

# Konnectivity Pte. Ltd.

(Company Registration No.: 201832874H)  
(Incorporated in the Republic of Singapore)

7 January 2019

To: Holders ("**Optionholders**") of outstanding options ("**Options**") granted under the M1 Share Option Scheme 2002 and the M1 Share Option Scheme 2013 (collectively, the "**Option Schemes**")

Dear Sir/Madam

## OPTIONS PROPOSAL - VOLUNTARY CONDITIONAL GENERAL OFFER BY KONNECTIVITY PTE. LTD. FOR M1 LIMITED

### 1. INTRODUCTION

- 1.1 Background.** On 28 December 2018, Konnectivity Pte. Ltd. (the "**Offeror**") announced that it intends to make a voluntary conditional general offer (the "**Offer**") for all the issued and paid up ordinary shares in the capital of M1 Limited (the "**Company**") (excluding treasury shares) (the "**Shares**") other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations, and their respective nominees, in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Singapore Code on Take-overs and Mergers (the "**Code**").
- 1.2 Offer Document.** The Offeror has, today, despatched to the shareholders of the Company ("**Shareholders**"), the offer document dated 7 January 2019 (the "**Offer Document**") containing the terms of the Offer together with the relevant forms of acceptance. Subject to Section 16 of the Offer Document entitled "Overseas Shareholders", you should receive a copy of the Offer Document together with this letter. Alternatively, an electronic copy of the Offer Document is available on the website of the Singapore Exchange Securities Trading Limited at [www.sgx.com](http://www.sgx.com).
- 1.3 Purpose.** In the Offer Document, it is stated that a proposal (the "**Options Proposal**") will be made by the Offeror to the Optionholders. The purpose of this letter is to provide you with further details in relation to the Options Proposal and to formally make the Options Proposal to you on the terms and conditions set out in this letter.
- 1.4 Terms and References.** This letter should be read and construed together with, and in the context of, both the Offer Document and the acceptance form for the Options Proposal that is enclosed together with this letter (the "**Acceptance Form**"). Unless otherwise defined herein, capitalised terms used in this letter shall have the same meaning and construction as defined in the Offer Document. The Acceptance Form (including the instructions on that form) is part of the terms of the Options Proposal and this letter.

**1.5 Consultation.** This letter is issued by the Offeror and is addressed to the Optionholders. If you are in any doubt about this letter, the Options Proposal or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. The Offeror does not purport to advise the Optionholders or any other person. In preparing this letter to the Optionholders, none of the Offeror, DBS Bank Ltd. (“**DBS**”), United Overseas Bank Limited (“**UOB**”) and Credit Suisse (Singapore) Limited (“**CS**”) has had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any Optionholder.

**1.6 Views of the Independent Directors of the Company.** The views and recommendation(s) of the directors of the Company who are considered independent for the purposes of the Offer (the “**Independent Directors**”) and the advice of the independent financial adviser to the Independent Directors will be made available by the Company to the Shareholders in due course and in any event, within 14 days of the date of despatch of the Offer Document (the “**Commencement Date**”) (as required under the Code). You may wish to consider their views before taking any action in relation to the Offer and/or the Options Proposal.

## **2. THE OFFER**

**2.1 Terms.** As stated in the Offer Document, the Offeror has offered to acquire all the Offer Shares (as defined in **paragraph 2.1.2** below) on the terms and subject to the conditions set out in the Offer Document (including the FAA and/or the FAT, as the case may be), and on the following basis:

### **2.1.1 Offer Consideration**

The consideration for each Offer Share will be as follows:

|   |
|---|
| For each Offer Share: S\$2.06 in cash (the “ <b>Offer Price</b> ”). |
|---|

**2.1.2 Offer Shares.** The Offer is extended to all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations, and their respective nominees (the “**Offer Shares**”) at the Offer Price.

For the avoidance of doubt, the Offer is also extended, on the same terms and conditions, to all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (other than the Offeror’s related corporations and their respective nominees). For the purpose of the Offer, the expression “**Offer Shares**” shall include such Shares.

The Offer is also extended to all new Shares unconditionally issued or to be issued prior to the Closing Date pursuant to:

- (i) the valid exercise of the Options pursuant to the Option Schemes; and

- (ii) the valid vesting and release of any outstanding awards granted under the M1 Share Plan 2016 (“**Awards**”) which was approved and adopted by Shareholders on 6 April 2016.

For the purposes of the Offer, the expression “Offer Shares” shall include all such Shares.

#### **2.1.3 No Encumbrances**

The Offer Shares are being acquired (i) fully paid, (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing, and (iii) together with all rights, benefits and entitlements attached thereto as at 27 September 2018 (the “**Pre-Conditional Offer Announcement Date**”) and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (collectively, “**Distributions**”) on or after the Pre-Conditional Offer Announcement Date.

#### **2.1.4 Adjustment for Distributions**

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Pre-Conditional Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer (“**Accepting Shareholder**”) shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such Accepting Shareholder falls, as follows:

- (i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price shall remain unadjusted for each such Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; and
- (ii) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

For the avoidance of doubt, the interim dividend of S\$0.052 per Share announced by the Company on 27 July 2018 and paid to Shareholders on 17 August 2018 will not be deducted from the Offer Price.

#### **2.1.5 Minimum Acceptance Condition**

The Offer will be conditional on the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Shares which, when taken together with Shares owned by the Offeror and parties acting or deemed to be acting in concert with it, will result in the Offeror and parties acting or deemed to be acting in concert with it holding more than 50 per cent. of the Shares in issue as at the close of the Offer (including any Shares which may be unconditionally issued pursuant to the valid exercise of the Options or the valid vesting and release of the Awards prior to the close of the Offer).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to more than 50 per cent. of the maximum potential issued share capital of the Company. For this purpose, the “**maximum potential issued share capital of the Company**” means the total number of Shares which would be in issue had all the outstanding Options been validly exercised and all the Shares under Awards been issued and delivered as at the date of such declaration.

Save as provided in this **paragraph 2.1.5**, the Offer is unconditional in all other respects.

#### **2.1.6 Closing Date**

The Offer will close at **5.30 p.m. (Singapore time) on 4 February 2019**, or such later date(s) as may be announced from time to time by or on behalf of the Offeror (“**Closing Date**”).

#### **2.1.7 Further Details**

Further details in relation to the terms and conditions of the Offer are set out in the Offer Document.

### **3. THE OPTIONS PROPOSAL**

- 3.1 Options Proposal.** Under the rules of the Option Schemes, the Options are not transferable by the Optionholders. In view of this restriction, the Offeror will not make an offer to acquire the Options, although, for the avoidance of doubt, the Offer is extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date. Instead, the Offeror hereby makes the Options Proposal

to the Optionholders on the terms set out in this letter. Under the Options Proposal, subject to:

3.1.1 the Offer becoming or being declared unconditional in all respects; and

3.1.2 the relevant Options continuing to be exercisable into new Shares,

the Offeror will pay the Optionholders a cash amount (determined as provided in **paragraph 3.2** below) ("**Option Price**") in consideration of such Optionholders agreeing:

- (i) not to exercise all or any of such Options into new Shares;
- (ii) not to exercise all or any of their other rights as Optionholders; and
- (iii) to surrender all of such Options for cancellation and that all of such Options shall or shall be deemed to be cancelled,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. If the Offer lapses or is withdrawn, the Options Proposal will lapse accordingly. Further, if the Offer becomes or is declared unconditional, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

**3.2 Option Price.** The Option Price is calculated on a "see-through" basis in accordance with the Code. In other words, in relation to any Option: (i) if the Offer Price is higher than the exercise price at which the Optionholder will subscribe for or acquire each Share pursuant to the exercise of the Option ("**Option Exercise Price**"), the Option Price is the excess of the Offer Price over the Option Exercise Price; and (ii) if the Option Exercise Price is equal to or more than the Offer Price, the Option Price for each Option will be the nominal amount of S\$0.001.

**3.3 Offer and Options Proposal Mutually Exclusive.** For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and are mutually exclusive. The Options Proposal does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if an Optionholder exercises his Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, he may not accept the Options Proposal in respect of such Options. Conversely, if an Optionholder wishes to accept the Options Proposal in respect of his Options, he may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

**3.4 Acceptances are Irrevocable.** Acceptances of the Options Proposal shall be irrevocable.

**3.5 Duration of Options Proposal.** The Options Proposal shall remain open for acceptance until 5.30 p.m. (Singapore time) on the Closing Date.

## 4. CHOICES

- 4.1 An Optionholder can, in relation to all or some of his Options, either:
- 4.1.1 accept the Options Proposal in respect of all or some of such Options in accordance with the terms and conditions of this letter (“**Accepting Optionholder**”); or
  - 4.1.2 subject to the relevant rules of the Option Schemes, exercise all or some of such Options, in accordance with the terms of the Option Schemes and participate in the Offer in respect of the new Shares to be issued pursuant to such exercise prior to the Closing Date (“**Exercising Optionholder**”); or
  - 4.1.3 take no action and let the Options Proposal lapse in respect of all or some of such Options.

## 5. ACCEPTING OPTIONHOLDER

- 5.1 **Acceptance of the Options Proposal.** The Acceptance Form is enclosed together with this letter. The Acceptance Form (including the instructions on that form) is part of the terms of the Options Proposal and this letter. The Accepting Optionholder should do the following:

- 5.1.1 complete and sign the Acceptance Form, in accordance with the provisions and instructions in this letter and the Acceptance Form; and
- 5.1.2 deliver the completed and signed Acceptance Form at his/her own risk to Konnectivity Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 **so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date.**

No acknowledgement of receipt of documents will be given.

- 5.2 **Number of Options.** If the number of Options in respect of which the Options Proposal is accepted, as inserted by the Accepting Optionholder in the Acceptance Form, exceeds the number of Options held by the Accepting Optionholder as shown in the records of the Company and/or other document(s) of title, or if no such number of Options is inserted in the Acceptance Form by the Accepting Optionholder, then **the Accepting Optionholder shall be deemed to have accepted the Options Proposal in respect of all the Options held by such Accepting Optionholder as shown in the records of the Company and/or other document(s) of title.**
- 5.3 **Disclaimer.** The Offeror will be entitled, at its sole and absolute discretion, to reject or treat as valid any acceptance of the Options Proposal which is not entirely in order or which does not comply with the terms of this letter and/or the Acceptance Form or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. It is the responsibility of the Accepting Optionholder to ensure that the Acceptance Form is properly completed and executed in all respects, submitted with original signature(s) and that all required

documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's directors or shareholders) accepts any responsibility or liability for such a decision (including the consequences thereof).

**5.4 Discretion.** The Offeror reserves the right to treat acceptances of the Options Proposal as valid if received by or on behalf of it at any place or places determined by it otherwise than as stated in this letter and/or the Acceptance Form or if made otherwise than in accordance with the provisions in this letter and/or the Acceptance Form. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's directors or shareholders) and any person acting on its behalf (including DBS, UOB and CS) accepts any responsibility or liability for such a decision, including the consequences of such a decision.

**5.5 Settlement.** Subject to the receipt by the Offeror, from the Accepting Optionholder, of the Acceptance Form, complete in all respects, signed and in accordance with the provisions and instructions in this letter and the Acceptance Form, a cheque in Singapore currency drawn on a bank operating in Singapore for the appropriate amount will be despatched to the Accepting Optionholder by ordinary post to the address specified in the Acceptance Form and at the risk of such Accepting Optionholder as soon as practicable and in any case:

**5.5.1** in respect of acceptances of the Options Proposal which are complete and valid in all respects and are received **on or before** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or

**5.5.2** in respect of acceptances of the Options Proposal which are complete and valid in all respects and are received **after** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

## **6. EXERCISING OPTIONHOLDER**

**6.1 Offer Document Enclosed.** The Offer Document in respect of the Offer Shares is enclosed with this letter for your information.

**6.2 Acceptance of the Offer.** The Exercising Optionholder must comply with the procedures for the exercise of Options into new Shares in accordance with the rules of the Option Schemes and deliver the relevant exercise notice(s) and other required documents and the subscription monies in accordance with the rules of the Option Schemes.

The Exercising Optionholder should note that if the relevant number of new Shares is not credited to the "Free Balance" of the Exercising Optionholder's Securities Account by 5.30 p.m. (Singapore time) on the Closing Date, the Exercising Optionholder's acceptance in respect of such new Shares is liable to be rejected.

- 6.3 Further Details.** Please refer to the Offer Document for further details in relation to the Offer and acceptance procedures for the Offer.

## **7. GENERAL**

- 7.1 Governing Law and Jurisdiction.** This letter, the Options Proposal, the Acceptance Form and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Accepting Optionholder hereby agree to submit to the non-exclusive jurisdiction of the Singapore courts.
- 7.2 No Third Party Rights.** Unless expressly provided to the contrary in this letter and/or the Acceptance Form, a person who is not a party to any contracts made pursuant to this letter, the Options Proposal and/or the Acceptance Form has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- 7.3 Accidental Omission.** Accidental omission to despatch this letter, the Acceptance Form or any notice or announcement required to be given under the terms of the Options Proposal or any failure to receive the same by any person to whom the Options Proposal is made or should be made, shall not invalidate the Options Proposal in any way.

## **8. RESPONSIBILITY STATEMENT**

The directors of the Offeror (including any director who may have delegated detailed supervision of the preparation of this letter) have taken all reasonable care to ensure that the facts stated and opinions expressed in this letter are fair and accurate and that there are no other material facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this letter.

The directors of the Offeror jointly and severally accept responsibility accordingly.

Issued by  
**Konnectivity Pte. Ltd.**

7 January 2019



**Any inquiries relating to this letter or the Offer Document should be directed during office hours to:**

**DBS Bank Ltd.**  
**Strategic Advisory**  
Tel: (65) 6682 8999

**United Overseas Bank Limited**  
**Mergers & Acquisitions**  
Tel: (65) 6539 7066

**Credit Suisse (Singapore) Limited**  
**Investment Banking and Capital Markets**  
Tel: (65) 6212 2000

*Forward-Looking Statements*

*All statements other than statements of historical facts included in this letter are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast”, “targets” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders, Optionholders and investors should not place undue reliance on such forward-looking statements, and none of the Offeror, DBS, UOB and CS undertakes any obligation to update publicly or revise any forward-looking statements.*

## ACCEPTANCE FORM

To: Konnectivity Pte. Ltd.  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

Dear Sirs

### OPTIONS PROPOSAL - ACCEPTANCE FORM

1. I refer to the Options Proposal set out in the letter dated 7 January 2019 ("**Options Proposal Letter**") from Konnectivity Pte. Ltd. enclosing a copy of the offer document dated 7 January 2019 ("**Offer Document**"). Unless otherwise defined herein, capitalised terms used in this Acceptance Form shall have the same meaning and construction as defined in the Options Proposal Letter and/or the Offer Document.
2. I hereby confirm my unconditional and irrevocable acceptance of the Options Proposal in respect of the number of Options ("**Relevant Options**"), the exercise period, exercise price and date of grant of which are as follows:

| Date of Grant<br>(DD/MM/YY) | Number of<br>Relevant<br>Options | Exercise Period (DD/MM/YY) |    | Exercise<br>Price (S\$) |
|-----------------------------|----------------------------------|----------------------------|----|-------------------------|
|                             |                                  | From                       | To |                         |
|                             |                                  |                            |    |                         |
|                             |                                  |                            |    |                         |
|                             |                                  |                            |    |                         |
|                             |                                  |                            |    |                         |

3. I hereby confirm my understanding that the Options Proposal is subject to the Relevant Options continuing to be exercisable into new Shares.
4. I hereby agree that, in consideration of you paying me the Option Price for each Relevant Option, I will:
  - (a) not exercise all or any of the Relevant Options into new Shares from the date of my acceptance of the Options Proposal to the respective date(s) of expiry of the Relevant Options; and
  - (b) not exercise any of my other rights as a holder of the Relevant Options from the date of my acceptance of the Options Proposal.

5. I hereby agree to surrender all of the Relevant Options for cancellation and agree that all of the Relevant Options will be cancelled or deemed to be cancelled. If the Offer lapses or is withdrawn, the Options Proposal will lapse accordingly. If any of the Relevant Options cease to be exercisable into new Shares, the Options Proposal in relation to such Relevant Options that cease to be exercisable into new Shares will lapse.
6. I further acknowledge that no representation was made by you to induce me to accept the Options Proposal.
7. Please remit the Option Price in respect of the Relevant Options to me by despatching a cheque in Singapore currency drawn on a bank operating in Singapore for the appropriate amount to the address specified below by ordinary post and at my own risk.
8. The Options Proposal Letter, the Options Proposal and this Acceptance Form shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. I submit to the non-exclusive jurisdiction of the Singapore courts. Unless expressly provided to the contrary in the Options Proposal Letter and/or this Acceptance Form, a person who is not a party to any contracts made pursuant to the Options Proposal Letter, the Options Proposal and/or this Acceptance Form, has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts.

Yours faithfully

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Name (Block Letters): \_\_\_\_\_

Passport No./ NRIC No.: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_