
<b>Long-term investments:</b>		
Available-for-sale financial assets		
– Unquoted equity	8,849	6,353
– Unquoted investment fund	3,022	2,118
– Quoted equity	2,044	–
	13,915	8,471
Held-to-maturity financial asset		
– Unquoted convertible note	6,695	–
	20,610	8,471

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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Balance sheet:</b>				
Handsets	21,952	50,388	–	–
Accessories	1,020	1,124	121	39
Total inventories at the lower of cost and net realisable value	22,972	51,512	121	39

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 19. INVENTORIES (CONT'D)

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Income statement:</b>				
Inventories recognised as an (gain)/expense in operating expense is inclusive of the following charge:				
Inventories written-down				
– (Write-back of)/allowance for obsolete inventories	(589)	648	(135)	–
	(589)	648	(135)	–

## 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Billed trade receivables	55,255	56,025	55,255	56,025
Other billed trade receivables	20,357	14,457	13,993	10,083
Accrued handset revenue	87,104	91,135	87,104	91,135
Accrued service revenue	14,883	18,703	14,884	18,703
	177,599	180,320	171,236	175,946
Allowance for doubtful debts	(12,032)	(14,415)	(11,877)	(14,258)
	165,567	165,905	159,359	161,688

### Receivables that are past due but not impaired

The Group and Company have unsecured trade receivables that are past due at the statement of financial position date but not impaired and the analysis of their ageing at the statement of financial position date is as follows:

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Trade receivables past due:				
30 – 60 days	7,518	8,620	7,383	8,428
61 – 90 days	4,535	3,143	3,729	3,059
More than 90 days	10,449	4,386	10,069	4,194
	22,502	16,149	21,181	15,681

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 20. TRADE RECEIVABLES (CONT'D)

### 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Trade receivables – gross amount	18,494	22,045	18,445	21,863
Less: Allowance for doubtful debts	(12,032)	(14,415)	(11,877)	(14,258)
	6,462	7,630	6,568	7,605
Movement in allowance accounts:				
Balance at beginning of financial year	14,415	14,944	14,258	14,944
Allowance charge for the year (Note 5)	9,767	10,551	9,769	10,394
Written-off	(12,150)	(11,080)	(12,150)	(11,080)
Balance at end of financial year	12,032	14,415	11,877	14,258

## 21. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Deposits	6,039	6,093	4,290	4,288
Staff loans (Note 14)	109	81	109	81
Other receivables	7,942	14,307	5,133	10,671
	14,090	20,481	9,532	15,040

## 22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash and bank balances	11,016	9,973	10,122	9,189

Cash at banks earns interest at floating rates offered by short-term money market at 0.30% to 0.95% (2015: 0.31% to 0.82%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 22. CASH AND CASH EQUIVALENTS (CONT'D)

Cash at bank denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
United States Dollar	6,212	4,679	6,155	4,638
Euro	102	2,337	102	2,337

## 23. TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Trade payables	91,448	67,336	49,232	35,955
Accrued operating expenses	47,773	48,465	44,950	45,579
Accrued capital expenditure	20,211	24,246	19,992	23,898
Interest payable	710	459	710	459
Directors' fees payable	905	858	905	858
Other payables	4,436	4,164	4,031	3,956
	165,483	145,528	119,820	110,705

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days terms.

## 24. BORROWINGS

	Group and Company	
	2016 S\$'000	2015 S\$'000
<b>Current:</b>		
Short term bank loan	151,000	103,800
Current portion of long term bank loan	–	250,000
<b>Non-current:</b>		
Long term bank loan	250,000	–
	401,000	353,800

As at 31 December 2016, the S\$151,000,000 (2015: S\$103,800,000) short-term bank loan was unsecured and bears interest rate at 1.06% (2015: 1.38% to 1.61%) per annum. The S\$250,000,000 fixed rate long term bank loan is unsecured, renewed for five years maturing 23 May 2021 and bears an effective interest rate of 2.65 % (2015: 1.59%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 2015	
931,327,282 ordinary shares	200,589
Issued during the financial year	
5,860,500 ordinary shares for cash on exercise of employee share options	16,497
Balance as at 31 December 2015 and 1 January 2016	
937,187,782 ordinary shares	217,086
Less: 7,215,000 treasury shares purchased through on the Singapore exchange (285,000 treasury shares purchased and issued during the year)	
Issued during the financial year	
50,000 shares capital issued	94
Balance as at 31 December 2016	
930,022,782 ordinary shares	217,180

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.

### b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company acquired 7,500,000 (2015: nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was S\$19,328,000 (2015: nil) and this was presented as a component within shareholders' equity.

	Group and Company			
	2016		2015	
	'000	S\$'000	'000	S\$'000
Purchased from open market	7,500	19,328	-	-
Reissued pursuant to employee share option plans:				
- For cash on exercise on employee share options	(285)	(657)	-	-
- Loss transferred to share option reserve	-	(64)	-	-
Issued to employee as exercise of share option	(285)	(721)	-	-
	7,215	18,607	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 26. OTHER RESERVES

### (a) Share option reserve

Share option reserve represents the equity-settled share options 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, and is reduced by the expiry or exercise of the share options.

### (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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Substantial shareholders and their subsidiaries</b>				
Telecommunications services rendered	13,738	14,636	13,721	14,311
Telecommunications services received	(17,110)	(17,692)	(17,108)	(17,691)
Rental and maintenance services received	(4,880)	(4,380)	(2,266)	(1,453)

## 28. COMMITMENTS

### (a) Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not recognised in the financial statements are as follows:

	Group and Company	
	2016 S\$'000	2015 S\$'000
Capital commitments	40,495	77,623

Capital commitments contracted in 2015 included S\$64.0 million commitment for the 4G Spectrum rights. The amount was paid during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 28. COMMITMENTS (CONT'D)

### (b) Operating lease commitments

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) under operating leases were S\$29,601,000 and S\$29,888,000 for the financial years ended 31 December 2016 and 2015 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Not later than one year	13,225	13,343	8,552	7,524
Later than one year but not later than five years	13,280	14,959	10,879	9,010
Later than five years	1,366	2,242	1,366	2,242
	27,871	30,544	20,797	18,776

## 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 Remuneration Committee members are Mr Moses Lee Kim Poo (Chairman), 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 2016 or date of grant	Exercised	Expired/ cancelled*	Balance as at 31 December 2016	Subscription price
<b>2002 Scheme</b>					
2 February 2006	660,000	(50,000)	(610,000)	–	S\$2.21
6 February 2007	130,000	(10,000)	–	120,000	S\$2.17
11 February 2008	250,000	(95,000)	–	155,000	S\$1.90
2 February 2009	115,000	–	–	115,000	S\$1.60
3 February 2010	298,000	–	–	298,000	S\$2.04
7 February 2011	1,851,700	(125,000)	–	1,726,700	S\$2.44
30 January 2012	3,193,000	(55,000)	–	3,138,000	S\$2.43
<b>2013 Scheme</b>					
2 May 2013	6,419,000	–	(140,000)	6,279,000	S\$3.24
23 January 2014	7,776,000	–	(280,000)	7,496,000	S\$3.31
22 January 2015	9,130,000	–	(450,000)	8,680,000	S\$3.64
22 January 2016	9,500,000	–	(300,000)	9,200,000	S\$2.48
	39,322,700	(335,000)	(1,780,000)	37,207,700	

\* 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 fair value of options granted during the financial year was S\$0.11 (2015: S\$0.25).

The weighted average share price at the date of exercise of the options during the financial year was S\$2.48 (2015: S\$3.64).

The weighted average remaining contractual life for options outstanding at the end of the financial year is 7.2 years (2015: 7.4 years).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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)	800,000	10,115,000	(5,049,300)	(400,000)	4,665,700	S\$1.25 - S\$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 ended 31 December 2016 and 31 December 2015 are shown below:

Date of grant	22-Jan-16	22-Jan-15	23-Jan-14	2-May-13	30-Jan-12	7-Feb-11	15-Jun-10
Dividend Yield (%)	6.59	5.07	6.09	4.32	5.88	7.14	6.31
Expected Volatility (%)	19.00	17.00	17.00	16.00	27.00	28.00	29.00
Risk-free interest rate (%)	1.58	0.71	0.33	0.33	0.30	1.03	0.55
Expected life of option (years)	3.30	3.10	3.10	3.10	3.10	3.10	3.10
Share price (S\$)	2.32	3.73	3.45	3.38	2.43	2.45	2.13
Exercise price (S\$)	2.48	3.64	3.31	3.24	2.43	2.44	2.12

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.

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 and was terminated by shareholders in Annual General Meeting on 6 April 2016. It was replaced by the M1 Share Plan (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

(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 from 2018 to 2020 after meeting the time-based service conditions where participant has served the Company or, as the case may be, a relevant associate, for a specified number of years. 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.

All of the 2016 Plan shares will be released to participants at the end of the three-year vesting period.

The number of final awards of shares, pursuant to the 2016 Plan granted was up to 854,400 shares during the financial year. 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 up to 854,400 shares provisional award unvested under the 2016 Plan as follows:

Provisional share award

	At beginning of financial year	Provisional awards granted	At end of financial year
Date of grant 1 August 2016	–	Up to 854,400	Up to 854,400

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

### (b) Share plan (cont'd)

The information on director participating in the 2016 Plan is as follows:

Name of director	At beginning of financial year	Provisional awards granted	At end of financial year
Karen Kooi Lee Wah	–	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
- No awards have been granted to other directors of the holding company and its subsidiaries

On 1 February 2017, the Company had granted the Final Award for performance period ended 2016. 295,700 shares were granted, which includes 21,000 shares granted to Karen Kooi Lee Wah (Director/Chief Executive Officer).

## 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, interest rate 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 2016 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.

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 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.

*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 statement of financial position date 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>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
Long-term investments	–	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)
<b>Company</b>					
<b>Financial assets</b>					
Trade and other receivables	168,891	331	–	–	169,222
Due from related parties and subsidiaries	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)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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>2015</b>					
<b>Group</b>					
<b>Financial assets</b>					
Trade and other receivables	186,386	187	–	–	186,573
Due from related parties	235	–	–	–	235
Cash and cash equivalents	9,973	–	–	–	9,973
Long-term investments	–	–	–	8,471	8,471
Total undiscounted financial assets	196,594	187	–	8,471	205,252
<b>Financial liabilities</b>					
Trade payables and accruals	143,020	–	–	–	143,020
Due to related parties	187	–	–	–	187
Borrowings	355,414	–	–	–	355,414
Total undiscounted financial liabilities	498,621	–	–	–	498,621
Total net undiscounted financial (liabilities)/assets	(302,027)	187	–	8,471	(293,369)
<b>Company</b>					
<b>Financial assets</b>					
Trade and other receivables	176,728	187	–	–	176,915
Due from related parties and subsidiaries	692	–	25,401	–	26,093
Cash and cash equivalents	9,189	–	–	–	9,189
Total undiscounted financial assets	186,609	187	25,401	–	212,197
<b>Financial liabilities</b>					
Trade payables and accruals	106,238	–	–	–	106,238
Due to related parties and subsidiaries	116	–	–	–	116
Borrowings	355,414	–	–	–	355,414
Total undiscounted financial liabilities	461,768	–	–	–	461,768
Total net undiscounted financial (liabilities)/assets	(275,159)	187	25,401	–	(249,571)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises from the Group's short-term and long-term debt obligation. The Group's policy is to manage its interest cost using a mix of variable and fixed rate debts.

As at 31 December 2016, the Group's long term borrowing is at fixed rate of interest. The Group's short-term borrowings are at market interest rates.

### Sensitivity analysis

An increase of 50 basis point (bps) in the interest rates at the reporting date would have decreased the net income by the amounts shown below:

	Group and Company	
	Decrease 31 December 2016 S\$'000	Decrease 31 December 2015 S\$'000
<b>Variable rate instruments</b>		
Incremental expense to profit and loss	755	519

A weakening of 50 bps interest rate against the above short-term loan balances at the reporting date would have had the same but opposite effect on the net income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

### 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 long term investments 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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% (2015: 5%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been S\$547,000 (2015: nil) 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 2016

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			
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	–	8,849	8,849
– Unquoted investment fund	–	3,022	3,022
– Quoted equity	2,044	–	2,044
	2,044	11,871	13,915
2015			
		Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
<b>Financial assets:</b>			
Available-for-sale financial assets (Note 18)			
– Unquoted equity		6,353	6,353
– Unquoted investment fund		2,118	2,118
		8,471	8,471

Determination of fair value

Level 3 fair value measurements

Unquoted equity instruments are valued based on the net asset value per share as reported by the managers of these funds, less impairment.

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 statement of financial position date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

### Determination of fair value (cont'd)

Financial instrument by classes that is not carried at fair value and whose carrying amount is not reasonable approximation of fair value

The fair value of financial liability by classes that is not carried at fair value and whose carrying amount is not reasonable approximation of fair value is as follows:

	Group and Company			
	2016		2015	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
<b>Financial liability:</b>				
– Fixed rate bank loan	250,000	247,208	250,000	250,000

The fair value is determined using market observable inputs such as interest forward rates (Level 2 of the fair value hierarchy).

## 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 statement of financial position date:

	S\$'000
<b>Group</b>	
<b>31 December 2016</b>	
<b>Assets</b>	
<b>Available-for-sale financial assets:</b>	
Long-term investments	13,915
<b>Held-to-maturity financial asset:</b>	
Unquoted convertible note	6,695
<b>Loans and receivables:</b>	
Staff loans	440
Trade receivables	165,567
Deposits	6,039
Other receivables	7,942
Due from related parties	1,374
Cash and cash equivalents	11,016
	192,378

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 32. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	S\$'000
<b>Group</b>	
<b>31 December 2016</b>	
<b>Liabilities</b>	
<b>Liabilities at amortised cost:</b>	
Trade payables and accruals	163,847
Due to related parties	465
Borrowings	401,000
	565,312

	S\$'000
<b>Group</b>	
<b>31 December 2015</b>	
<b>Assets</b>	
<b>Available-for-sale financial assets:</b>	
Long-term investments	8,471
<b>Loans and receivables:</b>	
Staff loans	268
Trade receivables	165,905
Deposits	6,093
Other receivables	14,307
Due from related parties	235
Cash and cash equivalents	9,973
	196,781

	S\$'000
<b>Group</b>	
<b>31 December 2015</b>	
<b>Liabilities</b>	
<b>Liabilities at amortised cost:</b>	
Trade payables and accruals	143,020
Due to related parties	187
Borrowings	353,800
	497,007

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 32. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	S\$'000
<b>Company</b>	
<b>31 December 2016</b>	
<b>Assets</b>	
<b>Loans and receivables:</b>	
Staff loans	440
Due from subsidiaries	40,207
Trade receivables	159,359
Deposits	4,290
Other receivable	5,133
Due from related parties and subsidiaries	1,372
Cash and cash equivalents	10,122
	220,923
	S\$'000
<b>Company</b>	
<b>31 December 2016</b>	
<b>Liabilities</b>	
<b>Liabilities at amortised cost:</b>	
Trade payables and accruals	116,675
Due to related parties and subsidiaries	55,146
Borrowings	401,000
	572,821

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 32. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	S\$'000
<b>Company</b>	
<b>31 December 2015</b>	
<b>Assets</b>	
<b>Loans and receivables:</b>	
Staff loans	268
Due from subsidiaries	25,401
Trade receivables	161,688
Deposits	4,288
Other receivables	10,671
Due from related parties and subsidiaries	692
Cash and cash equivalents	9,189
	212,197
	S\$'000
<b>Company</b>	
<b>31 December 2015</b>	
<b>Liabilities</b>	
<b>Liabilities at amortised cost:</b>	
Trade payables and accruals	106,238
Due to related parties and subsidiaries	116
Borrowings	353,800
	460,154



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Borrowings				
– Current	151,000	353,800	151,000	353,800
– Non-current	250,000	–	250,000	–
Less: Cash and cash equivalents	(11,016)	(9,973)	(10,122)	(9,189)
Net debts	389,984	343,827	390,878	344,611
Equity	403,413	413,213	358,893	385,228

## 34. DIVIDENDS

	Group and Company	
	2016 S\$'000	2015 S\$'000
<b>Declared and paid during the financial year:</b>		
Final – the previous year		
8.3 cents (2015: 11.9 cents) per ordinary share (one-tier tax)	77,168	111,434
Interim – the current year		
7.0 cents (2015: 7.0 cents) per ordinary share (one-tier tax)	65,093	65,590
	142,261	177,024
<b>Proposed but not recognised as a liability as at 31 December:</b>		
Final		
5.9 cents (2015: 8.3 cents) per ordinary share (one-tier tax)	54,871	77,787

The directors propose a final dividend of 5.9 cents per ordinary share (one-tier tax) in respect of the financial year ended 31 December 2016 for approval by shareholders at the forthcoming Annual General Meeting of the Company.

## 35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 27 February 2017.

# MAJOR PROPERTIES

<b>Name:</b> Main Operations Centre	<b>Name:</b> MiWorld Building	<b>Name:</b> Regional Operations Centre
<b>Use:</b> Head Office and Switch Centre	<b>Use:</b> Office	<b>Use:</b> Office and Switch Centre
<b>Address:</b> 10 International Business Park, Singapore 609928	<b>Address:</b> 9 International Business Park, Singapore 609915	<b>Address:</b> 4 Aljunied Avenue 1, Singapore 389978
<b>Land Area (Sq m):</b> 8,442	<b>Land Area (Sq m):</b> 6,850	<b>Land Area (Sq m):</b> 4,816
<b>Date of Purchase:</b> 8 October 1996	<b>Date of Purchase:</b> 15 February 2002	<b>Date of Purchase:</b> 19 November 2001
<b>Expiry Date of Lease<sup>1</sup>:</b> 28 February 2026	<b>Expiry Date of Lease<sup>1</sup>:</b> 30 June 2022	<b>Expiry Date of Lease<sup>1</sup>:</b> 31 May 2020

<sup>1</sup> The Company has the option to lease for a further term of 30 years.

# STATISTICS OF SHAREHOLDINGS

AS AT 22 FEBRUARY 2017

Number of Issued shares (including Treasury Shares)	: 937,237,782
Number of Issued shares (excluding Treasury Shares)	: 930,022,782
Number/Percentage of Treasury Shares	: 7,215,000 (0.77%)
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	85	0.45	2,833	0.00
100 – 1,000	4,920	26.10	4,149,506	0.45
1,001 – 10,000	11,270	59.79	50,073,753	5.38
10,001 – 1,000,000	2,552	13.54	88,583,347	9.53
1,000,001 and above	22	0.12	787,213,343	84.64
<b>Total</b>	<b>18,849</b>	<b>100.00</b>	<b>930,022,782</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Nominees (Pte) Limited	283,483,954	30.48
2	Keppel Telecoms Pte Ltd	178,864,000	19.23
3	SPH Multimedia Pte Ltd	124,453,000	13.38
4	DBS Nominees (Private) Limited	64,565,896	6.94
5	Citibank Nominees Singapore Pte Ltd	61,502,472	6.61
6	HSBC (Singapore) Nominees Pte Ltd	27,565,639	2.96
7	DBSN Services Pte. Ltd.	12,672,543	1.36
8	United Overseas Bank Nominees (Private) Limited	6,668,877	0.72
9	OCBC Securities Private Limited	6,372,742	0.69
10	OCBC Nominees Singapore Private Limited	3,345,460	0.36
11	DB Nominees (Singapore) Pte Ltd	2,925,917	0.31
12	UOB Kay Hian Private Limited	1,802,990	0.19
13	Maybank Kim Eng Securities Pte. Ltd.	1,583,611	0.17
14	Gralf Max Hans Sieghold	1,560,000	0.17
15	Phillip Securities Pte Ltd	1,559,969	0.17
16	Yap Chong Hin Gabriel	1,300,000	0.14
17	York Hotel (Private) Limited	1,300,000	0.14
18	BNP Paribas Securities Services Singapore Branch	1,221,744	0.13
19	CIMB Securities (Singapore) Pte. Ltd.	1,200,934	0.13
20	Heng Siew Eng	1,115,000	0.12
	<b>Total</b>	<b>785,064,748</b>	<b>84.40</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 22 FEBRUARY 2017

## 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	28.54
Khazanah Nasional Berhad	–	265,410,150 <sup>1</sup>	265,410,150	28.54
Axiata Group Berhad	–	265,410,150 <sup>1</sup>	265,410,150	28.54
Temasek Holdings (Private) Limited	–	194,941,941 <sup>2</sup>	194,941,941	20.96
Keppel Telecoms Pte Ltd	178,864,000	–	178,864,000	19.23
Keppel Communications Pte Ltd	–	178,864,000 <sup>3</sup>	178,864,000	19.23
Keppel Data Centres Pte. Ltd.	–	178,864,000 <sup>3</sup>	178,864,000	19.23
Keppel Telecommunications & Transportation Ltd	–	178,864,000 <sup>3</sup>	178,864,000	19.23
Keppel Corporation Limited	–	178,864,000 <sup>3</sup>	178,864,000	19.23
SPH Multimedia Private Limited	124,453,000	–	124,453,000	13.38
Singapore Press Holdings Limited	–	124,453,000 <sup>4</sup>	124,453,000	13.38
	<b>568,727,150</b>			

### Notes:

- 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
- Temasek Holdings (Private) Limited is deemed to be interested in an aggregate of 194,941,941 Shares in which Keppel Corporation Limited group and its other associated companies have or are deemed to have an interest pursuant to Section 7 of the Companies Act
- 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
- 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
- The percentage of issued share capital is calculated based on the number of issued ordinary shares of the Company as at 22 February 2017, excluding treasury shares.

## FREE FLOAT

Approximately 38.76% 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 2017, excluding treasury shares.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Choo Chiau Beng, 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

## AUDIT COMMITTEE

Alan Ow Soon Sian, Chairman  
 Chow Kok Kee  
 Elaine Lee Kia Jong

## REMUNERATION COMMITTEE

Moses Lee Kim Poo, Chairman  
 Choo Chiau Beng  
 Low Huan Ping  
 Chow Kok Kee  
 Alan Ow Soon Sian

## NOMINATING COMMITTEE

Chow Kok Kee, Chairman  
 Huang Cheng Eng  
 Elaine Lee Kia Jong

## RISK COMMITTEE

Low Huan Ping, Chairman  
 Huang Cheng Eng  
 Lionel Lim Chin Teck  
 Alan Ow Soon Sian

## COMPANY SECRETARIES

Foo Siang Larng  
 Karen Teo

## REGISTERED ADDRESS

10 International Business Park  
 Singapore 609928  
 Telephone : +65 6655 1111  
 Facsimile : +65 6655 1977

## REGISTRAR

Boardroom Corporate &  
 Advisory Services Pte. Ltd.

50 Raffles Place  
 #32-01 Singapore Land Tower  
 Singapore 048623  
 Telephone : +65 6536 5355  
 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 the  
 Investor Relations team at  
 Telephone : +65 6655 1111  
 Facsimile : +65 6655 1977  
 Email : ir@m1.com.sg  
 Website : www.m1.com.sg



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(Reg. No. 199206031W)

10 International Business Park  
Singapore 609928

[www.m1.com.sg](http://www.m1.com.sg)