DBS BANK LTD.
(Company Registration No.: 196800306E)
(Incorporated in the Republic of Singapore)

Lead Financial Adviser to
Keppel Corporation Limited

CREDIT SUISSE (SINGAPORE) LIMITED
(Company Registration No.: 197702363D)
(Incorporated in the Republic of Singapore)

Sole Financial Adviser to
Singapore Press Holdings Limited

United Overseas Bank Limited
(Company Registration No.: 193500026Z)
(Incorporated in the Republic of Singapore)

Financial Adviser to
Keppel Corporation Limited

VOLUNTARY CONDITIONAL GENERAL OFFER

by

Konnectivity Pte. Ltd.

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

a company jointly owned by Keppel Corporation Limited and Singapore Press Holdings Limited

to acquire all the issued and paid-up ordinary shares in the capital of

M1 Limited

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

other than those already owned, controlled or agreed to be acquired by Konnectivity Pte. Ltd., its related corporations and their respective nominees

OFFER ANNOUNCEMENT

1. INTRODUCTION

1.1 **Pre-Conditional Offer.** Konnectivity Pte. Ltd. (the "**Offeror**") refers to the announcement (the "**Pre-Conditional Offer Announcement**") dated 27 September 2018 (the "**Pre-Conditional Offer Announcement Date**") pursuant to which it was announced by the Offeror that, subject to the satisfaction of the Pre-Condition (as defined in the Pre-Conditional Offer Announcement), the Offeror intends to make:

1.1.1 a voluntary conditional general offer (the "**Offer**") for all the issued and paid up ordinary shares in the capital of M1 Limited (the "**Company**" or "**M1**") (excluding treasury shares) ("**Shares**"), other than those Shares already owned, controlled, or agreed to be acquired by the Offeror, its related corporations, and their respective nominees, in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**"); and

1.1.2 an Options Proposal to the Optionholders (as defined in paragraph 3.1 of this Announcement) if the Offer is made.

A copy of the Pre-Conditional Offer Announcement is available on the website of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") at http://www.sgx.com.

Capitalised terms that are not defined in this Announcement shall have the meanings set out in the Pre-Conditional Offer Announcement.

1.2 **Update on Pre-Condition.** As at the date of this Announcement (the "**Offer Announcement Date**"), the Pre-Condition has been satisfied.

Accordingly, the Offeror wishes to announce its firm intention to make the Offer.

2. THE OFFER

2.1 **Principal Terms of the Offer.** Subject to the terms and conditions of the Offer to be set out in the formal offer document to be issued in respect of the Offer (the "**Offer Document**"), the Offeror will make the Offer in accordance with Rule 15 of the Code on the following basis:

2.1.1 **Offer Shares.** The Offer will be extended to all the Shares, other than those Shares 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 (as defined in paragraph 2.1.2 of this Announcement).

For the avoidance of doubt, the Offer will be 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 will also be extended to all new Shares unconditionally issued or to be issued prior to the final closing date of the Offer (the "**Closing Date**") pursuant to:

(i) the valid exercise of outstanding options granted by the Company (the "**Options**") pursuant to the M1 Share Option Scheme 2002 which was approved and adopted by Shareholders on 8 November 2002 and the M1 Share Option Scheme 2013 which was approved and adopted by Shareholders on 5 April 2013 (collectively, 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.

2.1.2 **Offer Consideration.** The consideration for each Offer Share will be as follows:

For each Offer Share: S$2.06 in cash (the "**Offer Price**").

2.1.3 **No Encumbrances.** The Offer Shares are to be 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 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 <u>not</u> 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.

Further information on the Offer and the terms and conditions upon which the Offer will be made will be set out in the Offer Document.

3. OPTIONS PROPOSAL

3.1 As at the Offer Announcement Date, based on the latest information available to the Offeror, there are 26,826,000 outstanding Options which are exercisable into 26,826,000 Shares. Under the rules of the Option Schemes, the Options are not transferable by the holders thereof (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 will be 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 will make a proposal (the "**Options Proposal**") to the Optionholders on the following terms, that 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 to such Optionholders a cash amount (as determined below) (the "**Option Price**") in consideration of such Optionholders agreeing:

(i) not to exercise any of such Options into new Shares; and

(ii) not to exercise any of their rights as Optionholders,

and in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. 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 The Option Price is computed on a "see-through" basis. In other words, the price to be paid for each Option will be the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option 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 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 mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Optionholders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they 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 Details of the Options Proposal will be despatched to Optionholders no later than the date of despatch of the Offer Document.

4. AWARDS

As the Awards are not transferable by the holders thereof, the Offeror will not make an offer to acquire the Awards, although, for the avoidance of doubt, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid vesting and release of any outstanding Awards prior to the Closing Date.

5. INFORMATION ON THE OFFEROR, KCL, KT&T AND SPH

5.1 **The Offeror.** The Offeror is a company incorporated in Singapore for the purposes of making the Offer and its shareholders are Keppel Konnect Pte. Ltd. ("**KKPL**"), a wholly-owned subsidiary of Keppel Corporation Limited ("**KCL**"), and SPH Multimedia Private Limited ("**SMPL**"), a wholly-owned subsidiary of Singapore Press Holdings Limited ("**SPH**"). The Offeror has not carried on any business since its incorporation, except for matters in connection with making the Offer. As at the Offer Announcement Date:

5.1.1 the Offeror has an issued share capital of S$10 comprising 10 issued ordinary shares ("**Offeror Shares**"), held as follows:

(i) KKPL has an interest in 8 Offeror Shares, representing 80 per cent. of the Offeror Shares; and

(ii) SMPL has an interest in 2 Offeror Shares, representing 20 per cent. of the Offeror Shares; and

5.1.2 the directors of the Offeror are: (i) Mr. Chan Hon Chew; (ii) Mr. Sebastien Lamy; (iii) Mr. Louis Lim; (iv) Ms. Janice Wu Sung Sung; and (v) Mr. Chua Hwee Song.

5.2 **KCL and KKPL.** Incorporated in Singapore and listed on the Main Board of the SGX-ST, KCL is a global multi-business company committed to providing solutions for sustainable urbanisation. The principal activities of the companies in KCL's group consist of: (i) offshore oil-rig construction, shipbuilding & shiprepair and conversion; (ii) environmental engineering, power generation, logistics and data centres; (iii) property development & investment; and (iv) investments and asset management. The subsidiaries of KCL include, amongst others: (a) Keppel Offshore & Marine Limited; (b) Keppel Land Limited; (c) Keppel Infrastructure Holdings Pte Ltd; (d) Keppel Telecommunications & Transportation Ltd ("**KT&T**"); and (e)

Keppel Capital Holdings Pte Ltd. KKPL does not hold any Shares. Further details relating to KT&T are set out in paragraph 5.3 of this Announcement.

5.3 **KT&T and KTPL.** KT&T is a public company incorporated in Singapore and listed on the Main Board of the SGX-ST. As at the Offer Announcement Date:

5.3.1 KCL has an interest in 79.22 per cent. in the issued share capital of KT&T; and

5.3.2 KT&T has an interest in 178,864,000 Shares (representing approximately 19.32 per cent. of the Shares[1]) which is held through Keppel Telecoms Pte Ltd ("**KTPL**") (its wholly-owned subsidiary). Accordingly, KCL is deemed interested in the Shares held by KTPL.

Each of KT&T and KTPL is a related corporation of the Offeror. As Shares already owned, controlled or agreed to be acquired by the Offeror's related corporations are excluded from the Offer, Shares which are owned, controlled or agreed to be acquired by KT&T or KTPL are excluded from the Offer. Pursuant to the terms of the KTPL Irrevocable Undertaking (as set out in paragraph 7.4 of this Announcement), KTPL has also undertaken not to tender any of its Shares in acceptance of the Offer.

5.4 **SPH, SMPL and the Roll-over Arrangement.** SPH is a public company incorporated in Singapore and listed on the Main Board of the SGX-ST. As at the Offer Announcement Date, SMPL holds 124,453,000 Shares (representing approximately 13.45 per cent. of the Shares) and SPH has a deemed interest in the 124,453,000 Shares held by SMPL.

Pursuant to the SMPL Irrevocable Undertaking (as set out in paragraph 7.1 of this Announcement), SMPL has undertaken to tender all of its Shares in acceptance of the Offer. SMPL has also agreed to waive its rights under Rule 30 of the Code to receive the cash consideration payable to it by the Offeror under the terms of the Offer in exchange for the issuance of new Offeror Shares following the valid tender of all of SMPL's Shares in acceptance of the Offer (the "**Roll-over Arrangement**").

5.5 **Post Closing Shareholding Adjustment, the Shareholders' Agreement and the JTA**

5.5.1 The final shareholding percentages of KKPL and SMPL in the Offeror shall be adjusted after the close of the Offer by way of an issuance of new Offeror Shares to SMPL and KKPL. The issuance of new Offeror Shares will enable SMPL to have an effective interest in at least 13.45 per cent. of the Company, provided that:

(i) KKPL shall at all times have a shareholding interest in over 50 per cent. of the total number of Offeror Shares; and

(ii) SMPL shall at all times have a shareholding interest in at least 20 per cent. of the total number of Offeror Shares,

(collectively, the "**Post Closing Shareholding Adjustment**"). Accordingly, depending on the level of acceptances for the Offer and the total number of Shares at the relevant time, it is expected that KKPL's shareholding interest in the Offeror shall

[1] In this Announcement, percentages are calculated based on 925,615,082 Shares, based on the Company's business profile extracted from the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") on 28 December 2018.

range from a minimum of 56.17 per cent. to a maximum of 80 per cent. and SMPL's shareholding interest in the Offeror shall range from a minimum of 20 per cent. to a maximum of 43.83 per cent.

5.5.2 KCL and SPH have entered into a binding joint transaction agreement (the "**JTA**") to, *inter alia*, provide for the mechanism to carry out the Post Closing Shareholding Adjustment and regulate the affairs of the Offeror in connection with the Offer.

5.5.3 KKPL, SMPL and KTPL have also entered into a binding shareholders' agreement ("**Shareholders' Agreement**") to, *inter alia*, regulate their relationship as concert parties in relation to the Company and agree on their voting rights in relation to certain matters which relate to the Company and its subsidiaries, including board representation rights, and to regulate KKPL's and SMPL's relationship *inter se* as shareholders of the Offeror.

5.5.4 The Securities Industry Council of Singapore (the "**SIC**") has confirmed that the Roll-over Arrangement, the Shareholders' Agreement, the JTA and the Post Closing Shareholding Adjustment do not constitute a special deal.

5.6 **Shareholding in M1.** As at the Offer Announcement Date, based on the latest information available to the Offeror, the Offeror and parties acting in concert with the Offeror (including KTPL and SMPL) have an aggregate interest in 308,390,735 Shares (representing approximately 33.32 per cent. of the Shares).

6. INFORMATION ON THE COMPANY

6.1 **Introduction.** The Company is incorporated in Singapore and was listed on the Main Board of the SGX-ST on 4 December 2002. The principal activities of the Company and its subsidiaries are the provision of telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, and customer services.

6.2 **Share Capital.** As at the Offer Announcement Date, based on the latest information available to the Offeror[2], the Company has:

6.2.1 an issued and fully paid up share capital of S$206,174,026.72, comprising 925,615,082 Shares with 11,622,700 treasury shares;

6.2.2 26,826,000 outstanding Options, which are exercisable into Shares; and

6.2.3 up to 595,300 Shares which are subject to the Awards[3]. These Awards will be released and vested in tranches between 2018 and 2021.

Save as disclosed above, the Offeror is not aware of any outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in the Company.

[2] Based on the business profile of the Company extracted from ACRA on 28 December 2018 and various announcements by the Company on SGXNet as at 28 December 2018.

[3] The Company has also provisionally granted up to 1,533,360 Shares on 1 February 2018 which are subject to the Awards.

6.3 **Directors of the Company.** As at the Offer Announcement Date, the directors of the Company are as follows:

6.3.1 Mr. Danny Teoh Leong Kay, Non-Independent and Non-Executive Chairman;

6.3.2 Ms. Karen Kooi Lee Wah, Non-Independent and Non-Executive Director;

6.3.3 Tan Sri Jamaludin Ibrahim, Non-Independent and Non-Executive Director;

6.3.4 Mr. Low Huan Ping, Non-Independent and Non-Executive Director;

6.3.5 Mr. Huang Cheng Eng, Independent Director;

6.3.6 Ms. Elaine Lee Kia Jong, Independent Director;

6.3.7 Mr. Lionel Lim Chin Teck, Independent Director;

6.3.8 Mr. Moses Lee Kim Poo, Independent Director;

6.3.9 Mr. Tan Wah Yeow, Independent Director; and

6.3.10 Mr. Guy Daniel Harvey Samuel, Independent Director.

7. SMPL IRREVOCABLE UNDERTAKING AND KTPL IRREVOCABLE UNDERTAKING

7.1 **SMPL Irrevocable Undertaking.** As at the Offer Announcement Date, the Offeror has received an undertaking from SMPL (the "**SMPL Irrevocable Undertaking**") pursuant to which SMPL has, amongst other things, unconditionally and irrevocably undertaken, represented and warranted to the Offeror (i) to tender all of its Shares (representing approximately 13.45 per cent. of the Shares) in acceptance of the Offer, and (ii) not to accept (or permit the acceptance of) any competing offer.

7.2 **Waiver of Consideration.** As set out in paragraph 5.4 of this Announcement, pursuant to the Roll-over Arrangement, SMPL has agreed to waive its rights under Rule 30 of the Code to receive the cash consideration payable to it by the Offeror under the terms of the Offer in exchange for the issuance of new Offeror Shares following the valid tender of all of SMPL's Shares in acceptance of the Offer.

7.3 **Cessation of SMPL Irrevocable Undertaking.** The SMPL Irrevocable Undertaking shall lapse and be of no further force and effect on the date on which the Offer (including any revised or improved Offer by or on behalf of the Offeror) closes, lapses, fails to become or be declared unconditional or is withdrawn other than as a result of SMPL breaching its obligations under the SMPL Irrevocable Undertaking.

7.4 **KTPL Irrevocable Undertaking.** As at the Offer Announcement Date, the Offeror has received an undertaking from KTPL (the "**KTPL Irrevocable Undertaking**") pursuant to which KTPL has, amongst other things, irrevocably undertaken to and confirmed with the Offeror (i) the concert party relationship between the Offeror and KTPL for the purposes of the Offer, (ii) not to tender any Shares (representing approximately 19.32 per cent. of the Shares) held by it in acceptance of the Offer, and (iii) not to accept (or permit the acceptance of) any competing offer.

7.5 **No Other Undertakings.** Save for the SMPL Irrevocable Undertaking and the KTPL Irrevocable Undertaking, as at the Offer Announcement Date, neither the Offeror nor any party acting in concert with the Offeror has received any undertakings from any other party to accept or reject the Offer.

7.6 **Available for Inspection.** Copies of the SMPL Irrevocable Undertaking and the KTPL Irrevocable Undertaking are available for inspection at the offices of the Offeror at 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632 during normal business hours from the Pre-Conditional Offer Announcement Date until the date on which the Offer closes, lapses or is withdrawn in accordance with its terms.

8. RATIONALE FOR THE OFFER

8.1 **The Company is facing intensifying competition and industry disruption from the impending launch of a fourth Mobile Network Operator ("MNO"), as well as the launch of new Mobile Virtual Network Operators ("MVNO") in Singapore. Continuing the status quo risks stagnation and further decline in shareholder value**

8.1.1 On 14 December 2016, the Info-communications Media Development Authority ("**IMDA**") announced that TPG Telecom Pte Ltd had made the winning bid for the new entrant spectrum auction, noting that the entry of the new MNO was expected to enhance innovation and competition in the Singapore telecommunications market[4].

8.1.2 Several MVNOs have also recently commenced operations in Singapore. On 8 July 2015, the Company announced that it had reached a MVNO agreement with Liberty Wireless, operating under the brand of Circles Asia[5], while on 3 May 2018, MyRepublic and Starhub announced that they had formed a MVNO partnership[6].

8.1.3 The emergence of new entrants will intensify the competition in the Singapore telecommunications market, potentially leading to shifts in market share between competitors, as well as potential downward pressure on revenue generation and margins for MNOs at a time when sustained investments are required to ensure long-term competitivity.

8.1.4 The decline in the share price of the Company following IMDA's announcements on the entry of a new MNO likely reflects the impeding intensification of competition in the Singapore telecommunications market, and the potential risks to shareholder value of the Company in the status quo.

8.2 **KCL and SPH, collaborating through the Offeror, seek to arrest the decline in M1 shareholder value through a combination of transformational efforts which are expected to take several years. Dividends from the Company could be affected during such time by the intensifying competition in the Singapore telecommunications market, as well as the allocation of resources required for these transformation efforts**

[4] https://www.imda.gov.sg/about/newsroom/media-releases/2016/tpg-telecom-pte-ltd-makes-winning-bid-in-new-entrant-spectrum-auction

[5] https://www.m1.com.sg/AboutM1/NewsReleases/2015/M1%20and%20Liberty%20Wireless%20announce%20MVNO%20agreement.aspx

[6] http://www.starhub.com/about-us/newsroom/2018/may/myrepublic-and-starhub-form-mvno-partnership.html

8.2.1 The Offeror believes that to compete more effectively in the Singapore telecommunications industry, the Company, with the support of its Shareholders, would need to undertake a transformation requiring management commitment and allocation of resources.

8.2.2 KCL and SPH, collaborating through the Offeror, seek to undertake business changes at the Company, including but not limited to the digital transformation of the Company's operating platform, cost management initiatives in the Company's front and back-end operations, the exploration by the Company of balance sheet optimization initiatives to unlock value from underlying infrastructure, as well as growth initiatives into new markets and segments.

8.2.3 The anticipated business transformation is complex and expected to take a number of years. During such time, dividends from the Company could be affected by the intensifying competition in the Singapore telecommunications market, as well as the allocation of resources required for these transformation efforts.

8.3 The Offeror obtaining majority control will facilitate the business transformation of M1, and is in line with KCL's and SPH's long-term strategies

8.3.1 Today, neither KCL nor SPH have majority control of the Company. Gaining majority control through the Offer will enable KCL and SPH, collaborating through the Offeror, to support the Company's management to:

(i) compete effectively in the challenging Singapore telecommunications operating environment;

(ii) manage the business of the Company;

(iii) facilitate the implementation of strategic and operational changes; and

(iv) optimise the use of its management and capital resources.

8.3.2 Furthermore, the Offer will allow the Company to cooperate with KCL's other business units, and to harness the synergies of the multi-business group.

8.3.3 Conversely, the Company will complement KCL's mission as a solutions provider for sustainable urbanisation, and will allow KCL to leverage the Company as a connectivity platform to better meet the needs of KCL's customers. SPH also sees further opportunities to leverage on M1's mobile platform to offer on demand and ready digital content to better serve SPH's customers. KCL and SPH are confident that, further to the Offer and with the necessary transformational efforts, the Company can significantly improve its performance.

8.4 Opportunity for Shareholders who are not prepared to bear the risks associated with the complex business transformation to realise their investment in cash at a premium

8.4.1 Shareholders who are not prepared to bear the risks associated with the complex business transformation outlined above will benefit from the cash exit provided through the Offer. The Offer provides an opportunity for Shareholders who wish to realise their investment in the Shares to do so in cash, at a premium to prevailing

market prices prior to the Pre-Conditional Offer Announcement Date and without incurring brokerage fees.

8.4.2 As set out in paragraph 10 of this Announcement, the Offer Price represents a premium of approximately:

(i) 26 per cent. over the last traded price per Share as quoted on the SGX-ST on 21 September 2018, being the last full trading day on which the Shares were traded on the SGX-ST prior to the Pre-Conditional Offer Announcement Date (the "**Last Trading Date**");

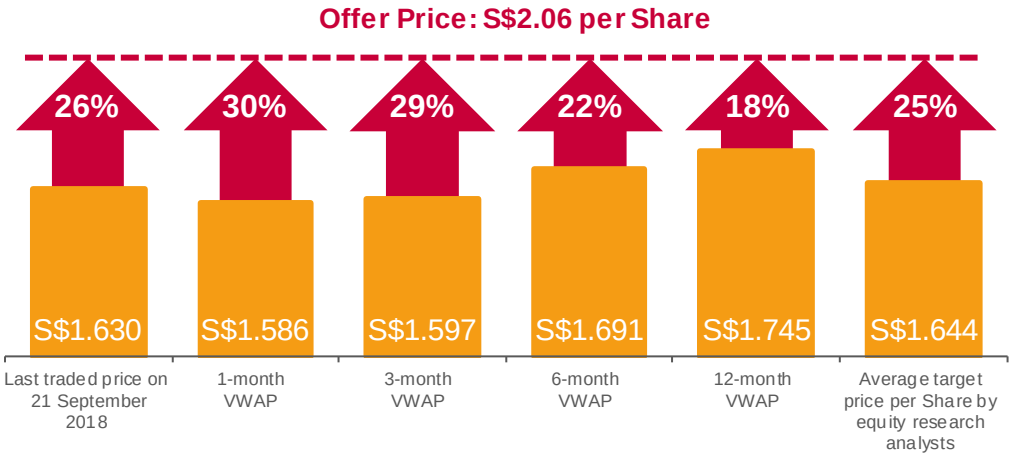
(ii) 30 per cent. over the volume weighted average price ("**VWAP**") of the Shares for the **one (1)-month period** prior to and including the Last Trading Date;

(iii) 29 per cent. over the VWAP of the Shares for the **three (3)-month period** prior to and including the Last Trading Date;

(iv) 22 per cent. over the VWAP of the Shares for the **six (6)-month period** prior to and including the Last Trading Date; and

(v) 18 per cent. over the VWAP of the Shares for the **twelve (12)-month period** prior to and including the Last Trading Date.

The Offer Price also represents: (i) approximately **36 per cent. premium** over the lowest closing price of S$1.520 over the 52-week period preceding the Last Trading Date; and (ii) approximately **25 per cent. premium** over the average target price per Share of S$1.644 by equity research analysts covering the Company.



Notes:

(1) S$ figures (other than the Offer Price) are based on data extracted from Bloomberg L.P. on 21 September 2018, being the Last Trading Date, and rounded to the nearest three (3) decimal places.

(2) Premia rounded to the nearest per. cent.

9. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror will, following the close of the Offer, conduct a review of the Company's operations with the aim of implementing strategic and operational changes which will allow the Company to compete more effectively in the telecommunications sector.

The Offeror's intention is to gain majority control of the Company. In the event the Free Float Requirement (as defined in paragraph 11.2 of this Announcement) is not satisfied, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement.

The board of directors of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which the board may regard to be in the interest of the Offeror.

Save as disclosed in this Announcement, the Offeror has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Company, or (iii) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business.

10. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the relevant closing prices and VWAP of the Shares on the SGX-ST:

Description	**Benchmark Price (S$)[(1)]**	**Premium over Benchmark Price[(2)]**
Last traded price per Share as quoted on the SGX-ST on the Last Trading Date (being 21 September 2018)	1.630	26%
VWAP per Share for the one (1)-month period prior to and including the Last Trading Date	1.586	30%
VWAP per Share for the three (3)-month period prior to and including the Last Trading Date	1.597	29%
VWAP per Share for the six (6)-month period prior to and including the Last Trading Date	1.691	22%
VWAP per Share for the twelve (12)-month period prior to and including the Last Trading Date	1.745	18%

Notes:

(1) Based on data extracted from Bloomberg L.P. on 21 September 2018, being the Last Trading Date, figures rounded to the nearest three (3) decimal places.

(2) Premia rounded to the nearest per. cent.

11. COMPULSORY ACQUISITION AND LISTING STATUS

11.1 **Compulsory Acquisition.** The Offeror's intention is to gain majority control of the Company. In the event the Offeror receives valid acceptances pursuant to the Offer or otherwise acquires Shares following the despatch of the Offer Document other than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of the Offer Document) (the "**Compulsory Acquisition Threshold**"), the Offeror would be entitled to exercise its right under Section 215(1) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer (the "**Compulsory Acquisition Right**"). For the avoidance of doubt, as KTPL is a related corporation of the Offeror, Shares which are held by KTPL will not count towards the Compulsory Acquisition Threshold.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer ("**Compulsory Acquisition**"). The Offeror will then proceed to delist the Company from the SGX-ST.

In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of Shares.

11.2 **Listing Status and Trading Suspension.** Under Rule 1105 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public (the "**Free Float Requirement**"). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10 per cent., failing which the Company may be removed from the Official List of the SGX-ST. Under the Listing Manual, "public" refers to persons other than: (i) directors, chief executive

officer, substantial shareholders, or controlling shareholders of the Company or its subsidiary companies; and (ii) associates of the persons in (i) above.

The Offeror's intention is to gain majority control of the Company. In the event that the Free Float Requirement is not met and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual ("Suspension"), the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted.

Shareholders should note that even if the Free Float Requirement is not met, the Offeror may not be able to exercise the Compulsory Acquisition Right if it does not achieve the Compulsory Acquisition Threshold, for example, in the situation where a substantial Shareholder holding more than 10 per cent. of the Shares does not tender all of its Shares in acceptance of the Offer.

12. SGX-ST DELISTING AND EXIT OFFER

12.1 Pursuant to Rule 1307 of the Listing Manual ("**Rule 1307**"), the SGX-ST may agree to a delisting of a company listed on the SGX-ST ("**Issuer**") if (i) the Issuer convenes a general meeting to obtain shareholder approval for the delisting; (ii) the resolution to delist the Issuer (the "**Delisting Resolution**") has been approved by a majority of at least 75 per cent. of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting (the Issuer's directors and controlling shareholder need not abstain from voting on the Delisting Resolution); and (iii) the Delisting Resolution has not been voted against by 10 per cent. or more of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. Further, pursuant to Rule 1309 of the Listing Manual ("**Rule 1309**"), a reasonable exit alternative, which should normally be in cash, should be offered to the Issuer's shareholders and holders of any other classes of listed securities to be delisted. Rule 1309 also requires the Issuer to appoint an independent financial adviser to advise on such reasonable exit alternative.

12.2 In the event of a Suspension and, as mentioned in paragraph 11.2 of this Announcement, as the Offeror has no intention to undertake or support any action taken or to be taken to meet the Free Float Requirement, trading in the Shares will remain suspended and, in such circumstances, Shareholders would not have any exit alternative. Further, pursuant to Rule 33.2 of the Code, as the Offeror may not, within six (6) months of the close of the Offer, acquire or make another offer to acquire Shares on terms better than the terms of the Offer, any exit offer made by the Offeror pursuant to a voluntary delisting in accordance with Rule 1307 and Rule 1309 would be on the same terms as the Offer. It is therefore likely that a Shareholder who did not accept the Offer may also not vote in favour of any Delisting Resolution.

12.3 In the event of a Suspension and where a Delisting Resolution may not be approved, to ensure that Shareholders are provided with an opportunity to exit from the Company and to not have to hold for an indefinite period Shares which are subject to the Suspension, the Offeror has applied for and obtained a conditional confirmation from the SGX-ST that, in the event that the Company does not meet the Free Float Requirement, the SGX-ST has no

objections to granting the Company a waiver from Rule 1307 (the "**SGX-ST Conditional Confirmation**").

12.4 The SGX-ST Conditional Confirmation is subject to the following:

12.4.1 clear disclosure in the Offer Document of the consequences of the Company not meeting the Free Float Requirement, including the circumstances when the Compulsory Acquisition may not be undertaken even if the Free Float Requirement is not met;

12.4.2 unqualified opinions from the Company's audit committee, board of directors and independent financial adviser that the Offer is "fair and reasonable" and not prejudicial to the interests of Shareholders as a whole;

12.4.3 a fair and reasonable cash exit alternative (the "**Exit Offer**") on the same terms and price as the Offer must be made to the remaining Shareholders pursuant to Rule 1309, subject to compliance with the Code and all applicable laws; and

12.4.4 the Offeror announcing the SGX-ST Conditional Confirmation, the reasons for seeking the SGX-ST Conditional Confirmation and the conditions as required under Rule 1307.

Only if all of the above conditions are met, following the close of the Exit Offer (if required to be made), the SGX-ST will delist the Company from the SGX-ST.

13. DISCLOSURE OF HOLDINGS AND DEALINGS

13.1 **Holdings and Dealings in Relevant Securities.** As at the Offer Announcement Date, based on the latest information available to the Offeror, and save as disclosed in Appendix A and Appendix B of this Announcement, none of: (i) the Offeror, KCL, KKPL, KT&T, KTPL, SPH or SMPL; (ii) the directors of each of the entities identified above; (iii) DBS Bank Ltd. ("**DBS**"), United Overseas Bank Limited ("**UOB**") or Credit Suisse (Singapore) Limited ("**CS**"); and (iv) any other person presumed to be acting in concert with the Offeror (collectively, the "**Relevant Parties**"):

13.1.1 owns, controls or has agreed to acquire any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options, awards or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, "**Relevant Securities**"); or

13.1.2 has dealt for value in any Relevant Securities in the period commencing three (3) months preceding 24 September 2018 and ending on the Offer Announcement Date (the "**Relevant Period**").

13.2 **Other Arrangements.** As at the Offer Announcement Date, based on the latest information available to the Offeror and save as disclosed in paragraphs 5.5, 7 and Appendix A and Appendix B of this Announcement, none of the Relevant Parties has:

13.2.1 entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to any Relevant Securities or the securities of the Offeror which might be material to the Offer;

13.2.2 received any irrevocable commitment to accept the Offer in respect of any Relevant Securities;

13.2.3 granted any security interest in respect of any Relevant Securities in favour of any other person, whether through a charge, pledge or otherwise;

13.2.4 borrowed any Relevant Securities from any other person (excluding those which have been on-lent or sold); or

13.2.5 lent any Relevant Securities to any other person.

14. CONFIRMATION OF FINANCIAL RESOURCES

DBS as lead financial adviser to KCL, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Offer by Shareholders on the basis of the Offer Price, excluding the Shares to be tendered by SMPL pursuant to the SMPL Irrevocable Undertaking and for which payment will be waived, as described in paragraph 7.2 of this Announcement.

15. DESPATCH OF OFFER DOCUMENT

The Offer Document setting out the terms and conditions of the Offer and enclosing the relevant form(s) of acceptance of the Offer will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Offer Announcement Date, or such other date permitted by the SIC, provided that there may be restrictions on sending the Offer Document to any overseas jurisdictions as disclosed in paragraph 16 of this Announcement.

16. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law.

The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown in the register of shareholders of the Company or, as the case may be, in the records of The Central Depository (Pte) Limited (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders

should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending the Offer Document to any overseas jurisdictions, the Offeror, DBS, UOB and CS each reserves the right not to send the Offer Document to such overseas jurisdictions. Alternatively, an affected Overseas Shareholder may write to the Company's share registrar to request the Offer Document to be sent to an address in Singapore by ordinary post at his own risk.

17. RESPONSIBILITY STATEMENT

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

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from M1, 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 Announcement.

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

Konnectivity Pte. Ltd.

28 December 2018

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement 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 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.

Any inquiries relating to the Offer 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

APPENDIX A

DETAILS OF SHARES HELD BY RELEVANT PARTIES

No.	Name	Direct Interest	
		No. of Shares	%[1]
1.	KTPL[2]	178,864,000	19.32
2.	SMPL	124,453,000	13.45
3.	DBS	4,462,375	0.48
4.	Cindy Lim Joo Ling[3]	154,000	0.02
5.	Keppel Credit Union Co-operative Ltd	130,000	0.01
6.	Lynn Koh[3]	100,000	0.01
7.	Rosana Lim Beng Hoon[4]	64,000	0.01
8.	Neo Boon Siong[3]	60,000	0.01
9.	Au Yeong Kin Ho[3]	40,000	n.m.
10.	Danny Teoh Leong Kay[3]	20,000	n.m.
11.	Thio Boon Kiat[5]	20,000	n.m.
12.	Sam Moon Thong[3]	8,520	n.m.
13.	Vincent Ko Woan Chun[3]	7,000	n.m.
14.	Goh Yu Min[5]	5,000	n.m.
15.	Khoo Peck Khoon[3]	2,000	n.m.
16.	Janet Young Yoke Mun[5]	840	n.m.
Total		**308,390,735**	**33.32**

Notes:

(1) Calculated based on 925,615,082 Shares (excluding treasury shares) and rounded to the nearest two (2) decimal places.

(2) The entity is a related corporation of the Offeror and is therefore a concert party of the Offeror.

(3) The individual is a director of one or more related corporations of the Offeror and is therefore a concert party of the Offeror.

(4) Rosana Lim Beng Hoon is the wife of Quek See Tiat, a director of SPH, and is therefore a concert party of the Offeror.

(5) The individual is a director of one or more related corporations of UOB and is therefore a concert party of the Offeror.

(6) n.m. means not meaningful.

APPENDIX B

DETAILS OF DEALINGS IN SHARES BY THE RELEVANT PARTIES IN THE RELEVANT PERIOD

No.	Name	Date	No. of Shares Acquired	No. of Shares Sold	Average Transaction price per Share (S$)
1.	DBS	22/6/2018	-	160,000	1.5981
2.	DBS	26/6/2018	32,100	-	1.5848
3.	DBS	9/7/2018	-	27,000	1.6500
4.	DBS	12/7/2018	-	54,500	1.6201
5.	DBS	13/7/2018	-	112,600	1.6135
6.	DBS	16/7/2018	-	95,000	1.6237
7.	DBS	17/7/2018	-	187,600	1.6277
8.	DBS	18/7/2018	-	510,000	1.5838
9.	DBS	19/7/2018	-	90,100	1.5833
10.	DBS	20/7/2018	-	230,000	1.5830
11.	DBS	23/7/2018	-	140,000	1.5846
12.	DBS	24/7/2018	-	200,000	1.5875
13.	DBS	25/7/2018	-	183,930	1.6038
14.	DBS	26/7/2018	-	150,000	1.6000
15.	DBS	30/7/2018	100,000	-	1.6250
16.	DBS	30/7/2018	-	100,000	1.6350
17.	DBS	3/8/2018	125,000	-	1.6340
18.	DBS	6/8/2018	8,700	-	1.6400
19.	DBS	28/8/2018	-	33,700	1.6000
20.	DBS	30/8/2018	-	5,100	1.6000
21.	DBS	31/8/2018	-	47,400	1.6011
22.	Henry Goh[(1)]	28/9/2018	-	20,000	2.1000
23.	Henry Goh[(1)]	28/9/2018	-	20,000	2.1100
24.	Thio Boon Kiat[(2)]	28/9/2018	-	20,000	2.0900
25.	Willie Cheng Jue Hiang[(3)]	28/9/2018	-	27,600	2.1000

No.	Name	Date	No. of Shares Acquired	No. of Shares Sold	Average Transaction price per Share (S$)
26.	Khoo Peck Khoon[(1)]	2/10/2018	-	3,000	2.1000

Notes:

(1) The individual is a director of one or more related corporations of the Offeror and is therefore a concert party of the Offeror. The SIC has ruled that the sale by the individual of these Shares will be disregarded for the purposes of Rule 11.2 of the Code.

(2) The individual is a director of one or more related corporations of UOB and is therefore a concert party of the Offeror. The SIC has ruled that the sale by the individual of these Shares will be disregarded for the purposes of Rule 11.2 of the Code.

(3) The individual is a director of UOB and is therefore a concert party of the Offeror. The SIC has ruled that the sale by the individual of these Shares will be disregarded for the purposes of Rule 11.2 of the Code.