



m1
MobileOne Ltd
10 International Business Park
Singapore 609928

m1
annual report 2003

1 life. live it. **m1**

growing with M1
annual report 2003

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Contents

02	M1's Vision & Mission	44	Community Relations
04	Performance Highlights	46	Investor Relations
05	Financial Highlights	47	Corporate Governance
06	Operating Highlights	61	Particulars of Directors and Senior Management
07	Key Events of 2003	72	Financial Statements
08	2003 Awards	116	Major Properties
09	Chairman's Message	117	Corporate Information
13	CEO's Message	118	Shareholding Information
18	Board of Directors	121	Notice of Annual General Meeting
25	Senior Management	123	Proxy Form
29	Our People		
31	Operating and Financial Review		



Vision

To be the leader in personal communications, distinguished by innovativeness and dedication to M1's customers, people and shareholders.



Mission

To be an efficient and totally customer-focused company, achieving the highest satisfaction for M1's customers, people and shareholders.

“The M1 team has always been focused on customer needs. Which is how we consistently deliver high customer satisfaction and generate additional revenue from value-added services. Because in a saturated market, that’s where the growth is.”

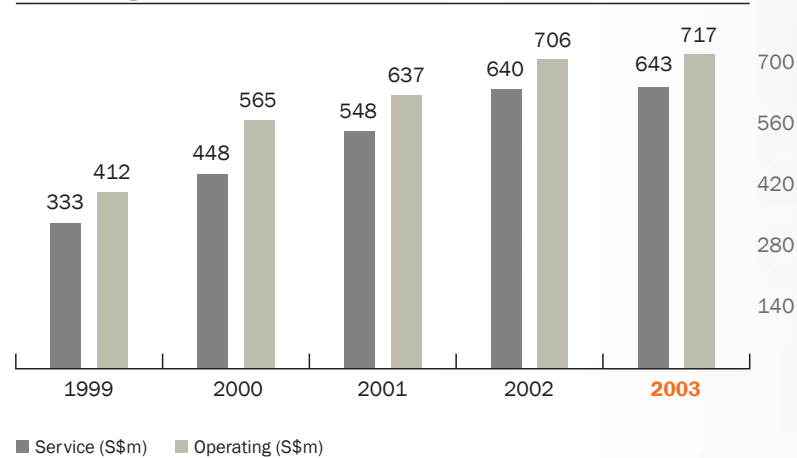
Terence Teo
Director, Customer Service



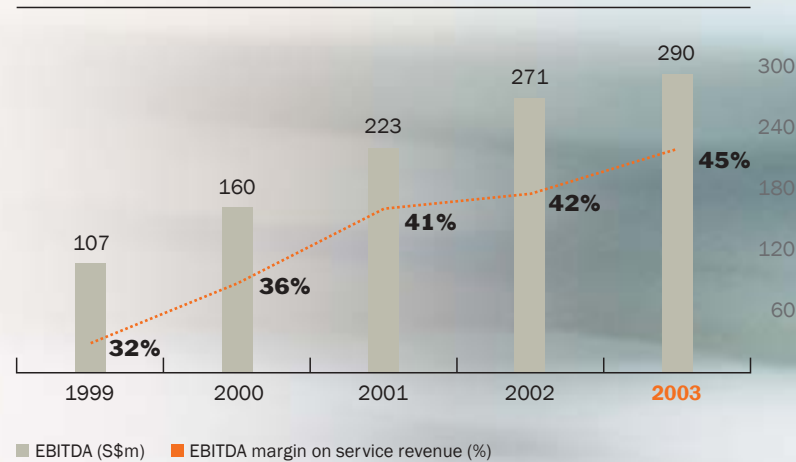
Our performance over 5 years

for the 12 months ended 31 December

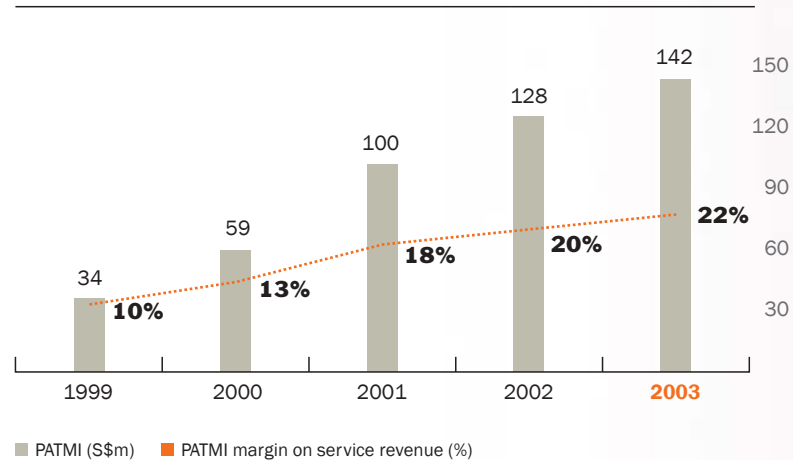
Operating & service revenue*



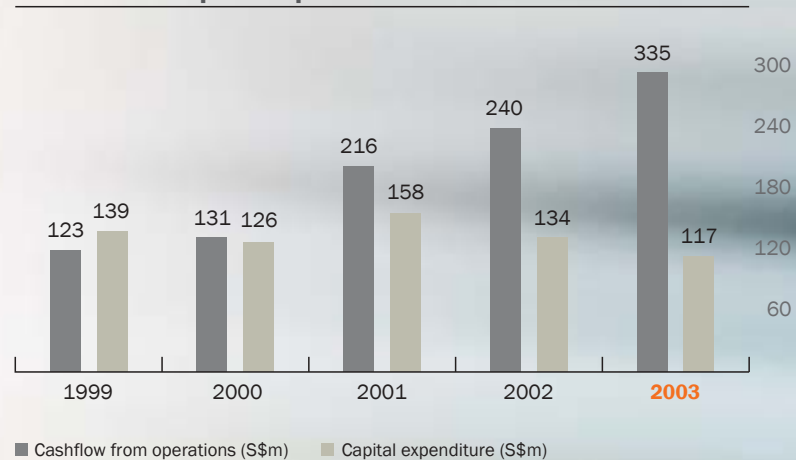
EBITDA



PATMI



Cashflow & capital expenditure*



* Certain comparative figures have been reclassified to conform to the current year's presentation.

Financial Highlights

for the 12 months ended 31 December

	2003	2002	Change (%)
Operating revenue (\$m)	717.3	706.0	1.6
Mobile telecommunication services	544.7	542.1	0.5
International call services	96.2	94.1	2.2
Others	1.6	3.6	(55.6)
Equipment sales	74.8	66.1	13.2
EBITDA (\$m)	289.6	270.9	6.9
PATMI (\$m)	141.6	128.4	10.3
PER SHARE (CENTS)			
Earnings	13.5	12.2	10.7
Dividend	9.4	7.3	28.8
Net assets	44.8	42.5	5.4
ROE (%)	30.9	33.6	-
ROCE (%)	21.1	19.8	-

Note: Figures might not add up due to rounding off.

“Everyday I make an effort to grow my skills. Like picking up calls as fast as I can. Now I'm down to half a ring tone.”

Joanna Chan
Customer Service Officer



Operating Highlights

for the 12 months ended 31 December

	2003	2002	Change (%)
NUMBER OF MOBILE CUSTOMERS ('000)			
Postpaid	765	766	(0.1)
Prepaid	303	283	7.1
Total	1,068	1,049	1.8
MARKET SHARE* (%)			
Postpaid	30.7	31.9	-
Prepaid	30.9	33.7	-
Overall	30.7	32.3	-
Singapore mobile penetration rate* (%)	83.1	77.8	-
AVERAGE REVENUE PER USER (ARPU, S\$ PER MONTH)			
Postpaid	60.3	62.5	(3.5)
Prepaid	19.4	17.5	10.9
Non-voice services as % of postpaid ARPU	15.0	13.7	-
MINUTES OF USE PER ACTIVE CUSTOMER (MOU, MINS PER MONTH)			
Postpaid	281	286	(1.7)
Prepaid	52	47	10.6
Total international minutes (million mins)	177	153	15.7
Average monthly churn rate (%)	1.8	2.2	-
Average acquisition cost per gross connection (S\$)	156	183	(14.8)

* Based on IDA statistics as at December 2003.

Key Events of 2003

JANUARY	<ul style="list-style-type: none"> ■ M1 introduced easy Internet top-up for its prepaid M Card via eNETS Debit ■ M1 announced a 28% increase in FY2002 net profit after tax to S\$128.4 million, on the back of S\$698.8 million operating revenue 	APRIL (continued)	<ul style="list-style-type: none"> ■ M1 announced its 1Q FY2003 financial results: Operating revenue and profit after tax increased 9% to S\$184.6 million and 53% to S\$37.4 million respectively ■ M1 launched its own local time announcement service, 171*
FEBRUARY	<ul style="list-style-type: none"> ■ To promote adoption of Multimedia Messaging Service (MMS), M1's Wireless Intellect Labs created Permodia – a patent-pending system which enables MMS-based access to any standard web camera connected to the Internet through a PC ■ M1 set up a Nominating Committee, which comprises three independent directors for Board appointments ■ M1 became the first mobile operator in Singapore to establish a General Packet Radio Service (GPRS) roaming agreement (which supports MMS) with an operator in the People's Republic of China 	MAY	<ul style="list-style-type: none"> ■ M1 announced the launch of its video streaming service
		JUNE	<ul style="list-style-type: none"> ■ M1 was the first in Singapore to launch MMS service on its prepaid M Card to cater to young customers ■ Channel NewsAsia went "live" on M1's video streaming service
		JULY	<ul style="list-style-type: none"> ■ M1 announced its 1H FY2003 financial results: Despite an adverse impact from the Severe Acute Respiratory Syndrome (SARS) outbreak, operating revenue and profit after tax increased 6% to S\$361.0 million and 20% to S\$68.8 million respectively
MARCH	<ul style="list-style-type: none"> ■ M1 became the first mobile operator in Singapore to offer video clips on mobile phones ■ M1 announced the launch of Singapore's first sports news service on MMS 	AUGUST	<ul style="list-style-type: none"> ■ M1 introduced new mobile service plans offering free incoming calls ■ M1 introduced a service for customers to personalise their connecting tones with a variety of interesting soundtracks ■ M1 began offering free outgoing calls on top of free incoming calls in a new mobile plan – Talk All U Can ■ M1 secured exclusive mobile rights for English Premier League in Singapore for the 2003/2004 season
APRIL	<ul style="list-style-type: none"> ■ M1 offered video downloads of greeting clips from well-known local artiste, Gurmit Singh ■ M1, with CSL (Hong Kong), Maxis (Malaysia), Smart (Philippines) and Telstra (Australia), formed the Asia Mobility Initiative (AMI) – a collaboration that aims to enhance mobile users' experience, especially in the area of mobile data 		

Key Events of 2003

- SEPTEMBER ■ M1 launched a new Short Messaging Service (SMS) that translates and sends English messages in Chinese
- M1 offered paging customers the option to switch to mobile service in view of the impending closure of the paging network
- OCTOBER ■ M1 announced its 3Q FY2003 financial results: Operating revenue and net profit after tax for the 9 months increased 3% to S\$538.4 million and 14% to S\$104.7 million respectively
- NOVEMBER ■ M1 signed a Partner Network Agreement with Vodafone Group – making M1 Vodafone's exclusive partner in Singapore, and its first partner in the Asia-Pacific region
- M1 showcased a suite of 3G services over its 3G network, as its preparation for the commercial launch of next generation services in the second half of 2004 enters its final phases

2003 Awards

Since its launch in 1997, M1 has grown from strength to strength and the numerous awards and accolades it has received are testimony to the company's success and achievements.

- APRIL ■ Neil Montefiore was named Outstanding Chief Executive at the 18th Singapore Business Awards 2003
- OCTOBER ■ M1 was voted Best Regional Mobile Operator and Best Brand at the Annual World Communication Awards 2003 in London
- NOVEMBER ■ M1 won "New Call Centre of the Year Award" at the 3rd Annual Call Centre Awards 2003 for its new call centre dedicated to supporting its corporate business

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1. The future lay in the hands of guests, who tried cutting-edge services, at the M1 3G showcase.
2. The M1-Vodafone partnership opens the door to exciting services and privileges.
3. MMS lets you share special moments with your family and friends wherever you are.

Chairman's Message

2003 was a challenging year for M1. In keeping with our obligations as a public listed company, we implemented a series of measures to further improve our corporate governance and disclosure practices. From a business perspective, we continued with our efforts to increase the level of service provided to our customers while preparing for the smooth roll-out of our 3G services by the end of 2004. We are recovering from the adverse impact brought about by the slowdown of the global economy as well as the outbreak of Severe Acute Respiratory Syndrome (SARS). We begin the new financial year 2004 on an even keel, poised to steam further ahead.

A DIFFICULT SECOND QUARTER...

The SARS outbreak dealt a severe blow to an economy already adversely affected by the Iraq war. In the second quarter of 2003, M1's roaming and international revenue suffered badly as a result of the significant reduction in tourist traffic both into and out of Singapore. The drop in social activity locally during this period led to much lower usage of mobile services in Singapore. M1's net profit in the second quarter declined 16% compared to the first quarter and was 4% lower year-on-year. Fortunately, with the nation's concerted efforts to contain the spread of the virus, we started to see a turnaround in the third quarter, with the sequential recovery of tourist traffic and the return to normality in most of our operations.

PERFORMANCE FOR THE YEAR...

I am pleased to say that notwithstanding the impact of SARS, the company achieved a net profit of S\$141.6 million in 2003, representing a 10.3% growth over the previous year. Profit margin improved by two percentage points to 22%.

This profit performance was achieved through a clear focus on the bottom line. While we continued to sign up new customers, we were always mindful about customer acquisition cost and its impact on our profitability. At the same time, no efforts were spared to retain existing customers by increasing their satisfaction with M1's level and range of services. We believe that we should place greater importance on customer spend rather than on market share of mobile phone users. Our marketing efforts during the year were directed along this line.

We continued to regard international call services as an important area of growth for M1, but such growth in 2003 was adversely affected by SARS. On the other hand, data services continued to enjoy strong take-up, in contrast to the trend in voice usage. The rate of growth in data services is encouraging and we expect to see a more significant contribution from data services in the coming years.

PREPARING FOR THE FUTURE...

The future of the mobile business lies in multimedia services. Over the next two to three years, such services will continue to be based on General Packet Radio Service (GPRS) or 2.5G technology. While we continue to drive the adoption of new services making use of 2.5G, our preparation for the commercial launch of services using 3G technology continues apace. Our investment in 3G is for the long-term and we believe firmly in its potential. However, it needs to be recognised that although 3G services are expected to be commercially available before end 2004, no meaningful impact on revenue from such services is expected until 2006. This timescale is in line with international experience and expectations. 2003 saw a number of



"A company is only as good as the people who run it. The success of a company is the result of the ideas, talent, expertise and commitment of all the people who work there."

Lim Chee Onn
Chairman

Chairman's Message

high profile launches of 3G service in different markets, with the attendant high profile publicity of problems encountered. These glitches are expected to be ironed out during the year. Thereafter we should expect to see an increasing number of commercial launches globally, with critical mass take-up expected in 2006 and beyond.

LEVERAGING PARTNERSHIPS...

In 2003 we announced two partnership initiatives. The first, Asia Mobility Initiative (AMI), is a tie-up of five mobile operators in five different markets, namely CSL (Hong Kong), Maxis (Malaysia), M1 (Singapore), Smart (Philippines) and Telstra (Australia), which have a customer base of about 20 million altogether. The aim of the collaboration is to provide customers with easier access and enhanced services, particularly in data services, when they roam on each operator's network.

The second initiative is M1's partnership with Vodafone, the world's largest mobile operator group, making M1 the first Vodafone partner network in the Asia-Pacific region. Through this arrangement, M1 customers will enjoy the benefits of Vodafone's roaming services across its global footprint; and likewise, M1 will offer customers of Vodafone and its partners seamless access to Vodafone's services while travelling in Singapore. We expect that this arrangement will have a positive impact on roaming revenue. Moreover we feel that the association with a global brand will serve to enhance M1's own brand equity and international standing.

AN END TO OUR PAGING BUSINESS...

Just as we laid the groundwork for a new phase in our mobile business, 2003 marked the end of our paging business after more than six years of operation. Once ranked among the most thriving paging markets in the world, the Singapore paging market has been in steady decline since mid-1998 as mobile services became more affordable and hence, ubiquitous. For this reason M1 experienced a steady decline in paging customers. Given this trend, it was sensible that we terminated our paging service at the end of December 2003. Our paging customers were offered attractive packages to convert to mobile phone use.

PRUDENT FINANCIAL MANAGEMENT COUPLED WITH IMPROVED DIVIDEND POLICY...

M1 remains conservatively geared and intends to continue to take a prudent approach to further strengthen our balance sheet in preparation for our service expansion. As we achieved a strong free cashflow of S\$217.7 million in 2003, I am pleased to announce that the company intends to improve its dividend pay-out ratio. In September 2003, the company paid an interim tax-exempt dividend of 3.9 cents per share which was in line with the 60% pay-out ratio adopted for the previous year. For the final dividend in respect of 2003, the Board of Directors is recommending a payment of 5.5 cents per share. Taken together with the interim dividend, this translates to a dividend pay-out ratio of 70% of net profit for the full year 2003.

Chairman's Message

INSTITUTING GOOD CORPORATE GOVERNANCE PRACTICES...

M1 recognises the importance of timely disclosure to our investors and industry watchers. During its first year as a listed company, M1 consistently released its full-year and quarterly financial and operating results within three weeks of the close of the relevant period, and this is a standard we aim to maintain.

A framework for evaluating the performance of the Board has been put in place with the help of consultants under the supervision of the Nominating Committee. Details on this are provided in the Corporate Governance Report in this Annual Report.

ACKNOWLEDGING OUR PEOPLE...

We acknowledge the fact that a company is only as good as the people who run it. The success of a company is the result of the ideas, talent, expertise and commitment of all the people who work there. This fact is even more evident when business conditions are challenging, as they have been in 2003. May I take this opportunity to pay tribute to our people in M1 for their valiant and successful efforts to overcome the immense challenges we encountered. As a token of our appreciation, we have featured in this Annual Report some of the faces and efforts of our people in M1.

At the management level, I would like to congratulate our CEO, Neil Montefiore, for being named Outstanding Chief Executive at the Singapore Business Awards 2003, a worthy tribute to his leadership of the company since it began commercial operations in 1997.

To my fellow Board Directors, I wish to express my appreciation for your sterling support and significant contribution, especially in meeting the demands of our first year as a listed company. Through their unstinting effort, we have put in place the necessary guidelines and procedures to ensure that M1 meets the standard for good corporate governance. In particular, I would like to thank Mr. Rolf Soderstrom who stepped down from the Board on 31 December 2003. He was appointed to the Board in June 2002 and prior to that served as an Alternate Director since 2001.

Finally I wish to thank our customers, shareholders and partners for their continued support of M1.



Lim Chee Onn
Chairman

CEO's Message

For the year 2003, M1 achieved a profit after tax of S\$141.6 million, a 10.3% growth over the previous year. Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 6.9% to S\$289.6 million, which represents an EBITDA margin of 45% on service revenue. Operating revenue grew by 1.6% to S\$717.3 million, while service revenue, which excludes equipment sales, grew by 0.4% to S\$642.5 million. M1's free cashflow for the year was S\$217.7 million.

AREAS OF GROWTH...

At the start of the year, we identified two main areas of growth, namely non-voice services and international call services. Revenue from international call services grew by 2.2% in 2003. Growth in the year was lower than anticipated largely due to the impact of Severe Acute Respiratory Syndrome (SARS). The severe curtailment of travel resulted in a reduction in roaming-related international traffic, both from out-bound and inbound roamers. Travel restrictions aside, the SARS outbreak had a profound impact on social life in Singapore. Closure of schools, home quarantine orders, cancellation or postponement of large group events and general precautionary measures had the combined effect of dampening mobile usage. While we saw recovery over the months subsequent to Singapore being declared SARS-free, especially in roaming-related traffic, consumer sentiment remained weak due to the overall poor economic climate. As a result, postpaid voice usage was lower in 2003 compared to the previous year.

The picture for non-voice services in 2003 was more positive. Short Message Service (SMS) continued to be the main contributor and

SMS traffic grew by 9.5% in 2003. As expected, this traffic growth is slowing, given that our mobile customers already rank among the most active SMS users in the world. Growth in non-voice service revenue will increasingly be driven by data traffic using General Packet Radio Service (GPRS). The more popular services among our customers are mobile email access, MiWorld portal for news, information and fun content, and increasingly Multimedia Message Service (MMS). In 2003, GPRS data traffic increased sevenfold over 2002. While these figures come from a relatively small base of active users, we expect to feel their impact on overall revenue over the next couple of years.

In order to drive the use of non-voice services, greater emphasis was and will continue to be placed on customer education and continually providing new and updated services and content, such as games, ringtones and images. In 2003, we started to offer a sports news service using MMS alerts which combine pictures and text. M1 also acquired the exclusive mobile rights for the Barclaycard English Premier League in Singapore for the 2003/2004 season so that customers can receive live updates on news, scores, commentaries and pictures of soccer matches. During the year, we launched a video download service and video streaming. We crowned a year of innovative offerings with a 3G showcase in November to demonstrate a number of services over our live 3G network. These included video telephony, multi-player network games, high-speed video streaming and business applications. It gave our customers and the public a peek at the next generation of mobile technology and the possible applications they can expect in the future.

A photograph of Neil Montefiore, Chief Executive Officer of M1. He is a middle-aged man with short brown hair and glasses, wearing a light blue dress shirt and a black and white striped tie. He is smiling and has his hands clasped in front of him. The background is a bright, out-of-focus office setting with a window and some office equipment visible.

“M1 must keep on growing and changing in line with market dynamics. We are repositioning ourselves to reflect this new phase of M1’s business and focus customers’ attention on how they can make the most of their lives with M1’s services.”

Neil Montefiore
Chief Executive Officer

CEO's Message

MARKET DEVELOPMENTS AND RETENTION EFFORTS...

Having enjoyed steady growth in customers since we launched in 1997, the market situation that M1 now faces is very different. While the overall market penetration of mobile phones exceeds 80%, it is safe to say that for our target market segments of active users keen to use new services and with the ability to spend on such services, the penetration rate is probably close to 100%. Through the year, the M1 customer base grew by about 1.8% to 1.068 million with the increase coming from prepaid customers. Although prepaid customers constitute an important and growing segment, our business continues to be driven by postpaid customers who contributed some 78% of service revenue in 2003, with the remainder coming from prepaid customers and international call services.

In the third quarter of 2003, M1 introduced new service plans which, for the first time, offered free incoming calls. The aim is to provide customers the choice of a range of service plans that cater to different usage patterns and to strengthen the value proposition to certain market segments. These service plans are available to both new and existing customers as part of our retention efforts. Notwithstanding these new plans, our more established plans remain popular for the value they offer in other areas, such as higher bundled usage and loyalty benefits.

Handset offers also continued to be an important part of attracting new customers and retaining loyal customers. 2003 saw an influx of new handset models with attractive features by all the major brands. We are seeing the benefit of increasing prevalence of GPRS phones

across the customer base in the form of increasing popularity of data services. With more customers becoming equipped with handsets that support 2.5G services, especially those with colour screens and integrated cameras, I believe we will start to see a critical mass of users of data services by the end of 2004.

We continued to refine our retention efforts with good progress being made in our Customer Relationship Management programme. Through the course of 2003, a number of new IT-based solutions were implemented to improve our understanding of customer profiles and better equip our customer service officers to provide a more personalised customer service experience. Together with our other retention measures, we saw an improvement in our postpaid churn rate to 1.8% per month in 2003 from 2.2% per month in the previous year.

OPERATIONAL READINESS...

Besides its impact on customer behaviour and the company's financial performance, the SARS outbreak also tested our operational readiness in the face of contingencies and I am pleased to say that we succeeded in passing the test. Precautionary measures were put in place to minimise the risk of any spread of the virus. Contingency plans were activated to ensure that the business could continue to operate without disruption in the event that any staff was exposed to the SARS virus and as a consequence, part of our operations became subject to a quarantine order. This involved teams from key operations, such as the Call Centre, Information Systems and Finance, being relocated to the Regional Operations Centre alongside their Engineering and Customer Service colleagues already based there, and being

CEO's Message

isolated from their colleagues at the Main Operations Centre. While this was not a happy situation to be in, our staff coped well and all operations continued to run smoothly.

RECOGNISING PERFORMANCE...

The quality of our people, our brand, our operations and our customer service has always been outstanding and we received due recognition from the industry again in 2003. M1 was voted the Best Regional Operator and Best Brand at the World Communications Awards in London. Our dedicated customer contact centre for corporate accounts was named the New Call Centre of the Year by the Call Centre Council of Singapore.

LOOKING AHEAD...

Looking ahead, we will continue to face challenges. The market will become even more saturated and competition will not let up. M1 will continue to focus on non-voice services and international call services as our key areas of growth, as well as continue our disciplined cost management. 2004 will also see a number of significant developments for M1 in the areas of 3G, partnerships and branding.

In terms of 3G development, the coming year will see significant progress in network roll-out and preparation for service launch. Our own experience, as well as lessons learnt from other mobile operators, both successful and unsuccessful, has shown that it is vitally important for networks and handsets to be fully tested and quality of service assured before commercial launch of a service. If not, customers

will be disappointed and any first mover advantage will be undone by negative customer perception. Thus, 2004 will see our efforts focused on getting it right before offering services on a commercial basis. Besides capital expenditure, this will mean incurring additional operating expenses without any associated revenue from 3G and as a result, we expect to see a slight dip in profit margin in the short term.

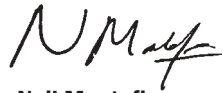
A second area of development will be translating the M1-Vodafone partner network agreement, signed by the two companies in November 2003, into concrete benefits. This will include the introduction of products and services under this arrangement, such as single-rate calls while roaming on Vodafone Group and partner networks, enhanced short-code services while overseas, and more overseas destinations for GPRS roaming. We will also commence dual-brand marketing in locations that see high traffic of international travellers. The association with a well-recognised global brand will add value to M1's own brand equity.

At the same time, we have taken steps to enhance M1's brand equity with a new positioning. At the start of 2004, we launched M1's new branding campaign with a new brand statement "**1 life. live it.**" to focus customers' attention on how they can make the most of their lives with M1's services. The M1 brand has come a long way since we entered the market almost seven years ago and today it is a household name in Singapore. Our previous brand statement "Everywhere under the sun" is well-known. This success has been recognised by numerous accolades through the years. Now, in line

CEO's Message

with the changing market dynamics, it is time to reposition the brand to reflect this new phase of M1's business and we aim to make "**1 life. live it.**" as successful and prevalent as its predecessor.

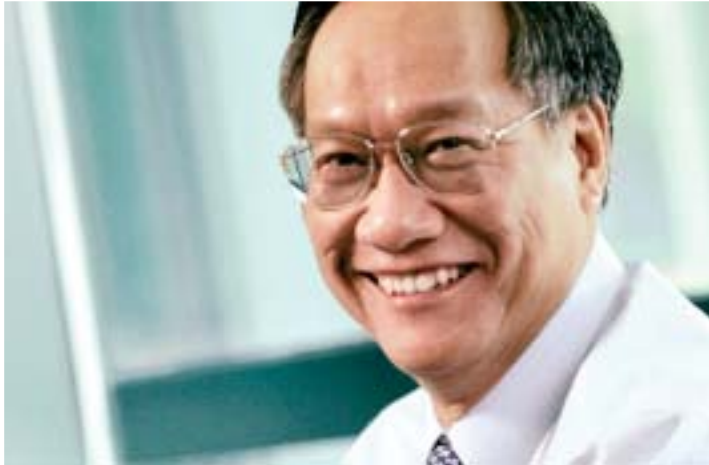
I would like to thank all our staff for their hard work and commitment, without which none of M1's achievements would have been possible. I believe the company, under the leadership of our Chairman and the Board, and with the ongoing support of our customers, shareholders and partners, is well-positioned to meet the challenges and new developments ahead.

A handwritten signature in black ink, appearing to read 'N Montefiore', with a stylized flourish at the end.

Neil Montefiore

Chief Executive Officer

Board of Directors



LIM CHEE ONN, 59

Chairman

Appointed to M1's Board of Directors on 1 November 1999, Mr. Lim is also the Executive Chairman of Keppel Corporation Limited; Chairman of Keppel Land Limited and Singapore-Suzhou Township Development Pte Ltd; and a Director of the Monetary Authority of Singapore and k1 Ventures Ltd.

Mr. Lim started his career in the Civil Service. He was Deputy Secretary, Ministry of Communications, until he was elected as Member of Parliament (MP) for Bukit Merah in July 1977. He served as Political Secretary, Ministry of Science and Technology, from August 1978 to September 1980. Mr. Lim was Secretary-General, National Trades Union Congress, from May 1979 to June 1983; and concurrently Minister without Portfolio, Prime Minister's Office, from September 1980 to July 1983; and remained as MP, Bukit Merah constituency, until August 1991. He was then elected MP for Marine Parade GRC from September 1991 to December 1992.

Mr. Lim is Co-chairman of the Philippines-Singapore Business Council; Consultant of the Advisory Mission for Economic & Social Development of the People's Government of Yunnan Province, PRC; and Deputy Chairman of the Seoul International Business Advisory Council. He is a member of the Singapore-US Business Council and the Suzhou Industrial Park (SIP) Development Advisory Committee, and a Singapore Representative in the ASEAN Business Advisory Council. He is also Global Counsellor of The Conference Board's Global Advisory Council on Economic Issues and member of the INSEAD Singapore International Council.

Board of Directors



NEIL MONTEFIORE , 51

Chief Executive Officer

Appointed to M1's Board of Directors on 8 November 2002, Mr. Montefiore has been M1's Chief Executive Officer since April 1996.

Prior to joining M1, Mr. Montefiore was the Director of Mobile Services at Hongkong Telecom CSL Ltd, the largest cellular operator in Hong Kong. He also held the position of Managing Director of telecommunications companies in Hong Kong and the United Kingdom, including Paknet Ltd which launched the world's first public packet radio data network.

His earlier years at various units in the Cable and Wireless Group saw him managing and specialising in telecommunication products, projects and services in Hong Kong and the Far East, as well as Bahrain, Saudi Arabia and the United Kingdom. He is a Fellow of the Institution of Electrical Engineers and a Fellow of the Chartered Institute of Marketing (CIM).

Board of Directors



Board of Directors

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1 . ROGER JOHN BARLOW, 54

Mr. Barlow was appointed to M1's Board of Directors on 22 May 2002. Mr. Barlow is Chairman and founder of RJB Consultants Limited, a telecommunications consultancy company operating in Asia and based in Hong Kong.

Mr. Barlow was formerly Director of Global Communications Services at PCCW Limited in Hong Kong. Other past appointments have included posts in Reach Ltd in Hong Kong, Cable & Wireless plc in London and Vietnam (where he was Chief Executive Officer of Cable & Wireless Vietnam), and Hong Kong Telecom Limited. Mr. Barlow was also a Director of Great Eastern Telecommunications Ltd and Compunet Corporation in Thailand, and an Alternate Director of Reach Ltd and Hong Kong CSL Limited, a leading mobile operator in Hong Kong.

2 . LOW HUAN PING, 47

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.

Previously, Mr. Low was Chief Executive Officer of SPH AsiaOne Ltd, a subsidiary of Singapore Press Holdings Limited; Chairman of CyberWay Pte Ltd; and a board member of Singapore Cable Vision Limited. At the Ministry of Defence, he headed various IT departments and division units.

3 . ARTHUR SEET KEONG HOE, 57

Mr. Seet was appointed to M1's Board of Directors on 16 January 1998. Mr. Seet is the Executive Vice-President (Finance) of Singapore Press Holdings Limited where he had previously held the positions of General Manager, Circulation, and General Manager, Finance.

Mr. Seet has also held various finance positions within Times Publishing Bhd; and within Singapore Newspaper Services Pte Ltd, including Financial Controller and General Manager, Circulation. He is a Fellow of the Chartered Association of Certified Accountants and member of the Institute of Certified Public Accountants of Singapore.

4 . TEO SOON HOE, 54

Mr. Teo was appointed to M1's Board of Directors on 7 May 1996. He is an Executive Director and Group Finance Director of Keppel Corporation Limited.

Mr. Teo is the Chairman of Keppel Telecommunications & Transportation Ltd and Keppel Philippines Holding Inc. In addition, he is a Director of several other companies within the Keppel Group, including Keppel Land Limited, k1 Ventures Limited, Singapore Petroleum Company Limited and Centurion Bank Limited (India). He is a member of the Wharton Society of Fellows, University of Pennsylvania.

Board of Directors



Board of Directors

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1 . REGGIE THEIN, 62

On 8 November 2002, Mr. Thein was appointed to M1's Board of Directors. He is currently also a Director and Audit Committee member of several listed companies in Singapore, among them Haw Par Corporation Limited and Goodwood Park Hotel Limited.

Mr. Thein is a member of the Governing Council of the Singapore Institute of Directors; a Fellow of the Institute of Chartered Accountants in England and Wales; and member of the Institute of Certified Public Accountants of Singapore.

Mr. Thein was previously a Senior Partner of PricewaterhouseCoopers; Vice-Chairman of Coopers & Lybrand, and Managing Partner of its management consulting services firm.

In 1999, Mr. Thein was awarded the Public Service Medal by the President of Singapore.

2 . THIO SU MIEN, 65

Dr. Thio was appointed to M1's Board of Directors on 8 November 2002. She currently holds various directorships including SIA Engineering Company Limited.

Dr. Thio is an Advocate and Solicitor of the Supreme Court of Singapore and is currently a Senior Executive Director of TSMP Law Corporation.

Previously Dean of the Faculty of Law at University of Singapore, Dr. Thio has held various positions in professional bodies and institutions, and sat on the board of subsidiaries of multinational corporations in Singapore. She has served on the Board of Legal Education; chaired one of the Disciplinary Committees set up by the Chief Justice; is an Accredited Arbitrator at the Singapore International Arbitration Centre; as well as served as Judge and Senior Vice-President of the World Bank Administrative Tribunal; and as a member of the Asian Development Bank Administrative Tribunal.

3 . PATRICK YEOH KHWAI HOH, 65

Appointed to M1's Board of Directors on 8 November 2002, Mr. Yeoh also holds directorships at other companies, including Oversea-Chinese Banking Corporation Limited and Singapore Aerospace Manufacturing Pte Ltd. He is also Singapore Advisor to Nuri Holdings (S) Pte Ltd.

His previous posts include various positions at Development Bank of Singapore Ltd, including President and Director.

In 1999, Mr. Yeoh was awarded the Public Service Star by the President of Singapore.

Board of Directors (not featured)

HSUAN OWYANG, 75

On 8 November 2002, Mr. Owyang was appointed to M1's Board of Directors. He is also Chairman of the Institute of Policy Studies and the East Asian Institute; Pro-Chancellor of Nanyang Technological University; and a member of the International Council of the Asia Society. He currently holds directorships in several companies including N.M. Rothschild & Sons (Singapore) Limited and CapitaLand Limited.

Mr. Owyang was previously the Director and General Manager of Overseas Union Bank Limited; Deputy Chairman of the Post Office Savings Bank; a board member of the Monetary Authority of Singapore; and Chairman of the Housing and Development Board.

In 1993, Mr. Owyang was awarded the Meritorious Service Medal by the Government of Singapore.

ROLF-KRISTIAN BERNDTSON SODERSTROM, 38

On 19 June 2002, Mr. Soderstrom was appointed to M1's Board of Directors. He was also a Non-executive Director of Great Eastern Telecommunications Ltd.

Mr. Soderstrom was Director of Corporate Finance of Cable & Wireless plc. In 1998, he was seconded to the Foreign & Commonwealth Office as First Secretary at the British Embassy in Thailand. Other posts he has held include Director of Corporate Finance at PricewaterhouseCoopers in Bangkok, and Associate Director (Corporate Finance) at Coopers & Lybrand in London.

Mr. Soderstrom is a member of the Institute of Chartered Accountants in England and Wales.

Mr Soderstrom left Cable & Wireless plc and resigned from the M1 Board on 31 December 2003.

Senior Management

KAREN KOOI LEE WAH, CHIEF FINANCIAL OFFICER

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 with large public listed companies, namely Singapore Press Holdings Limited, City Developments Limited and Hai Sun Hup Group Limited. She has over 20 years of experience in finance, covering treasury management, acquisition, business analysis, risk management, tax planning and credit control. Ms. Kooi is a Fellow of the Chartered Association of Certified Accountants (UK) and holds a Master of Business Administration degree in Investment and Finance (Distinction) from University of Hull in the United Kingdom.

PATRICK MICHAEL SCODELLER, CHIEF TECHNICAL OFFICER

Mr. Scodeller joined M1 in 1995. He is responsible for the planning, operations and maintenance of the cellular, international and paging networks. He was a key member of the senior management team that planned, built and launched M1's engineering networks from inception. He has over 25 years of experience in the telecommunications industry, including various positions held with Cable and Wireless plc in the United Kingdom, Hong Kong (with Hong Kong Telecom CSL Limited) and Malaysia. Mr. Scodeller is an Incorporated Engineer and a member of the Institution of Incorporated Engineers. He holds a National Diploma in Telecommunications from PTT College, Transvaal, Republic of South Africa.

LINA LEE, CHIEF INFORMATION OFFICER

Ms. Lee joined M1 in 1996. She is responsible for the development and operation of M1's information technology infrastructure and business systems, including systems that support billing, customer care, call centers, marketing and enterprise resource planning. Ms. Lee was a member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, she worked for Singapore Telecommunications Limited between 1975 and 1995. Ms. Lee has over 20 years of experience in information technology. She holds a Bachelor of Electrical Engineering (Honours) degree from University of Malaya and a Master of Science degree in Industrial Engineering from University of Singapore.

CHIN MING LEK, DIRECTOR, HUMAN RESOURCES

Mr. Chin joined M1 in August 1995. He began his career with the Administrative Service in the Singapore Civil Service in 1971. His last appointment was Deputy Director at the Ministry of Labour. In 1980, Mr. Chin joined Straits Steamship Ltd (renamed Keppel Land Ltd), where he served as Industrial Relations Manager and then as Divisional Personnel Manager. In 1989 he was transferred to the parent company, Keppel Corporation Limited, where he last held the position of Group Personnel Manager. He has 20 years of experience in the field of human resource and employee relations. Mr. Chin holds a Bachelor of Science (Honours) degree from University of Singapore.

Senior Management

STEVEN CHAN SIEW KEY, DIRECTOR, INTERNET SERVICES & PRODUCT DEVELOPMENT

Mr. Chan joined M1 in January 1999. Prior to joining M1, he joined Keppel Communications Pte Ltd in 1998 as General Manager, Projects Group. Mr. Chan began his career with the Ministry of Defence in 1978, where he held various positions including Head of Branches, General Staff – MINDEF and Joint Staff – MINDEF. In 1994, he joined the Informatics group of companies where he held the positions of Executive Director of Group Business Development and Executive Director, International Division. Through a Singapore Armed Forces scholarship, Mr. Chan studied at Nanyang Technological Institute, Singapore, and has a Bachelor of Electrical & Electronics Engineering (First Class Honours) degree from National University of Singapore.

TERENCE TEO HOON BENG, DIRECTOR, CUSTOMER SERVICE

Mr. Teo joined M1 in March 1998. Prior to joining M1, he was the Vice-President of Operations at Citibank N.A. from 1993 to 1998. Between 1989 and 1992, he was Card Operations Manager at Standard Chartered Bank and between 1981 and 1988 he was Customer Service Manager at American Express International Inc. Mr. Teo holds a Bachelor of Business Administration degree from University of Singapore.

POOPALASINGAM SUBRAMANIAM, DIRECTOR, SALES AND MARKETING

Mr. Subramaniam joined M1 in 1999. Prior to joining M1, he worked for Singapore Press Holdings Limited, where he last held the position of Director of Advertising Sales, having joined as Advertising Manager (Sales) in 1990. He began his career in 1982 as an Administrative Officer with the Telecommunication Authority of Singapore. He has 19 years of sales and marketing experience, having worked at New Zealand Milk Product (S) Pte Ltd from 1983 to 1990. Mr. Subramaniam holds a Bachelor of Business Administration (Honours) degree from National University of Singapore and a Bachelor of Law (Honours) degree from University of London, United Kingdom.

LIM SOCK LENG, DIRECTOR, CORPORATE DEVELOPMENT

Ms. Lim joined M1 in October 1995. Prior to joining M1, she was with the Administrative Service of the Singapore Civil Service, involved in policy-making, financial control and planning, and has held positions in various ministries including the Ministry of Home Affairs, the Ministry of Finance and the Ministry of Communications. Ms. Lim holds a Bachelor of Arts (Honours) degree from University of Tasmania, Australia.

“We have a serious purpose to fulfil, but we enjoy doing it. And if we have fun, customers enjoy being with us and we continue to grow.”

P. Subramaniam
Director, Sales & Marketing



“As we grow as a corporate member of the community, we are also mindful of the need to contribute to the community.”

Chua Swee Kiat

General Manager, Corporate Communications



Senior Management

DAVID YEUNG YEOK WAH, GENERAL MANAGER, MANAGEMENT ASSURANCE SERVICES

Mr. Yeung joined M1 in January 2000. Prior to joining M1, he spent two years as a Management Consultant in Network Computing/ Information Risk Management at KPMG, and three years as a Computer Audit Manager at KPMG Peat Marwick. Before joining KPMG, Mr. Yeung was the Course Director at Information Computer School. He began his career as an accountant/auditor with two firms in Honolulu, Hawaii, before returning to Singapore. He holds a Bachelor of Science degree in Business Administration – Accounting and a Master of Business Administration from Hawaii Pacific University, USA.

CHUA SWEE KIAT, GENERAL MANAGER, CORPORATE COMMUNICATIONS

Mr. Chua joined M1 in September 1997. Prior to joining M1, he spent two years as the Managing Partner of a franchised business. Between 1984 and 1995, he held various corporate and marketing communications positions with Shell Eastern Petroleum, including Marketing Communications Manager and Head of Media and Information Services. Mr. Chua holds a Masters degree in Public Relations from the University of Stirling, United Kingdom.

Our People

At M1, we believe that it is important to consider the overall well-being of an employee in order to foster a productive and happy work environment.

To this end, part of our benefits programme aims to address family considerations. In May 2003, M1's childcare centre, catering solely to children of M1 staff at subsidised rates, commenced operations. Private nursing rooms have also been made available for new mothers to use. Through the year, lunch talks on topics such as parenting and family bonding were organised on a regular basis.

In line with promoting a healthy lifestyle and esprit de corps at the workplace, the Sports & Recreation Committee continued to organise regular sporting events including bowling, soccer, badminton and the annual road relay. During the year, regular evening yoga classes were organised on our premises. In addition to the in-house gym, staff may make use of a commercially-run fitness centre within the International Business Park, which includes free access to the gym, swimming pool and exercise classes through M1's corporate membership.

Our People

Staff development and encouraging a learning environment are priorities of M1. Be it work-related or self-enrichment programmes, we continually evaluate and introduce new programmes every year. Some of the more popular current and new courses introduced are Project Management, Image Enhancement, Team-building, Emotional Intelligence, Time Management and FISH!. Besides learning new skills and acquiring knowledge, these programmes provide the opportunity to network and promote rapport among colleagues.

In March and April 2003, our employees in the Customer Service Department, including the Call Centre operations, relocated from rented premises at Middle Road to MiWorld – M1's newly acquired building which is just across the road from the Main Operations Centre at 10 International Business Park, Jurong East. Staff from M1 Shop, Channel Sales and Corporate Sales also shifted from rented premises within the Park to MiWorld. Besides the cost benefits of shifting to our own premises, the additional space afforded by MiWorld has facilitated many of the benefits mentioned above, including the childcare centre, as well as additional recreational facilities such as barbecue pits and a karaoke room for staff get-togethers after work.

M1 will continue to operate out of two main locations, namely one at the International Business Park in Jurong East and the other at the Regional Operations Centre in Aljunied. This need for physical

diversity was underscored during the outbreak of Severe Acute Respiratory Syndrome (SARS) when, as part of risk management, a satellite call centre operations was set up at our Regional Operations Centre at Aljunied where part of our Engineering team is permanently based. This team was kept isolated from the main call centre during this period to reduce the risk of operational disruption. Likewise, back-up teams of key operating staff from other departments, such as Information Systems and Finance, were relocated to the Regional Operations Centre from the Main Operations Centre during this time.

Precautionary measures put in place at the onset of SARS included procedures for handling visitors, contractors and delivery personnel in order to ensure that the workplace remains a SARS-free one; provision of thermometers and probe covers to each department to enable individual temperature monitoring on a daily basis; and issue of masks to frontline employees and engineering teams attending to equipment in high-risk zones. Employees were also updated on the latest developments in Singapore and the world through our Intranet.

Our staff strength as at 31 December 2003 was 1,430.

Operating and Financial Review

COMPANY OVERVIEW

M1 offers mobile and international call services in Singapore. Our aim is to be the leader in personal communications, focusing on customer service, value, quality and product innovation.

M1's mobile services comprise a wide range of voice, non-voice and value-added services provided on its nationwide dualband GSM900/1800 network enhanced with General Packet Radio Service (GPRS) capability to support data services. Customers may subscribe to M1's services on a postpaid basis by choosing from a variety of service plans or on a prepaid basis by purchasing an M Card. M1 was awarded a 3G licence in 2001 and is in the process of rolling out and testing its WCDMA network.

For international call services, M1 offers both mobile and fixed line customers International Direct Dial services using the prefixes 002 and 021, and International Calling Card service using the prefix 1818. The Company also sells international wholesale capacity to other international service providers.


M1's main challenge in 2003 was to sustain growth in a competitive market with high mobile penetration. Given the market's maturity, M1 focused on customer retention and increasing usage. The Group's objective was to achieve profit growth by focusing on mobile non-voice services and international call services for revenue growth, while maintaining disciplined cost management. This objective was met with M1 achieving a profit after tax of S\$141.6 million in 2003, which was a 10.3% growth over the previous year. Earnings before

interest, taxation, depreciation and amortisation (EBITDA) increased by 6.9% to S\$289.6 million, which represents an EBITDA margin of 45% on service revenue and an increase of 3 percentage points over the previous year. Profit margin improved to 22% from 20% in the previous year. Operating revenue grew by 1.6% to S\$717.3 million over the same period.

As at 31 December 2003, M1 had a total of about 1,068,000 mobile customers, representing an increase of some 19,000 over the previous year. Estimated market share was 30.7%*, down from 32.3% the previous year.

In 2004, M1 will continue to focus on mobile non-voice services and international call services as key areas of growth, while maintaining disciplined cost management. In line with the drive to promote usage, M1 launched a new brand campaign with a new brand statement **"1 life. live it."** at the start of the year. A major priority for the year will be to ensure success in this brand repositioning. A further area of development in the year will be the implementation of various initiatives under the M1-Vodafone partnership which is expected to bring benefits in terms of roaming-related services and raising M1's brand profile. The year will also see continuation of M1's preparations for the introduction of 3G services, which is expected in 4Q04. Besides capital expenditure, this will mean incurring additional operating expenses without any associated revenue from 3G services this year. As such, M1's profit margin in 2004 is expected to be lower than in 2003.

* Based on IDA statistics as at December 2003.

A woman with long dark hair, wearing a light blue blazer and a silver watch, is looking down at a goldfish in a glass bowl. She has her hand resting on her chin, looking thoughtful. The background is a soft, out-of-focus blue and white.

“Ideas are not exclusive here. They come from anyone, and someone else can add to it, to bring it to life, to make it grow.”

Michelle Go
Senior Executive, Sales & Marketing

Operating and Financial Review

MARKET DEVELOPMENTS

As at 31 December 2003, Singapore had a mobile penetration of 83.1%, representing an increase of 5.3 percentage points during the year*. At such a high level of penetration, growth in customer numbers has naturally slowed and competition among the three mobile operators continues to be keen. During the year, the Infocomm Development Authority (IDA) mandated that mobile operators cease charging customers for Mobile Number Portability (MNP) from 1 August 2003 and that MNP should support Short Message Service (SMS) from 1 October 2003. MNP has been available to mobile customers since M1 started service in April 1997 and the number of customers using the facility is not significant. While all operators stepped up marketing activity to coincide with the timing of such changes, the changes relating to MNP per se have not had any material impact on M1.

During the year, a wave of new handset models with attractive new features, in particular colour screens and integrated cameras, entered the market. The increasing prevalence of such handsets is expected to boost the take-up of data services.

The telecommunications industry in 2003 was affected by generally weak economic conditions which led to cautious consumer spending. The situation was exacerbated by the outbreak of Severe Acute Respiratory Syndrome (SARS) which severely reduced business travel and tourist traffic into and out of Singapore, and hence roaming-related usage. Social activities in Singapore were also curtailed, which affected mobile usage.

The market for international call services grew by 8.7% to 3.1 billion outgoing international minutes in 2003*. 2Q03 recorded the lowest quarterly traffic for the year, likely due to the impact of SARS.

OPERATING REVIEW

Mobile Services

M1's postpaid mobile customer base declined marginally by about 1,000 during the year to about 765,000 customers. This represented an estimated postpaid market share of 30.7% as at 31 December 2003*. Postpaid churn in 2003 averaged 1.8% per month, compared to 2.2% in the previous year, indicating that M1's customer retention and loyalty programmes were showing positive results. Notwithstanding keen competition during the year, M1's average subscriber acquisition cost per gross connection fell to S\$156 from S\$183 in the previous year.

Postpaid Average Revenue Per User (ARPU) fell 3.5% to S\$60.3 in 2003 while average Minutes Of Use (MOU) fell 1.7% to 281 minutes per month. Poor consumer sentiment during the year had an adverse impact on spending and the SARS outbreak in particular had a dampening effect on usage. In contrast, the take-up of non-voice services grew during the year and non-voice contribution to postpaid ARPU increased to 15.0% from 13.7% in the previous year.

2003 saw the launch of a number of new service plans. In June, M1 launched the OK SMS plan, a new SMS-focused plan targeted at the youth segment. In August, M1 introduced three new plans – SunTalk 100, SunTalk 700 and Talk All U Can – which incorporate

* Based on IDA statistics as at December 2003.

Operating and Financial Review

free incoming calls. The new plans cater to different usage patterns and are aimed at giving customers a more comprehensive choice to meet the different needs across all segments.

M1's prepaid mobile customer base grew by about 20,000 during the year to about 303,000 customers. This represented an estimated prepaid market share of 30.9% as at 31 December 2003*. Prepaid ARPU saw strong performance, increasing by 10.9% to S\$19.4 in 2003, while MOU grew by 10.6% to 52 minutes per month.

In January 2003, M1 became the first mobile operator in Singapore to offer prepaid customers the ability to top up prepaid accounts via eNETS Debit, an online payment service operated by NETS and supported by two major local banks. In June 2003, M1 became the first mobile operator in Singapore to enable prepaid customers to send and receive multimedia messages.

Several new value-added services were introduced in the year, including:

- In March, M1 became the first Singapore mobile operator to offer a video download service. The service enables customers to download video clips on sports, fashion, lifestyle and movie trailers onto their phones. This was followed by a video streaming service which included a tie-up with Channel NewsAsia (CNA) in June to provide video streaming of news programmes.
- In April, M1 introduced a sports news service via Multimedia Message Service (MMS), so that in addition to being able to get

the latest pictures, reports and commentaries on major international sporting events from MiWorld, customers may enjoy more immediate updates through MMS alerts which combine pictures and text. M1 also acquired the exclusive mobile rights for the Barclaycard English Premier League in Singapore for the 2003/2004 season, which gave customers access to live updates on news, scores, commentaries and pictures of soccer matches via MMS or through the MiWorld portal.


- In August, M1 introduced a subscription-based service for customers to personalise their connecting tones by selecting from a range of music clips, special sound effects and humorous content.
- In September, M1 launched SMS Translator, a service that provides translation of English messages to Chinese via SMS.
- In November, as part of M1's preparation for the commercial launch of 3G, a showcase was held for corporate customers, the media and investment community to demonstrate a suite of 3G services, including video telephony, high-speed video streaming, multi-player network games, and applications for the corporate sector. The event, which was organised in conjunction with content and technology partners, aimed to provide an update on the progress M1 had made in 3G and give a preview of the 3G future. Subsequently, the showcase was opened to the public for two weeks at M1 Shop Paragon.

* Based on IDA statistics as at December 2003.

A woman with dark hair, wearing a light blue blazer over a white top, is reaching up to place a yellow sticky note on a wall. A man with dark hair, wearing a white button-down shirt, stands next to her, looking at the wall. The wall is covered with many yellow and orange sticky notes, some of which have handwritten text. The background is a blurred office environment with large windows.

“We keep thinking of new concepts. Some work great. Others, less so. But all have lessons we can learn from.”

Lee Sze Whye
Assistant Manager, Internet Services & Product Development

A man and a woman are sitting on a stone ledge next to a body of water. The man, on the left, is wearing a light blue button-down shirt and dark trousers, and is holding a red folder. The woman, on the right, is wearing a white blazer and a dark top, and is holding a laptop. They are both looking at each other and smiling. The background is a plain, light-colored wall.

*"You don't work alone here.
You learn to listen to other
people. And that helps the
team spirit grow."*

May Ling
Senior Executive, Human Resources

Operating and Financial Review

International Call Services

M1's total international outgoing traffic in 2003 was about 177 million minutes, representing an increase of 15.7% over the previous year, while international call service revenue grew by 2.2%.

The SARS outbreak had a severe impact on the international call business. The sharp drop in inbound and outbound roamers arising from the curtailment of travel led to a fall in international traffic related to roaming usage. This saw sequential recovery after 2Q03.

In October 2003, M1 introduced Global Calling Card (GCC) targeted at both inbound and outbound travellers. GCC is a prepaid service that allows users to make international calls in Singapore as well as in over 200 countries. During the year, M1 made inroads in the corporate segment, winning several key accounts through innovative pricing and product offerings.

Overall, revenue per minute fell, largely due to a lower proportion of premium 002 traffic carried. Nonetheless, gross margin improved as a result of lower cost of delivery achieved during the year.

Paging Services

In September 2003, M1 announced the closure of the paging business by year end. Demand for paging services in Singapore has been on the decline for some years, given the affordability of mobile handsets and services, coupled with the convenience and versatility of mobile services. From a peak of 43.9% in May 1998, the paging penetration rate fell to 5.6% in May 2003. Likewise, M1 experienced a decline in paging customers with the number falling to about 22,000 by

September, when the decision to close the paging business was announced. M1's remaining paging customers were offered the option to switch to mobile service with attractive handset prices and service plans. In addition, customers were also offered the option of retaining their pager numbers as their mobile numbers.

Sales & Distribution

M1's sales and distribution are conducted through its network of M1 Shops and distributors across the island, as well as an in-house corporate sales unit which services corporations and businesses. As at 31 December 2003, M1 operated a total of 13 M1 Shop outlets.

Customer Service

M1 continues to focus on customer service excellence as a key differentiating factor and this was recognised at the 3rd Annual Call Centre Awards 2003 held by the Call Centre Council of Singapore in November. M1's dedicated customer contact centre for corporate accounts was named New Call Centre of the Year while individual staff were also honoured with top awards in their respective categories.

The Customer Relationship Management (CRM) strategy blueprint developed in 2002 bore fruit as several CRM initiatives were implemented in 2003. These were aimed at further enhancing customer experience with M1 through better customer insight and intelligence. One such initiative is an application which gives customer service staff easy on-screen access to detailed customer information and contact history and makes recommendations for offers based on customer spending and credit profile.

Operating and Financial Review

M1 continued in its efforts to improve operational effectiveness and cost efficiency in customer service. The company has adopted the globally recognised Customer Operations Performance Centre (COPC) standards for customer service and its customer service call centre was fully re-certified in 2003. It also rationalised service centre operations in 2003 with the integration of the Parco Bugis Junction Customer Service Centre (CSC) into the Paragon Mega Centre.

Strategic Alliances and Partnerships

ASIA MOBILITY INITIATIVE

In April 2003, M1 teamed up with four mobile operators in the region – CSL (Hong Kong), Maxis (Malaysia), Smart (Philippines) and Telstra (Australia) – to form the Asia Mobility Initiative (AMI), Asia's first initiative aimed at promoting mobile data usage and enhancing customer experience. The five operators, with a combined customer base of about 20 million, signed a Memorandum of Understanding to collaborate in areas such as content sharing, interoperability, sharing of best practices, and co-operation on platforms and devices for the benefit of customers. The AMI was subsequently joined by DTAC (Thailand) and CTM (Macau).

To date, notable benefits to customers of AMI members include caller number display while roaming on each other's network, GPRS roaming and access to the mobile portals of AMI members.

M1-VODAFONE PARTNERSHIP

In November 2003, M1 and Vodafone, the world's largest mobile group, signed a Partner Network Agreement, which made M1 Vodafone's

exclusive partner in Singapore and its first partner in the Asia-Pacific region. Under the mutually beneficial partnership, both companies will co-operate in developing and offering products and services to international travellers and domestic customers. M1 will offer customers of Vodafone and its partners seamless access to Vodafone's services while roaming in Singapore. Similarly, M1 customers will enjoy the benefits of Vodafone's roaming services across its global footprint.

Furthermore, the dual-brand nature of the partnership will raise M1's visibility on the international stage and enhance its brand equity. M1 will be able to leverage on the partnership to reach out to more international travellers to grow its roaming revenue, as well as tap into Vodafone's vast network of multinational corporate accounts to broaden M1's corporate base.

Network

M1 has rolled out its 3G network in the southern part of Singapore including the Central Business District, and testing and optimisation work is ongoing. Moving forward, M1 will continue to roll out the network in order to achieve nationwide coverage as required by IDA and be ready for commercial launch by the end of 2004.

“We face all sorts of people, with all sorts of requests, and all sorts of challenges. You have to grow to be flexible, with solutions from all possible angles.”

Sumarni Mohd Noor
Customer Service Officer



Operating and Financial Review

FINANCIAL REVIEW

Year ended 31 December

	2003 S\$m	2002 S\$m	Change (%)
Operating Revenue			
Mobile telecommunication services	544.7	542.1	0.5
International call services	96.2	94.1	2.2
Others	1.6	3.6	(55.6)
Total service revenue	642.5	639.9	0.4
Equipment sales	74.8	66.1	13.2
Total	717.3	706.0	1.6

Operating Revenue

For the year ended December 2003, operating revenue grew by 1.6% year-on-year due to higher prepaid and international call service revenue as well as equipment sales.

Other revenue which comprises paging revenue fell by S\$2.0 million year-on-year. The paging network was shut down on 31 December 2003, and the remaining paging customers were given the option to switch to mobile service with attractive handset prices and service plans.

MOBILE TELECOMMUNICATIONS

Year ended 31 December

	2003 S\$m	%	2002 S\$m	%	Change (%)
Mobile Telecommunications Revenue					
Postpaid cellular	498.0	91.4	506.4	93.4	(1.7)
Prepaid cellular	46.7	8.6	35.7	6.6	30.8
Total	544.7	100.0	542.1	100.0	0.5

Note: Figures might not add up due to rounding off.

Operating and Financial Review

Postpaid revenue fell by 1.7% as a result of lower postpaid ARPU due to very difficult second and third quarters. However, the fourth quarter saw year-on-year growth in postpaid revenue, reversing the trend of the last three quarters. Prepaid revenue registered strong growth of 30.8% due to an increase in customer base and higher ARPU.

INTERNATIONAL CALL SERVICES

International call service revenue grew by 2.2% on the back of higher traffic which increased from 153 million minutes in 2002 to 177 million minutes in 2003.

EQUIPMENT SALES

2003 saw a lower number of handsets sold but equipment sales revenue recorded an increase of 13.2% or S\$8.7 million, due to new handset models with higher average selling prices.

Operating Expenses

Year ended 31 December

	2003 S\$m	2002 S\$m	Change (%)
Cost of sales	246.4	242.6	1.6
Staff costs	85.9	87.6	(1.9)
Advertising & promotion	24.2	28.8	(16.0)
Depreciation & amortisation	96.0	98.1	(2.1)
Provision for bad & doubtful debts	19.2	21.9	(12.3)
Other general & administrative expenses	53.4	55.1	(3.1)
Total	525.1	534.1	(1.7)

For the year ended 31 December 2003, total operating expenses fell by 1.7% year-on-year, with significant savings achieved in the areas of staff costs, advertising and promotion, doubtful debt provision, and facilities and maintenance expenses.

Cost of sales increased marginally by 1.6% year-on-year. Savings from reduced interconnect rates were more than offset by higher leased circuit costs incurred for increased network coverage, initial 3G network roll-out and coverage for the North-East MRT Line.

Staff costs declined by 1.9% year-on-year. The decline was mainly due to wage restraint, reduction in headcount by 1.6% to 1,430 arising from natural attrition, and reduction in employer CPF contribution rate from 16% to 13% with effect from October 2003.

Advertising and promotion expenses were 16% lower compared to the previous year, due to lower campaign and media spend as there were no new major product launches nor major re-branding during the year.

Depreciation and amortisation charges fell by 2.1% year-on-year as depreciation for certain network elements had been accelerated in the previous year in order to fully write these off in that year.

Doubtful debt provision was reduced by 12.3% year-on-year. This was due to a reduction in the provision rate to 3.3% of service revenue from 3.6% in the previous year because of improved collections.

Operating and Financial Review

During the year, significant savings were achieved in rental expenses, as we moved from rented to owned premises, as well as lower repairs and maintenance. These contributed to a reduction of 3.1% in other general and administrative expenses for the full year.

Finance Costs

Full-year finance costs fell by 9.6% year-on-year as a result of lower bank borrowings in 2003. Furthermore, there was a one-time finance charge incurred in 2002 on the S\$250 million syndicated loan facility.

Taxation

The higher deferred tax charge for the year ended December 2003 was mainly due to higher profit and adjustment for disallowed expenses in the previous year. Furthermore in 2002, there was an adjustment due to reduction in corporate tax rates from 24.5% to 22%.

Net Profit

Year ended 31 December

	2003	2002	Change (%)
Net profit (S\$m)	141.6	128.4	10.3
Net profit margin (%) (on service revenue)	22.0	20.1	–

Despite a competitive operating environment, the Group managed to better its net profit margin with stringent cost management measures. For the year ended December 2003, net profit improved by 10.3%.

EBITDA

Year ended 31 December

	2003	2002	Change (%)
EBITDA (S\$m)	289.6	270.9	6.9
EBITDA margin (%) (on service revenue)	45.1	42.3	–

For the year ended December 2003, EBITDA increased to S\$289.6 million from S\$270.9 million in the previous year. EBITDA margin improved to 45.1% from 42.3% in 2002.

Capital Expenditure and Commitments

For the year ended December 2003, capital expenditure incurred was S\$117.4 million, mainly for 2G network coverage enhancements, the first phase of 3G network infrastructure and IT systems. These were funded by cash generated from operations.

As at 31 December 2003, capital commitments stood at S\$42.8 million for 2G network coverage enhancements and 3G network roll-out.

Operating and Financial Review

Liquidity and Capital Resources

Year ended 31 December

	2003 S\$m	2002 S\$m	Change (%)
Profit before tax	183.2	161.3	13.6
Net change in working capital	43.9	(31.3)	240.3
Other adjustments for non-cash items	108.0	109.6	(1.5)
Net cash provided by operating activities	335.1	239.6	39.9
Net cash used in investing activities	(116.4)	(133.5)	(12.8)
Net cash provided by/(used in) financing activities	(138.4)	(107.0)	(29.3)
Net change in cash and cash equivalents	80.3	(0.9)	@
Cash and cash equivalents at beginning of financial period	(0.8)	0.1	@
Cash and cash equivalents at end of financial period	79.5	(0.8)	@
Free cashflow*	217.7	105.7	106.0

M1 generated strong operating cashflow of S\$335.1 million in 2003 and free cashflow improved by 106.0% year-on-year.

Gearing

Net debt over equity ratio was 0.4x in 2003 after the first and final dividend payout in May 2003 and the interim dividend payout in September 2003. This compares with a ratio of 0.6x in 2002. For the year ended December 2003, interest coverage ratio (EBITDA/Interest) improved to 27.8x from 23.5x in the previous year.

@ Denotes more than +/-300%.

* Free cashflow refers to net cash flow from operating activities less capital expenditure.

Community Relations

M1 continued to be actively involved in the life of the community in 2003, supporting projects in the arts, sports, as well as those in aid of the underprivileged. For its sponsorship of the arts, M1 received the Distinguished Patron of the Arts Award from the National Arts Council for the third consecutive year. It also received the Special Events Gold Award from the Community Chest for raising funds for the President's Challenge. The following are the highlights of M1's involvement in the community for the year.

CHARITY AND OTHER COMMUNITY PROJECTS

M1 was among a group of 10 leading infocomm companies that organised Gladiathon to raise funds for 12 charities under the auspices of the President's Challenge 2003. The series of fund-raising activities culminated in a grand finale at the Singapore Indoor Stadium where some 10,000 infocomm employees watched members of their senior management teams engaged in gladiator-style matches. The combined result of all these activities was a total sum of S\$1 million raised for the President's Challenge 2003.

When Severe Acute Respiratory Syndrome (SARS) struck Singapore in the early part of the year, M1 contributed to the national effort to battle the deadly disease. It participated in a project that provided free lunches to the medical workers in Tan Tock Seng Hospital as well as another project that provided mobile phones for patients in several hospitals that imposed restrictions on contact with visitors.

Corporate volunteerism took root in M1 when a group of civic-minded employees were inspired to form a club to volunteer their services to the needy. The SunCare Club has identified and adopted several charities for children and the aged that will benefit from the time and care put in by SunCare volunteers.

THE ARTS

M1 was the presenting sponsor of "Oliver!", one of the year's most spectacular and lavish musical productions. Staged at the Esplanade Theatres on the Bay, it attracted some 55,000 visitors over its one-month run at Singapore's premier arts centre.



Community Relations

M1 maintained its longstanding support of Singapore arts by again sponsoring the annual season of the Singapore Repertory Theatre, the M1 Youth Connection by The Necessary Stage and the concert series at the Botanic Gardens organised by the National Arts Council.

SPORTS

Rugby has a good following among the young and the M1 Schools Rugby Series has become a popular fixture on the schools sports calendar. The many categories of competition, in both contact and touch rugby, saw keen participation by primary, secondary and junior college students.

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1. Mr. Neil Montefiore thanked by President S.R. Nathan for M1's contribution to the President's Challenge through Gladiathon.
2. M1's SunCare Club volunteers spread Christmas cheer at Bukit Ho Swee Family Service Centre.
3. "Oliver!" was one of the critically-acclaimed productions sponsored by M1.
4. M1 and the Singapore Rugby Union promote rugby in Singapore.

Investor Relations

When M1 became a listed company, an Investor Relations Department was set up to provide effective communication with shareholders, analysts and the investing public. In addition, our corporate website (www.m1.com.sg) has incorporated an Investor Relations section, which enables all shareholders to access our financial results, presentation materials, SGX announcements, news, financial calendar, as well as stock and corporate information.

With corporate governance and transparency as key guiding principles, our aim is to provide timely, relevant, clear and accurate information to the investment community. During the year, full-year and quarterly results were all released publicly within 21 days of period end, and briefings for analysts and the media were held on the same day as the final and interim results' announcements. All presentations relating to our results announcements, as well as presentations at investor conferences, are made available on our website. We value dialogue with and feedback from both institutional and retail investors and have a proactive approach to our relationship with them.

The free float of M1's shares is around 47% and it is estimated that the majority is held by institutional shareholders across Asia, UK and USA. Hence, management invests time for meetings and conference calls with both local and overseas investors and analysts regularly

throughout the year. In 2003, we participated in the ABN AMRO Investor Conference in London, CLSA Investor Forum in Hong Kong and Morgan Stanley Asia-Pacific Summit in Singapore. In addition, our senior management undertook roadshows covering Hong Kong, UK and USA to meet existing and potential investors to provide an update on company performance and strategy as well as address any concerns. All such discussions were based on financial and operating information already in the public domain.

M1 was included as a component stock of the Straits Times Index on 1 April 2003 and today, the company is well covered by most stockbroking houses in Singapore.

At M1, we are committed to creating long-term value for our shareholders, and therefore, we are in favour of a sustainable dividend policy. In 2003, we paid out a total dividend of 11.2 cents, comprising FY2002 final dividend of 7.3 cents and FY2003 interim dividend of 3.9 cents. Based on M1's closing stock price of S\$1.50 on 31 December 2003, this would represent a total shareholder return (capital gains plus dividends paid out) of 22% and 29% on the amount invested in M1 at Initial Public Offering Price of S\$1.32 and Discounted Offering Price of S\$1.25 respectively.

Financial calendar for 2004

20 JANUARY ■ Announcement of FY2003 full-year results
 25 MARCH ■ Annual General Meeting
 21 APRIL ■ Payment of FY2003 final dividend
 (subject to shareholders' approval at AGM)

APRIL* ■ Announcement of FY2004 first-quarter results
 JULY* ■ Announcement of FY2004 half-year results
 SEPTEMBER* ■ Payment of FY2004 interim dividend (if applicable)
 OCTOBER* ■ Announcement of FY2004 third-quarter results

* Actual date will be released, through M1's or SGX's website, closer to the event/announcement.

Corporate Governance

MobileOne Ltd is committed to ensuring a high standard of corporate governance within the Group to protect the interests of its shareholders and maximise long-term shareholder value. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 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]

The Board of Directors is accountable to the shareholders and oversees the management of the business and affairs of the Group. Key roles of the Board include approving the Group's objectives, strategic directions and major corporate policies; monitoring and reviewing financial and operating performance; approving annual budgets and major funding and investment proposals; and appointing Board Directors and key managerial personnel. Material transactions that require Board approval are capital expenditure in excess of S\$5 million and operating expenditure in excess of S\$3 million.

Currently the Board comprises ten Directors, all of whom, save for the Chief Executive Officer ("CEO"), are non-executive and four of whom are independent. 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 61 to 70 of the Annual Report.

To facilitate effective management, certain functions have been delegated to various board committees, namely the Nominating Committee, Remuneration Committee and Audit Committee, each of which has its own written terms of reference.

Corporate Governance

1 BOARD OF DIRECTORS (continued)

Members of the Board and each board committee through 2003 are set out below:

Director	Status	Main Board	Nominating Committee	Remuneration Committee	Audit Committee
NON-EXECUTIVE					
Lim Chee Onn	N	Chairman			
Roger John Barlow	N	Member			
Low Huan Ping	N	Member		Member	
Hsuan Owyang	I	Member		Chairman	
Arthur Seet Keong Hoe	N	Member			Member
Rolf-Kristian Berndtson Soderstrom*	N	Member		Member	
Teo Soon Hoe	N	Member		Member	
Reggie Thein	I	Member	Member		Chairman
Thio Su Mien	I	Member	Chairman		Member
Patrick Yeoh Khwai Hoh	I	Member	Member		Member
EXECUTIVE					
Neil Montefiore	N	Member			

N: Non-independent I: Independent

* Mr. Rolf-Kristian Berndtson Soderstrom resigned as a Director of the Company with effect from 31 December 2003.

Corporate Governance

1 BOARD OF DIRECTORS (continued)

At least one-third of the Directors retires at the Annual General Meeting each year. The dates of initial appointment and most recent re-election of the Directors are set out below:

Director	Age	Position	Date of Initial Appointment	Date of Last Re-election
Lim Chee Onn	59	Chairman & Director	01.11.1999	14.04.2003
Neil Montefiore	51	Executive Director	08.11.2002	14.04.2003
Roger John Barlow	54	Director	22.05.2002	Not applicable
Low Huan Ping	47	Director	01.09.1994	14.04.2003
Hsuan Owyang	75	Director	08.11.2002	14.04.2003
Arthur Seet Keong Hoe	57	Director	16.01.1998	14.04.2003
Rolf-Kristian Berndtson Soderstrom*	38	Director	19.06.2002	Not applicable
Teo Soon Hoe	54	Director	07.05.1996	14.04.2003
Reggie Thein	62	Director	08.11.2002	14.04.2003
Thio Su Mien	65	Director	08.11.2002	14.04.2003
Patrick Yeoh Khwai Hoh	65	Director	08.11.2002	14.04.2003

In April 2003, an orientation briefing was conducted for the four independent Directors all of whom were the most recent non-executive appointments to the Board. The aim of the session was to familiarise the new Directors with the Group's business and governance practices, as well as provide a forum for discussion with all heads of departments. In July 2003, a briefing by external legal counsel was held for all Directors on the duties and liabilities of Directors.

In order to ensure that the Board is able to fulfil its responsibilities, prior to Board meetings, management provides the Board with financial and operating reports reviewing the Group's performance in the most recent quarter, and papers containing relevant background or explanatory information required to support the decision-making process. Directors are also provided with monthly management financial statements setting out actual against budget as well as previous year's comparatives and explanations on any material variances.

* Mr. Rolf-Kristian Berndtson Soderstrom resigned as a Director of the Company with effect from 31 December 2003.

Corporate Governance

1 BOARD OF DIRECTORS (continued)

All Directors have separate and independent access to senior management and to the Company Secretaries. The Company Secretaries administer, attend and prepare minutes of Board meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act and SGX-ST, are complied with. They also act as the primary channel of communication between the Company and the SGX-ST.

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

During the year, Board meetings were held once every quarter. The Company's Articles of Association provide for telephonic and video conference meetings.

The number of Board meetings held in the year, as well as the attendance of every Board member at those meetings, was as follows:

Director	Number of Board meetings held in 2003	Number of Board meetings attended
Lim Chee Onn	4	4
Neil Montefiore	4	4
Roger John Barlow	4	4
Low Huan Ping	4	4
Hsuan Owyang	4	4
Arthur Seet Keong Hoe	4	3
Rolf-Kristian Berndtson Soderstrom	4	2
Teo Soon Hoe	4	4
Reggie Thein	4	4
Thio Su Mien	4	3
Patrick Yeoh Khwai Hoh	4	3

Corporate Governance

2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

[Code of Corporate Governance Principle 3]

Mr. Lim Chee Onn is the Chairman of the Company and Mr. Neil Montefiore is the Chief Executive Officer (“CEO”). They each perform separate functions to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision-making are not compromised.

3 NOMINATING COMMITTEE (“NC”)

[Code of Corporate Governance Principles 4 & 5]

The NC comprises entirely independent Directors, namely Dr. Thio Su Mien (NC Chairman), Mr. Reggie Thein and Mr. Patrick Yeoh Khwai Hoh.

The NC, which has written terms of reference approved by the Board, performs the following delegated functions:

- (a) 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;

- (b) 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 (a) above;
- (c) Consider, review and recommend to the Board any new Board appointment or re-appointment, whether of Executive or Non-executive Directors;
- (d) Determine whether or not a Director is independent (taking into account the circumstances in the Code of Corporate Governance and other salient factors);
- (e) Decide whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company; and
- (f) 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 of Corporate Governance.

Corporate Governance

3 NOMINATING COMMITTEE ("NC") (continued)

The number of NC meetings held in 2003 and the attendance of each member at those meetings were as follows:

NC Member	Number of NC meetings held in 2003	Number of NC meetings attended
Thio Su Mien	4	4
Reggie Thein	4	4
Patrick Yeoh Khwai Hoh	4	4

At the start of the year, the NC reviewed and recommended that the size and composition of the Board remain as it was, taking into account the need to retain an optimum scale of effectiveness and the checks and balances needed.

The NC also initiated and supervised an exercise to evaluate the Board's performance. The objective of the exercise was to identify and prioritise areas for continuous improvement to the Board's effectiveness.

For this purpose, the NC appointed an independent consultant to establish an evaluation framework for the Board as a whole and to conduct the evaluation process. The consultant provided

summarised findings, interpretation of findings and preliminary recommendations for the Board's consideration.

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

- Board composition and independence
- Board and Committee functioning
- Information management
- Managing company leadership and performance
- Managing risk and adversity
- Directors' development
- Corporate integrity and social responsibility

The Board expects to carry out such self-evaluation exercises periodically as a form of good Board management practice.

Corporate Governance

4 REMUNERATION COMMITTEE ("RC")

[Code of Corporate Governance Principles 7 & 8]

In 2003, the RC comprised Mr. Hsuan Owyang, Mr. Low Huan Ping, Mr. Rolf-Kristian Berndtson Soderstrom and Mr. Teo Soon Hoe, all of whom are Non-executive Directors and independent of management and free from any business or relationships which may materially interfere with the exercise of their independent judgement. The RC is chaired by Mr. Owyang who is an independent Director. With the resignation of Mr. Soderstrom as a Director with effect from 31 December 2003, the Board appointed Mr. Roger John Barlow to the RC.

The Director of Human Resources 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 delegated functions:

- (a) Recommend to the Board a framework of remuneration for the Board of Directors and key executives;
- (b) Determine specific remuneration packages for each Executive Director 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 the remuneration of the CEO;

- (d) Consider and approve guidelines on salary, bonus and other terms and conditions for members of senior management;
- (e) Decide on long-term incentive benefits including the Company's Share Option Scheme and the scope of eligibility for such long-term incentive benefits;
- (f) Approve the granting of share options under the Company's Share Option Scheme and administer the Share Option Scheme in accordance with the rules of the Scheme; and
- (g) Ensure that remuneration of the Board of Directors is in compliance with the Code of Corporate Governance.

The number of RC meetings held in 2003 and the attendance of each member at those meetings were as follows:

RC Member	Number of RC meetings held in 2003	Number of RC meetings attended
Hsuan Owyang	3	3
Low Huan Ping	3	3
Rolf-Kristian Berndtson Soderstrom*	3	2
Teo Soon Hoe	3	3

* Mr. Rolf-Kristian Berndtson Soderstrom resigned from the Board and RC with effect from 31 December 2003.

Corporate Governance

5 DISCLOSURE ON REMUNERATION

[Code of Corporate Governance Principles 8 & 9]

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate Directors and key executives of the required experience and expertise to run the Group successfully.

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 shareholder approval at the Annual General Meeting. 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 paid to each Non-executive Director in 2003 was as follows:

Board	Chairman	S\$35,000 per annum
	Director	S\$25,000 per annum
Audit Committee	Chairman	S\$15,000 per annum
	Member	S\$10,000 per annum
Nominating Committee	Chairman	S\$10,000 per annum
	Member	S\$ 6,000 per annum
Remuneration Committee	Chairman	S\$10,000 per annum
	Member	S\$ 6,000 per annum

The annual remuneration of each Non-executive Director for 2003 was as follows:

Non-executive Director	Position Held	Director's Fee
Lim Chee Onn	Board Chairman	S\$35,000
Roger John Barlow	Director	S\$25,000
Low Huan Ping	Director	S\$31,000
	RC Member	
Hsuan Owyang	Director	S\$35,000
	RC Chairman	
Arthur Seet Keong Hoe	Director	S\$35,000
	AC Member	
Rolf-Kristian Berndtson Soderstrom	Director	S\$31,000
	RC Member	
Teo Soon Hoe	Director	S\$31,000
	RC Member	
Reggie Thein	Director	S\$46,000
	AC Chairman, NC Member	
Thio Su Mien	Director	S\$45,000
	NC Chairman, AC Member	
Patrick Yeoh Khwai Hoh	Director	S\$41,000
	AC Member,	
	NC Member	

Corporate Governance

5 DISCLOSURE ON REMUNERATION (continued)

For each non-independent Director, fees were paid to the relevant shareholder nominating him.

The annual remuneration of the Company's 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, is set out below:

	S\$250,001 to S\$500,000	S\$500,001 to S\$750,000	S\$1,250,000 to S\$1,500,000
CEO AND EXECUTIVE DIRECTOR			
Neil Montefiore			X
SENIOR MANAGEMENT			
Karen Kooi Lee Wah	X		
Lina Lee	X		
Patrick Michael Scodeller		X	
Poopalasingam Subramaniam	X		
Terence Teo Hoon Beng	X		

Corporate Governance

5 DISCLOSURE ON REMUNERATION (continued)

There are performance-related elements of remuneration that form a significant proportion of the remuneration packages of the Company's CEO and senior management in order to align interests with those of shareholders and link rewards to corporate and individual performance. The mix of annual remuneration of the Company's CEO and Executive Director, and each of the top five members of senior management (who are not also Directors) is set out below:

	Fixed (%)	Bonuses (%)	Retirement/ CPF Contribution (%)	Benefits-in-kind (%)
CEO AND EXECUTIVE DIRECTOR				
Neil Montefiore	34	38	9	19
SENIOR MANAGEMENT				
Karen Kooi Lee Wah	54	30	6	10
Lina Lee	54	32	6	8
Patrick Michael Scodeller	39	18	8	35
Poopalasingam Subramaniam	55	31	6	8
Terence Teo Hoon Beng	56	31	6	7

Details of the Company's Share Option Scheme can be found on page 75 of the Annual Report. No options were granted under the scheme in 2003.

Corporate Governance

6 AUDIT COMMITTEE (“AC”)

[Code of Corporate Governance Principles 11, 12 & 13; Listing Manual Rule 1207(6)]

The AC comprises Mr. Reggie Thein as Chairman, Mr. Arthur Seet Keong Hoe, Dr. Thio Su Mien and Mr. Patrick Yeoh Khwai Hoh as members, all of whom are Non-executive Directors and a majority of whom, including the Chairman, are independent. Two of the members, including the Chairman, are qualified accountants.

The AC, which has written terms of reference approved by the Board, performs the following delegated functions:

- (a) Review, with external auditors, the audit plan, their evaluation of the systems of internal controls, their annual reports and their management letters and management’s response;
- (b) Review quarterly and annual financial statements before submission to the Board for its approval;
- (c) Review the assistance given by management to external auditors;
- (d) Review the independence and objectivity of the external auditors;
- (e) Review the nature and extent of non-audit services performed by external auditors;
- (f) Examine the scope of internal audit procedures and the results of internal audits;

- (g) Ensure that a review of the effectiveness of the Company’s internal controls, including financial, operational and compliance controls and risk management, is conducted at least annually;
- (h) Meet with the external and internal auditors without the presence of management at least annually;
- (i) Ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- (j) Investigate any matter which falls within the AC’s terms of reference, availing itself of access to and co-operation of management and the discretion to invite any Director or executive officer to attend its meetings, and requisitioning reasonable resources to enable it to discharge its functions properly;
- (k) Review interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- (l) Consider and recommend the appointment/re-appointment of external auditors and the audit fees; and
- (m) Obtain regular updates from management on key enterprise-wide risks faced by the Group, so that the AC can clearly define its oversight responsibilities and review the process available to manage these risks.

Corporate Governance

6 AUDIT COMMITTEE (“AC”) (continued)

The number of AC meetings held in 2003 and the attendance of each member at those meetings were as follows:

AC Member	Number of AC meetings held in 2003	Number of AC meetings attended
Reggie Thein	4	4
Arthur Seet Keong Hoe	4	4
Thio Su Mien	4	4
Patrick Yeoh Khwai Hoh	4	2

During the year, the AC reviewed the financial statements of the Group quarterly, before submitting them to the Board for its approval and the announcement of the financial results.

The AC also reviewed the volume of non-audit services provided by the external auditors to the Group, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, confirmed their re-nomination.

7 RISK MANAGEMENT

[Listing Manual Rule 1207(4)(d)]

The Group’s risk management programme encompasses operational risk, financial risk, business risk and strategic risk. The risk management structure is in place and accountability is clearly assigned, and a company-wide exercise is underway to review and further strengthen processes where necessary. During the year, the Group’s Internal Audit team conducted an audit of the company-wide Business Continuity Plan, the Engineering Department’s Disaster Recovery Plan and the Information Systems Department’s Disaster Recovery Plan, all of which address the area of operational risk. The study concluded that the key controls are in place. An update of the Group’s risk management programme is provided to the AC on a half-yearly basis.

8 INTERNAL CONTROLS

[Code of Corporate Governance Principle 12]

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group’s management and in place throughout the year and up to and as of the date of this report, is adequate to meet the needs of the Group in its current business environment. The AC has reviewed the effectiveness of internal controls.

Corporate Governance

8 INTERNAL CONTROLS (continued)

The system of internal controls provides reasonable, but not absolute, assurance that the Group 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.

9 INTERNAL AUDIT

[Code of Corporate Governance Principle 13]

The Group has an internal audit function that is independent of the activities it audits.

The Internal Auditor reports primarily to the Chairman of the AC and administratively to the CEO. The Internal Auditor meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and Information Systems Audit and Controls Association.

The AC reviews, on an annual basis, the adequacy of the internal audit function. The AC has reviewed and is satisfied that the Group's internal audit function is adequately resourced and has appropriate standing within the Group.

10 COMMUNICATION WITH SHAREHOLDERS

[Code of Corporate Governance Principle 10, 14 & 15]

The Group released information on its quarterly and full-year results within three weeks from the close of the relevant period in the form of financial statements, management's discussion and analysis of performance and outlook, and a presentation containing highlights and a review of financial and operating performance, all of which were published through the MASNET, released to the mass media and made available on the Company's website. Information on major new initiatives by the Group through the year was also made public via MASNET, news releases and on the Company's website.

The Annual Report and notice of Annual General Meeting ("AGM") were sent to all shareholders two weeks prior to the AGM which was held on 14 April 2003. Under Article 65 of the Company's Articles of Association, shareholders may vote in person or by proxy and equal effect is given to votes whether cast in person or by proxy. During the AGM, shareholders had the opportunity to voice their views and direct questions regarding the Group to Directors, including the Chairman and the chairmen of the Board committees, as well as to senior management.

Corporate Governance

11 SECURITIES TRANSACTIONS

[Listing Manual Rule 710(2)]

The Group has issued a Code for Dealings in M1 Shares (“the Code”) for the guidance of Directors, management and officers. The Code, which is based on SGX-ST Best Practices Guide with respect to dealings in securities, stipulates that Directors, management and officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company’s shares during the periods commencing one month before the announcement of the Group’s annual or quarterly results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. The Code is incorporated as part of the Group’s Human Resources Manual and is available on the Intranet accessible by all staff. Every quarter before the commencement of the period during which dealings in shares are prohibited, the Code is also circulated to Directors, management and those with access to price-sensitive and confidential information.

The Code was revised in December 2003 in line with the amendment to SGX-ST Best Practices Guide which reduced the prohibited period from one month to two weeks prior to announcement of financial results for the first and third quarters of the financial year with effect from 2 January 2004.

12 INTERESTED PERSON TRANSACTIONS AND MATERIAL CONTRACTS

[Listing Manual Rule 907 & 1207(8)]

During the year, there were no interested person transactions or material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO or any Director. The Company has no controlling shareholders, as defined in the Listing Manual.

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
LIM CHEE ONN, 59			
Bachelor of Science 1st class Hons, University of Glasgow	01.11.1999	Present Appointments	
		Executive Chairman	Keppel Corporation Ltd
		Chairman	Keppel Land Ltd
Master in Public Administration, Kennedy School of Government, Harvard University		Chairman & Chairman Exco	Singapore-Suzhou Township Development Pte Ltd
		Director	Parksville Development Pte Ltd
		Director	Temasek Holdings (Pte) Ltd
Member of Wharton Society of Fellows, University of Pennsylvania		Director	k1 Ventures Ltd
		Past Appointments	
		Chairman & Director	China-Singapore Suzhou Industrial Park Development Co Limited
		Director	Glory Central Holdings Ltd
		Director	K Investment Holdings Ltd
		Director	Keptal Holdings Pte Ltd
		Chairman & Director	Keppel Capital Holdings Ltd
		Director	Keppel Harbour Redevelopment Ltd
		Director	Keppel Power Systems Pte Ltd
		Chairman & Director	Keppel TatLee Bank Ltd
		Director	Keppel Telecoms Pte Ltd
		Director	k1 eBiz Holdings Pte Ltd
		Director	Singapore Airlines Ltd

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
NEIL MONTEFIORE, 51 Bachelor of Science (Electrical & Electronic Engineering) Upper 2nd class Hons, University of Portsmouth Fellow, Institution of Electrical Engineers Fellow, Chartered Institute of Marketing (CIM)	08.11.2002	Present Appointments	
		Director	DataOne (Asia) Pte Ltd
		Director	M1 Capital Ltd
		Director	M1 Shop Pte Ltd
		Director	Wireless Intellect Labs Pte Ltd
ROGER JOHN BARLOW, 54 Bachelor of Science (Economics), University of London Master of Arts, University of Essex	22.05.2002	Present Appointments	
		Director	M1 Capital Ltd
		Director	M1 Shop Pte Ltd
		Chairman & Director	RJB Consultants Limited
		Past Appointments	
		Alternate Director	Bestclass Holdings Limited
		Director	Cable & Wireless Network Services (Singapore) Pte Limited
		Director	Great Eastern Telecommunications Ltd
		Alternate Director	Hong Kong CSL Limited

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
ROGER JOHN BARLOW, 54		Past Appointments	
		Alternate Director	Joint Venture (Bermuda) No.2 Limited
		Director	Pacific Link Communications Limited
		Director	Pacific Link Communications Services Limited
		Director	Personal Communications Limited
		Director	Reach Global Networks Limited
		Director	Reach Networks (Thailand) Limited
		Alternate Director	Reach Ltd
		Director	Reach Web Holdings Limited
		Alternate Director	RWC, HK Limited
LOW HUAN PING, 47		Present Appointments	
Bachelor of Arts (Hons), Master of Arts, Cambridge University	01.09.1994	Director	SPH Multimedia Private Limited
		Director	BuzzCity Pte Ltd
		Director	SPH AsiaOne Ltd
Master of Science, National University of Singapore		Director	Zaobao.com Ltd
		Past Appointments	
		Director	Singapore Cable Vision Limited
		Director	American Bourses Corporation Pte Ltd

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
HSUAN OWYANG, 75 Master of Business Administration, Harvard University	08.11.2002	Present Appointments	
		Chairman	The Institute of Policy Studies
		Director	General Securities Trading Pte Ltd
		Chairman	East Asian Institute
		Chairman	N.M. Rothschild & Sons (Singapore) Limited
		Chairman	Ayala International Holdings Ltd
		Deputy Chairman	CapitaLand Limited
		Chairman	CapitaMall Trust Management Ltd
		Director	N.M. Rothschild China Holding AG
		Director	Franke Singapore Pte Ltd
		Past Appointments	
		Chairman	CapitaLand Residential Ltd
		Chairman	Transpac Capital Pte Ltd
		Chairman	Transtech Venture Management Pte Ltd
		Chairman	Transpac Industrial Holdings Ltd
		Chairman	Urban Management Co (1987) Pte Ltd
		Chairman	Transpac Ventures I Ltd
		Chairman	Asia Venture Fund Ltd
		Director	Keppel TatLee Finance Limited
		Chairman	DBS Land Ltd
		Chairman	TLB Land Ltd (formerly Pan Malayan Holdings Ltd)

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
HSUAN OWYANG, 75		Past Appointments	
		Chairman	Transtech Capital Investments I Ltd
		Chairman	Transtech Capital Investments II Ltd
ARTHUR SEET KEONG HOE, 57		Present Appointments	
Fellow, Chartered Association of Certified Accountants (Singapore)	16.01.1998	Director	Lianhe Investments Pte Ltd
		Director	Vickers Ballas Philippines Fund Ltd
		Director	Orchard 290 Ltd
Member, Institute of Certified Public Accountants (Singapore)		Director	SPH Data Services Pte Ltd
		Director	Times Properties Pte Ltd
		Director	M1 Shop Pte Ltd
		Director	M1 Capital Pte Ltd
		Director	UnionWorks Pte Ltd
		Chairman	SPH Magazines Private Limited
		Director	TP Ventures Pte Ltd
		Director	Asia Magazines Ltd
		Director	StarEastWorks Management Ltd
		Director	StarEastWorks Ltd
		Past Appointments	
		Director	SPH Stop Press Pte Ltd
		Director	Singapore Cable Vision Ltd

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
ROLF-KRISTIAN BERNDTSON			
SODERSTROM, 38			
Bachelor of Arts History (Hons), University College, London	19.06.2002	Past Appointment Director	Great Eastern Telecommunications Limited (resigned 19.12.03)
Member, Institute of Chartered Accountants of England and Wales			
TEO SOON HOE, 54			
Bachelor of Business Administration, University of Singapore	07.05.1996	Present Appointments Chairman	Keppel Telecommunications & Transportation Ltd
Member, Wharton Society of Fellows, University of Pennsylvania		Chairman	Keppel Philippines Holdings Inc
		Chairman	Keppel Bank Philippines Inc
		Director	Keppel Land Limited
		Director	k1 Ventures Limited
		Director	Singapore Petroleum Company Limited
		Director	Centurion Bank Limited (India)
		Past Appointments Chairman & Director	DataOne Corporation Pte Ltd
		Chairman	KAC Holdings Limited

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
TEO SOON HOE, 54		Past Appointments	
		Director	Keppel Capital Holdings Ltd
		Director	Keppel Factors Pte Ltd
		Chairman & Director	Keppel Insurance Pte Ltd
		Director	Keppel Philippines Marine, Inc
		Director	Keppel-SPH Investment Pte Ltd
		Director	Keppel TatLee Bank Limited
		Chairman	Keppel TatLee Finance Limited
		Chairman	KF Limited
		Director	Southern Bank Bhd
		Director	Steamers Fortune Shipping Pte Ltd
		Director	Steamers Kimanis Shipping Pte Ltd
		Director	Steamers Perak Shipping Pte Ltd
REGGIE THEIN, 62	08.11.2002	Present Appointments	
		Director	BIL International Limited
		Director	Central Properties Ltd
		Director	FJ Benjamin Holdings Ltd
		Director	GB Holdings Limited
		Director	Goodwood Park Hotel Limited
		Director	GuocoLand Ltd (formerly FCC Holdings Ltd)
Fellow, Institute of Chartered Accountants of England and Wales			
Member, Institute of Certified Public Accountants (Singapore)			

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
REGGIE THEIN, 62			
		Present Appointments	
		Director	Hotel Malaysia Limited
		Director	MFS Technology Ltd
		Director	Haw Par Corporation Limited
		Director	Keppel Telecommunications & Transportation Ltd
THIO SU MIEN, 65			
LL.M and LL.B (Hons), University of Malaya, Singapore	08.11.2002	Present Appointments	
		Director	SIA Engineering Company Limited
		Director	Dresdner Kleinwort Wasserstein (South East Asia) Limited [formerly known as Dresdner (South East Asia) Ltd]
PhD, London School of Economics and Political Science		Director	Dresdner Kleinwort Wasserstein (Nominees) Pte Ltd (formerly known as Dresea Nominees Pte Ltd)
Advocate and Solicitor, Supreme Court of Singapore		Director	Seiko Instruments Singapore Pte Ltd
		Senior Executive Director	TSMP Law Corporation
		Past Appointments	
		Director	Goodpack Limited

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
THIO SU MIEN, 65		Past Appointments	
		Director	Vickers Capital Ltd
		Judge	The World Bank Administrative Tribunal
		Member	Asian Development Bank Administrative Tribunal
PATRICK YEOH KHWAI HOH, 65		Present Appointments	
Bachelor of Science (Hons), University of Malaya, Singapore	08.11.2002	Director	Oversea-Chinese Banking Corporation Limited
		Director	Singapore Aerospace Manufacturing Pte Ltd
		Director	Singapore Food Industries Ltd
		Director	Times Publishing Ltd
		Chairman	Tuan Sing Holdings Ltd
		Director	Shanghai GT Courtyard Cultural Investments Co., Ltd
		Advisor	Nuri Holdings (S) Pte Ltd
		Member	Economic Development Board (EDB)'s Entrepreneur Development Fund Loans Committee
		Advisor	The EDB Society

Particulars of Directors and Senior Management

Director, Age, Academic & Professional Qualifications	M1 Directorship: Date first appointed	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
		Title	Company
PATRICK YEOH KHWAI HOH, 65			
		Past Appointments	
		Director	Gul Technologies Singapore Ltd
		Director	Keppel Capital Holdings Ltd
		Director	Keppel TatLee Bank Ltd
		Director	Laguna National Golf & Country Club Ltd
		Director	Raffles Holdings Limited
		Director	Inchcape Motors Ltd

Particulars of Directors and Senior Management

Senior Management	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years	
	Present	Past
KAREN KOOI LEE WAH	M1 Capital Ltd M1 Shop Pte Ltd Wireless Intellect Labs Pte Ltd	None
PATRICK MICHAEL SCODELLER	None	None
LINA LEE	None	None
TERENCE TEO HOON BENG	None	None
CHIN MING LEK	Keppel Credit Union Co-operative Ltd	Travelmore Pte Ltd
STEVEN CHAN SIEW KEY	Wireless Intellect Labs Pte Ltd	None
POOPALASINGAM SUBRAMANIAM	None	None
LIM SOCK LENG	None	None
DAVID YEUNG YEOK WAH	iBridge Pte Ltd IS Oil Pte Ltd Triventure Holdings Pte Ltd Information System Audit & Control Association	JDW Consulting Pte Ltd Institute of Internal Auditors
CHUA SWEE KIAT	None	None



Financial Statements

Contents

73	Directors' Report
79	Statement by Directors
80	Auditors' Report to the Members of MobileOne Ltd
81	Balance Sheets
83	Consolidated Profit and Loss Statement
84	Consolidated Statement of Changes in Shareholders' Equity
85	Consolidated Cash Flow Statement
87	Notes to the Financial Statements

“Thanks to a strong team effort focused on delivering results for all our stakeholders, be they customers, investors or employees, M1 has continued to grow steadily and maintain a sound financial position.”

Karen Kooi
Chief Financial Officer

Directors' Report

The directors are pleased to present their report to the members together with the audited financial statements of MobileOne Ltd (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2003 and the balance sheet of the Company as at 31 December 2003.

1. DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Lim Chee Onn, Chairman
Neil Montefiore, Chief Executive Officer
Roger John Barlow
Low Huan Ping
Hsuan Owyang
Arthur Seet Keong Hoe
Teo Soon Hoe
Reggie Thein
Thio Su Mien
Patrick Yeoh Khwai Hoh

2. 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' Report

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Ordinary shares of S\$0.20 each Held in the name of directors			
Name of director	At beginning of financial year	At end of financial year	As at 21 January 2004
MobileOne Ltd			
Lim Chee Onn	50,000	50,000	50,000
Neil Montefiore	80,000	80,000	80,000
Teo Soon Hoe	50,000	50,000	50,000
Reggie Thein	30,000	30,000	30,000
Thio Su Mien	50,000	50,000	50,000
Patrick Yeoh Khwai Hoh	5,000	5,000	5,000

Options to subscribe for ordinary shares of S\$0.20 each Held in the name of directors			
Name of director	At beginning of financial year	At end of financial year	As at 21 January 2004
MobileOne Ltd			
Neil Montefiore	3,000,000	3,000,000	3,000,000

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

Directors' Report

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or has become entitled to receive a benefit under by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial interest.

5. SHARE OPTIONS

The Company has an employee share option scheme, MobileOne Share Option Scheme (the "Scheme"), for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

The Remuneration Committee is responsible for administering the Scheme. The Remuneration Committee members are Mr. Hsuan Owyang (Chairman of Committee), Mr. Low Huan Ping, Mr. Rolf Soderstrom (resigned on 31 December 2003) and Mr. Teo Soon Hoe. Pursuant to Mr. Rolf Soderstrom's resignation, Mr. Roger John Barlow has been appointed as a member of the Remuneration Committee.

Under the Scheme, options granted have a term of 5 years or 10 years from the date of grant for non-executive directors and Group executives respectively.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Remuneration Committee as follows:

- 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 Remuneration Committee in its absolute discretion; or
- ii) at a price, which is set at the absolute discretion of the Remuneration Committee, at a discount to the Market Price so long as the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

The subscription price may not be less than the par value of the ordinary shares of the Company.

Directors' Report

5. SHARE OPTIONS (continued)

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

Date of grant	Balance as at 1 January 2003	Exercised	Balance as at 31 December 2003	Subscription price
9 November 2002	10,582,000	(325,000)	10,257,000	S\$1.25

The above options will vest over a period of three years from the date of grant and may be exercisable for a period commencing after the first anniversary of the date of grant and expiring on the 10th anniversary of the date of grant. To date, no options were granted at a discount.

Information on director of the Company participating in the Scheme is as follows:

Name of director	Options granted during financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Neil Montefiore	–	3,000,000	–	3,000,000	S\$1.25

No options were granted to non-executive directors since the commencement of the Scheme and no employees have received 5% or more of the total options available under the Scheme.

Directors' Report

6. AUDIT COMMITTEE

The Audit Committee comprises four board members, all of whom are non-executive directors. The majority of the members, including the chairman, are independent. The members of the Audit Committee during the financial year and as at the date of this report are:

Reggie Thein, Chairman
Arthur Seet Keong Hoe
Thio Su Mien
Patrick Yeoh Khwai Hoh

The Audit Committee held four meetings since the last directors' report and performed the functions specified under the Singapore Companies Act. The Audit Committee may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of the Company and the Group's system of accounting and internal financial controls for which the directors are responsible. It also keeps under review the Company's programme to monitor compliance with its legal, regulatory and contractual obligations.

In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. The Audit Committee met with the internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company and the Group's system of accounting internal control. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2003 as well as the external auditors' report thereon.

The Audit Committee has full access to and co-operation of the Company's management and the internal auditors and has full discretion to invite any director or executive officer to attend its meetings. The Chief Financial Officer and General Managers, Finance, attend meetings of the Audit Committee. The auditors have unrestricted access to the Audit Committee. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

The Audit Committee recommends to the board of directors the nomination of Ernst & Young as external auditors at the forthcoming Annual General Meeting of the Company.

Directors' Report

7. AUDITORS

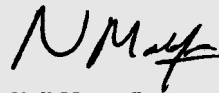
Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors



Lim Chee Onn
Chairman

Singapore
30 January 2004



Neil Montefiore
Chief Executive Officer

Statement by Directors

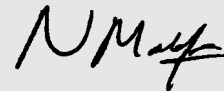
In the opinion of the directors, the accompanying balance sheets, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2003, and of the results of the business, changes in shareholders' equity and cash flows of the Group for the year then ended. 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.

On behalf of the board of directors



Lim Chee Onn
Chairman

Singapore
30 January 2004



Neil Montefiore
Chief Executive Officer

Auditors' Report to the Members of MobileOne Ltd

We have audited the accompanying financial statements of MobileOne Ltd (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 81 to 115 for the financial year ended 31 December 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

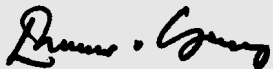
We conducted our audit in accordance with the Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and its subsidiaries, which are incorporated in Singapore and audited by us, have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment under Section 207(3) of the Act.



ERNST & YOUNG

Certified Public Accountants

Singapore
30 January 2004

Balance Sheets

as at 31 December 2003

		Group		Company	
	Note	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
NON-CURRENT ASSETS:					
Fixed assets	3	762,419	743,439	760,659	741,511
Licences and spectrum rights	4	97,720	97,953	97,720	97,953
Staff loans	5	690	882	690	882
Interests in subsidiaries	6	–	–	2,485	2,475
CURRENT ASSETS:					
Inventories	7	4,358	11,974	769	861
Trade debtors	8	74,383	68,219	74,292	67,944
Other debtors	9	18,931	18,301	16,778	15,223
Due from related parties	10	81	78	500	6,768
Cash and bank balances	11	79,567	626	79,293	484
		177,320	99,198	171,632	91,280
CURRENT LIABILITIES:					
Creditors	12	(209,516)	(156,110)	(200,310)	(148,359)
Due to related parties	10	(2,573)	(2,692)	(6,032)	(2,721)
Short-term borrowings	13	–	(21,200)	–	(21,200)
Bank overdrafts (unsecured)	11	–	(1,385)	–	(1,385)
		(212,089)	(181,387)	(206,342)	(173,665)
Net current liabilities		(34,769)	(82,189)	(34,710)	(82,385)

Balance Sheets

as at 31 December 2003

		Group		Company	
	Note	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
NON-CURRENT LIABILITIES:					
Long-term borrowing	13	(250,000)	(250,000)	(250,000)	(250,000)
Deferred tax liabilities	14	(105,591)	(64,000)	(105,391)	(63,800)
Net assets		470,469	446,085	471,453	446,636
REPRESENTED BY:					
Issued share capital	15	210,065	210,000	210,065	210,000
Share premium		341	–	341	–
Retained profits		260,063	236,070	261,047	236,636
		470,469	446,070	471,453	446,636
Minority interest		–	15	–	–
Total shareholders' equity		470,469	446,085	471,453	446,636

The accounting policies and explanatory notes on pages 87 to 115 form an integral part of the financial statements.

Consolidated Profit and Loss Statement

for the Financial Year Ended 31 December 2003

	Note	2003 S\$'000	2002 S\$'000
Operating revenue	16	717,326	705,973
Operating expenses	17	(525,086)	(534,119)
Other revenue	18	1,378	970
Operating profit		193,618	172,824
Finance costs	19	(10,434)	(11,529)
Profit before tax		183,184	161,295
Taxation	14	(41,591)	(33,300)
Net profit before minority interest		141,593	127,995
Minority interest		–	375
Net profit after minority interest		141,593	128,370
Earnings per share (cents)	20		
Basic		13.5	12.2
Diluted		13.5	12.2
EBITDA	21	289,650	270,918

The accounting policies and explanatory notes on pages 87 to 115 form an integral part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

for the Financial Year Ended 31 December 2003

	Note	2003 S\$'000	2002 S\$'000
ISSUED SHARE CAPITAL	15		
Balance at beginning of financial year		210,000	140,000
Sub-division of ordinary shares of S\$1 into 5 ordinary shares of S\$0.20 each		–	–
Bonus issue of ordinary shares before initial public offering		–	70,000
Issuance of 325,000 (2002: Nil) ordinary shares of S\$0.20 each at S\$1.25 per share for cash on exercise of employee share options		65	–
Balance at end of financial year		210,065	210,000
SHARE PREMIUM			
Balance at beginning of financial year		–	–
Premium on issuance of ordinary shares on exercise of employee share options		341	–
Balance at end of financial year		341	–
RETAINED PROFITS			
Balance at beginning of financial year		236,070	177,700
Bonus issue by capitalisation of retained profits		–	(70,000)
Dividends on ordinary shares	26	(117,600)	–
Net profit after minority interest		141,593	128,370
Balance at end of financial year		260,063	236,070
Total shareholders' equity		470,469	446,070

The accounting policies and explanatory notes on pages 87 to 115 form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the Financial Year Ended 31 December 2003

	Note	2003 S\$'000	2002 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		183,184	161,295
ADJUSTMENTS FOR:			
Depreciation of fixed assets		95,799	97,993
Loss on disposal of fixed assets		1,601	33
Amortisation of licences/spectrum rights		233	101
Interest on bank overdrafts		6	19
Interest on bank loans		10,428	11,510
Operating cash flows before working capital changes		291,251	270,951
CHANGES IN:			
Inventories		7,616	(9,687)
Trade debtors		(6,164)	(7,334)
Other debtors		(635)	(6,684)
Non-current staff loans		192	506
Creditors		53,417	7,020
Related parties		(122)	(587)
Cash generated from operations		345,555	254,185
Interest paid		(10,445)	(14,496)
Net cash flows from operating activities		335,110	239,689

Consolidated Cash Flow Statement

for the Financial Year Ended 31 December 2003

	Note	2003 S\$'000	2002 S\$'000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets		(117,398)	(134,002)
Proceeds from disposals of fixed assets		1,018	259
Acquisition of additional interest in a subsidiary		(10)	–
Proceeds from issue of shares by a subsidiary to minority shareholder		–	200
Net cash flows used in investing activities		(116,390)	(133,543)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from/(repayment of) –			
shareholders' loans		–	(174,000)
term loans		(21,200)	66,990
Dividends paid on ordinary shares by the Company		(117,600)	–
Proceeds from issuance of share capital on exercise of employee share options		406	–
Net cash flows used in financing activities		(138,394)	(107,010)
Net changes in cash and cash equivalents		80,326	(864)
Cash and cash equivalents at beginning of financial year	11	(759)	105
Cash and cash equivalents at end of financial year	11	79,567	(759)

The accounting policies and explanatory notes on pages 87 to 115 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

MobileOne Ltd (the “Company”) is a limited liability company, which is incorporated in Singapore. 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 (the “Group”) are the provision of mobile telecommunication services, international call services, mobile retail sales, after-sales support, customer services, paging services, research and development of mobile telecommunication products and services and investment holding function.

There have been no significant changes in the nature of these activities during the financial year. The Company terminated its paging services on 31 December 2003.

The Group and the Company operate in Singapore. As at 31 December 2003, the Group and the Company had 1,430 and 1,239 (2002: 1,453 and 1,241) employees respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) as required by the Singapore Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (“SAS”). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements have been prepared on a historical cost basis.

The accounting policies applied by the Group are consistent with those used in the previous year.

The financial statements are presented in Singapore dollars (S\$).

Notes to the Financial Statements

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries, after the elimination of all material intercompany transactions and resulting unrealised profits, and balances. Unrealised losses resulting from intra-group transactions are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group ceases to have control of the subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The accounting year of the Company and all its subsidiaries ends on 31 December.

(c) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. All items of fixed assets are initially recorded at cost.

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. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss statement 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.

Notes to the Financial Statements

(e) Depreciation

Depreciation is provided to write-off the costs over the estimated useful life of fixed assets commencing from the date of commercial launch of services. No depreciation is provided on capital work-in-progress.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

Leasehold buildings	–	10–30 years
Networks and related application systems	–	10–13 years
Application systems and computers	–	3–5 years
Motor vehicles	–	5 years
Furniture, fittings and equipment	–	3–7 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the fixed assets.

(f) Licences and spectrum rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licences or access codes. Such expenditure is amortised using the straight-line basis over their useful lives of 13 to 17 years commencing from the date of commercial launch of services. Where the services for which the licence or rights is granted have yet to commence, no amortisation is made. Licences and spectrum rights are stated at cost less accumulated amortisation and any impairment.

(g) Inventories

Goods purchased for resale are recorded at cost which includes import duties, transport and handling costs and any other direct attributable costs. Cost is determined on the weighted average basis.

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the price at which the inventories can be realised in the normal course of business, less estimated costs necessary to make the sale. Provision for obsolescence is made for slow-moving, obsolete and trade-in inventories.

Notes to the Financial Statements

(h) Trade and other debtors

Trade debtors are recognised and carried at original invoiced amount less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Due from related parties are recognised and carried at cost less an allowance for any uncollectible amount.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank.

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

(j) Trade and other creditors

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Due to related parties are carried at cost.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) and as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(l) Employee benefits

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 service is performed.

EMPLOYEE LEAVE ENTITLEMENT

Employees' entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Notes to the Financial Statements

(l) Employee benefits (continued)

EMPLOYEE SHARE INCENTIVE

The Company has an employee share incentive plan for the granting of non-transferable options. No compensation cost is recognised upon granting or exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

(m) Loans and borrowings

All loans and borrowings are recognised at cost.

(n) Income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

(o) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss statement or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Notes to the Financial Statements

(o) Impairment of assets (continued)

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 income or as a revaluation increase. 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.

(p) Revenue recognition

Revenue of the Group comprises fees earned from telecommunication services rendered, and sales of equipment and software licences. 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. The following specific recognition criteria must 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 balance sheet as unearned revenue.
- Revenue from sale of prepaid cards but for which services have not been rendered is deferred on the balance sheet as unearned revenue. Upon termination of the prepaid cards, any unutilised value of the prepaid cards will be taken to the profit and loss statement.
- Revenue from sale of equipment is recognised upon the passing of title to the customer which generally coincides with delivery and acceptance of the equipment sold.
- Revenue from sale of software licence is recognised upon acceptance of the software by the customers.

(q) Customer acquisition costs

Customer acquisition costs such as handset losses and dealer incentives are expensed to the profit and loss statements when incurred.

(r) Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased terms are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss statement on a straight-line basis over the lease term.

Notes to the Financial Statements

(s) Government grants and subsidies

Grants and subsidies from the government are recognised at their fair value where there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income in the profit and loss statement over the periods necessary to match it on a systematic basis to the costs which it is intended to compensate. Where the grant or subsidy relates to an asset, the fair value is deducted in arriving at the carrying amount of the related asset.

(t) Foreign currencies

Transactions in foreign currencies are measured in S\$ and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the profit and loss statement.

(u) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(v) Segment reporting

The Company and its subsidiaries operate in Singapore in one business segment, that of provision of mobile telecommunication services, international call services, mobile retail sales, after-sales support, customer services, paging services and research and development of mobile telecommunication products and services.

Notes to the Financial Statements

3. FIXED ASSETS

GROUP

	Leasehold Buildings S\$'000	Networks & Related Application Systems S\$'000	Application Systems & Computers S\$'000	Motor Vehicles S\$'000	Furniture, Fittings & Equipment S\$'000	Capital Work-in- progress S\$'000	Total S\$'000
COST:							
Balance at beginning of year	75,776	820,907	136,308	1,479	11,537	15,777	1,061,784
Additions/(transfers upon completion)	1,921	29,875	12,475	80	1,196	71,851	117,398
Disposals	(1,913)	(372)	(5,151)	(227)	(1,255)	–	(8,918)
Balance at end of year	75,784	850,410	143,632	1,332	11,478	87,628	1,170,264
ACCUMULATED DEPRECIATION:							
Balance at beginning of year	11,022	222,363	77,532	704	6,724	–	318,345
Charge for the year	3,989	70,076	19,908	228	1,598	–	95,799
Disposals	(1,552)	(116)	(3,470)	(227)	(934)	–	(6,299)
Balance at end of year	13,459	292,323	93,970	705	7,388	–	407,845
Charge for 2002	3,700	73,559	18,835	238	1,661	–	97,993
NET BOOK VALUE:							
At end of year	62,325	558,087	49,662	627	4,090	87,628	762,419
At beginning of year	64,754	598,544	58,776	775	4,813	15,777	743,439

Notes to the Financial Statements

3. FIXED ASSETS (continued)

COMPANY

	Leasehold Buildings S\$'000	Networks & Related Application Systems S\$'000	Application Systems & Computers S\$'000	Motor Vehicles S\$'000	Furniture, Fittings & Equipment S\$'000	Capital Work-in- progress S\$'000	Total S\$'000
COST:							
Balance at beginning of year	75,776	820,907	134,571	1,439	7,501	15,777	1,055,971
Additions/(transfers upon completion)	1,921	29,875	12,356	80	513	71,851	116,596
Disposals	(1,913)	(372)	(4,923)	(227)	(107)	–	(7,542)
Balance at end of year	75,784	850,410	142,004	1,292	7,907	87,628	1,165,025
ACCUMULATED DEPRECIATION:							
Balance at beginning of year	11,022	222,363	76,007	668	4,401	–	314,461
Charge for the year	3,989	70,075	19,785	224	1,040	–	95,113
Disposals	(1,552)	(115)	(3,243)	(227)	(71)	–	(5,208)
Balance at end of year	13,459	292,323	92,549	665	5,370	–	404,366
Charge for 2002	3,700	73,559	18,645	229	1,017	–	97,150
NET BOOK VALUE:							
At end of year	62,325	558,087	49,455	627	2,537	87,628	760,659
At beginning of year	64,754	598,544	58,564	771	3,100	15,777	741,511

continue

Notes to the Financial Statements

4. LICENCES AND SPECTRUM RIGHTS

	Group and Company	
	2003 S\$'000	2002 S\$'000
COST:		
Balance at beginning and end of year	98,347	98,347
ACCUMULATED AMORTISATION:		
Balance at beginning of year	394	293
Amortisation	233	101
Balance at end of year	627	394
NET BOOK VALUE:		
At end of year	97,720	97,953
At beginning of year	97,953	98,054

5. STAFF LOANS

	Group and Company	
	2003 S\$'000	2002 S\$'000
Repayable within one year (included in Note 9)	290	351
Repayable after one year	690	882
	980	1,233

Staff loans are for purchase of motor vehicles. These loans are repayable in equal monthly instalments over periods of up to seven years and bear interest rate of up to 2% (2002: 2%) per annum.

Notes to the Financial Statements

6. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2003 are as follows:

Name of company	Date and country of incorporation	Effective interest of the Company		Cost of investment		Principal activities (place of business)
		2003 %	2002 %	2003 S\$'000	2002 S\$'000	
M1 Shop Pte Ltd	21 March 1996 Singapore	100	100	2,000	2,000	Sale, servicing and repair of telecommunication equipment (Singapore)
M1 Capital Ltd	27 June 1996 Singapore	100	100	25	25	Special purpose finance vehicle – inactive (Singapore)
Wireless Intellect Labs Pte Ltd	20 June 2001 Singapore	100	50	460	450	Research and development (Singapore)
				2,485	2,475	

The subsidiaries are audited by Ernst & Young, Singapore.

Notes to the Financial Statements

7. INVENTORIES

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
AT COST:				
Handsets and pagers	7,274	15,743	–	–
Accessories	1,470	1,334	769	861
	8,744	17,077	769	861
LESS:				
Provision for inventory obsolescence	(4,386)	(5,103)	–	–
	4,358	11,974	769	861

Handset inventories costing S\$6,241,000 (2002: S\$15,699,000) have net realisable value of S\$2,174,000 (2002: S\$10,982,000).

Movement in provision for inventory obsolescence were as follows:

	Group	
	2003 S\$'000	2002 S\$'000
Balance at beginning of year	5,103	4,304
(Write-back)/provision for the year	(705)	800
Inventories written-off	(12)	(1)
Balance at end of year	4,386	5,103

Notes to the Financial Statements

8. TRADE DEBTORS

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Trade debtors are stated after deducting provision for doubtful debts of	14,056	22,335	14,056	22,020

Movement in provision for doubtful debts were as follows:

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Balance at beginning of year	22,335	22,071	22,020	21,756
Charge to profit and loss statements	19,205	21,864	19,520	21,864
Bad debts written-off	(27,484)	(21,600)	(27,484)	(21,600)
Balance at end of year	14,056	22,335	14,056	22,020

9. OTHER DEBTORS

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Deposits	3,286	3,373	2,523	2,451
Staff loans (Note 5)	290	351	290	351
Prepayments	12,061	9,397	11,842	9,107
Sundry debtors	3,294	5,180	2,123	3,314
	18,931	18,301	16,778	15,223

continue

Notes to the Financial Statements

10.DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Due from subsidiaries, trade	–	–	500	6,768
Due from other related parties	81	78	–	–
	81	78	500	6,768
Due to subsidiaries, trade	–	–	(3,539)	(33)
Due to other related parties	(2,573)	(2,692)	(2,493)	(2,688)
	(2,573)	(2,692)	(6,032)	(2,721)

The amounts due from/(to) related parties are unsecured, interest-free and expected to be repaid within the next 12 months.

11.CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Cash and bank balances	79,567	626	79,293	484
Bank overdraft (unsecured)	–	(1,385)	–	(1,385)
	79,567	(759)	79,293	(901)

Cash at banks earn interest at floating rates offered by short-term money market.

Notes to the Financial Statements

12.CREDITORS

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Trade creditors	22,211	22,295	16,268	19,183
Accrued operating expenses	61,385	66,648	58,325	62,033
Accrued capital expenditure	102,536	45,111	102,361	45,111
Unearned revenue	21,037	20,301	21,037	20,301
Interest payable	1,068	1,080	1,068	1,080
Directors' fees payable	355	186	355	186
Other creditors	924	489	896	465
	209,516	156,110	200,310	148,359

13.BORROWINGS

	Group and Company	
	2003 S\$'000	2002 S\$'000
Unsecured bank loans		
Repayable within one year	–	21,200
Repayable after one year	250,000	250,000
	250,000	271,200

Notes to the Financial Statements

13.BORROWINGS (continued)

The loans repayable within one year which bore interest at 1.06% to 1.98% (2002: 1.24% to 2.82%) per annum during the financial year had been fully repaid in 2003.

The loan repayable after one year is syndicated and repayable in full in 2007. It is unsecured and bears interest at a rate which is based on the variable Singapore Dollar Swap Offer Rate, payable semi-annually every November and May.

The Group has exchanged the variable Singapore Dollar Swap Offer Rate with a fixed interest rate by entering into an interest rate swap agreement with a financial institution whereby it receives interest at the variable Singapore Dollar Swap Offer Rate and pays interest at a fixed Singapore Dollar rate of 4.2% (2002: 4.3%) per annum semi-annually every November and May. The interest rate swap has the same notional amount and maturity period as the syndicated loan of S\$250 million.

14.TAXATION

Major components of income tax expenses for the year ended 31 December were:

	Group and Company	
	2003	2002
	S\$'000	S\$'000
Deferred taxation	41,591	33,300

A reconciliation of the statutory tax rates with the effective tax rates applicable to profit from operations of the Group for the financial years ended 31 December was as follows:

	Group and Company	
	2003	2002
	%	%
Statutory rate	22.0	22.0
ADJUSTMENTS FOR THE TAX EFFECT OF:		
Reduction in tax rate	–	(1.9)
Expenses not deductible for tax purposes	0.8	0.5
Others	–	0.2
Effective tax rate	22.8	20.8

Notes to the Financial Statements

14. TAXATION (continued)

ANALYSIS OF DEFERRED TAX LIABILITIES:

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Balance at beginning of year	64,000	30,700	63,800	30,500
Provision for the year	41,591	33,300	41,591	33,300
Balance at end of year	105,591	64,000	105,391	63,800

DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes at 31 December were related to the following:

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
DEFERRED TAX LIABILITY				
Difference in depreciation	117,712	77,035	117,466	76,704
DEFERRED TAX ASSETS				
Provision for inventory obsolescence, doubtful debts and unconsumed annual leave	(786)	(1,700)	(740)	(1,569)
Unutilised investment allowances	(11,335)	(11,335)	(11,335)	(11,335)
	(12,121)	(13,035)	(12,075)	(12,904)
Net deferred tax liabilities	105,591	64,000	105,391	63,800

Notes to the Financial Statements

15.SHARE CAPITAL

	Group and Company	
	2003 S\$'000	2002 S\$'000
AUTHORISED:		
Balance at beginning of year		
3,000,000,000 ordinary shares of S\$0.20 each		
(2002: 200,000,000 ordinary shares of S\$1 each)	600,000	200,000
Increased during the year		
Nil ordinary shares of S\$0.20 each		
(2002: 400,000,000 ordinary shares of S\$1 each)	–	400,000
	600,000	600,000
Sub-division of nil ordinary shares of S\$0.20 each		
(2002: Sub-division of 600,000,000 ordinary shares of S\$1		
each into 3,000,000,000 ordinary shares of S\$0.20 each)	–	–
Balance at end of year		
3,000,000,000 ordinary shares of S\$0.20 each	600,000	600,000

Notes to the Financial Statements

15.SHARE CAPITAL (continued)

	Group and Company	
	2003 S\$'000	2002 S\$'000
ISSUED AND FULLY PAID:		
Balance at beginning of year		
1,050,000,749 ordinary shares of S\$0.20 each (2002: 140,000,100 ordinary shares of S\$1 each)	210,000	140,000
Movements during the year		
Sub-division of nil ordinary share of S\$0.20 each (2002: Sub-division of 1 ordinary share of S\$1 each into 5 ordinary shares of S\$0.20 each)	–	–
Bonus issue of nil (2002: 350,000,249) ordinary share of S\$0.20 each	–	70,000
Issuance of 325,000 (2002: nil) ordinary shares of S\$0.20 each at S\$1.25 per share for cash on exercise of employee share options	65	–
Balance at end of year		
1,050,325,749 (2002: 1,050,000,749) ordinary shares of S\$0.20 each	210,065	210,000

continue

Notes to the Financial Statements

16.OPERATING REVENUE

	Group	
	2003	2002
	S\$'000	S\$'000
Mobile telecommunications	544,803	542,162
International call services	96,171	94,113
Equipment sales	74,777	66,090
Others	1,575	3,608
	717,326	705,973

17.OPERATING EXPENSES

	Group	
	2003	2002
	S\$'000	S\$'000
Cost of sales	130,929	126,371
Cost of equipment sold	115,447	116,190
Staff costs	85,923	87,648
Advertising and promotion expenses	24,165	28,834
Depreciation and amortisation	96,032	98,094
Provision for doubtful debts	19,205	21,864
General and administrative expenses	53,385	55,118
	525,086	534,119

Notes to the Financial Statements

17.OPERATING EXPENSES (continued)

Total operating expenses included the following:

	Group	
	2003 S\$'000	2002 S\$'000
Auditors' remuneration –		
statutory audit	110	100
other services	31	63
CPF contributions	9,163	9,990
Directors' remuneration	1,768	420
Foreign exchange loss, net	38	17
(Write-back of)/provision for inventory obsolescence	(705)	800
Loss on disposals of fixed assets	1,601	33

18.OTHER REVENUES

	Group	
	2003 S\$'000	2002 S\$'000
Government grants	1,041	668
Others	337	302
	1,378	970

Notes to the Financial Statements

19.FINANCE COSTS

	Group	
	2003 S\$'000	2002 S\$'000
Interest on bank overdrafts	6	19
Interest on bank loans	10,428	11,510
	10,434	11,529

20.EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for effects of dilutive options).

The following reflects the earnings and share data used in the basic and diluted earnings per share computations for the financial years ended 31 December 2003 and 2002:

	Group	
	2003 S\$'000	2002 S\$'000
Net profit attributable to shareholders for basic and diluted earnings per share	141,593	128,370
Weighted average of ordinary shares on issue applicable to basic earnings per share	1,050,042,168	1,050,000,749
Effect of dilutive securities: share options	852,547	–
Adjusted weighted average of ordinary shares on issue applicable to diluted earnings per share	1,050,894,715	1,050,000,749

Notes to the Financial Statements

21.EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

EBITDA is defined as follows:

	Group	
	2003 S\$'000	2002 S\$'000
Profit before tax	183,184	161,295
ADJUSTMENTS FOR:		
Amortisation of licences/spectrum rights	233	101
Depreciation of fixed assets	95,799	97,993
Interest on bank overdrafts	6	19
Interest on bank loans	10,428	11,510
EBITDA	289,650	270,918

22.SIGNIFICANT RELATED PARTY TRANSACTIONS

The following were significant transactions entered into by the Group with its related parties at market rates during the financial year:

	Group	
	2003 S\$'000	2002 S\$'000
Purchases from related parties	10,356	31,150
Sales to related parties	(53)	(25)

Notes to the Financial Statements

23.COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

The Group discloses authorised and contracted for capital expenditure commitments when purchase orders are issued. The Group has the following commitments for capital expenditure which have not been provided for in the consolidated financial statements:

	Group and Company	
	2003 S\$'000	2002 S\$'000
Authorised and contracted for	42,836	66,955

OPERATING LEASE COMMITMENTS

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) were S\$21,068,000 and S\$20,905,000 for the financial years ended 31 December 2003 and 2002 respectively.

The Group leases various properties and the future minimum lease payments are as follows:

	Group		Company	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Within one financial year	9,438	10,503	6,191	7,180
After one financial year but not more than five financial years	12,674	9,390	9,735	7,886
More than five financial years	15,787	16,869	15,787	16,869
	37,899	36,762	31,713	31,935

Notes to the Financial Statements

24.SHARE OPTIONS

The Company has an employee share option scheme, MobileOne Share Option Scheme (the “Scheme”), for granting of non-transferable options to employees (including executive director) and non-executive directors of the Company and its subsidiaries.

The Remuneration Committee is responsible for administering the Scheme. The Remuneration Committee members are Mr. Hsuan Owyang (Chairman of Committee), Mr. Low Huan Ping, Mr. Rolf Soderstrom (resigned on 31 December 2003) and Mr. Teo Soon Hoe. Pursuant to Mr. Rolf Soderstrom’s resignation, Mr. Roger John Barlow has been appointed as a member of the Remuneration Committee.

Under the Scheme, options granted have a term of 5 years or 10 years from the date of grant for non-executive directors and Group executives respectively.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Remuneration Committee as follows:

- 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 Remuneration Committee in its absolute discretion; or
- ii) at a price, which is set at the absolute discretion of the Remuneration Committee, at a discount to the Market Price so long as the maximum discount for any option shall not exceed 20% of the Market Price in respect of that option.

The subscription price may not be less than the par value of the ordinary shares of the Company.

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

Date of grant	Balance as at 1 January 2003	Exercised	Balance as at 31 December 2003	Subscription price
9 November 2002	10,582,000	(325,000)	10,257,000	S\$1.25

The above options will vest over a period of three years from the date of grant and may be exercisable for a period commencing after the first anniversary of the date of grant and expiring on the 10th anniversary of the date of grant. To date, no options were granted at a discount.

Notes to the Financial Statements

24.SHARE OPTIONS (continued)

Information on director of the Company participating in the Scheme is as follows:

Name of director	Options granted during financial year	Aggregate options granted since commencement year of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding at end of financial year	Subscription price
Neil Montefiore	–	3,000,000	–	3,000,000	S\$1.25

No options were granted to non-executive directors since the commencement of the Scheme and no employees have received 5% or more of the total options available under the Scheme.

25.FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial assets and liabilities are, in the normal course of business, exposed to interest rate, currency exchange rate, credit and liquidity risks. The Group's risk management strategy aims to minimise the adverse effects of financial risk on the financial performance of the Group. To this extent, financial instruments are used to cover potential commercial exposures and are not held for trade or speculative purposes.

INTEREST RATE RISK

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group's policy is to manage its interest rate cost using variable and fixed rate debts. To manage this in a cost-efficient manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. As at 31 December 2003, after taking into account the effect of interest rate swap, the Group's borrowing was at fixed rate of interest.

Notes to the Financial Statements

25.FINANCIAL INSTRUMENTS (continued)

FOREIGN CURRENCY RISK

The Group's revenue and expenditure are primarily transacted in Singapore dollar. The currency exposures are limited to United States dollars and 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.

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.

As at the balance sheet date, after taking into account the effects of forward foreign exchange contracts, the Group's currency exposures are insignificant.

LIQUIDITY RISK

The Group relies on its internal working capital and bank borrowings to fund most of its investing activities. There are sufficient revolving credit facilities available that meet short-term funding requirements.

CREDIT RISK

The Group'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 debtors due to its diverse customer base. Credit risk is managed through credit checks, credit reviews and monitoring procedures that includes a formal collection process.

The Group's maximum exposure to credit risk in the event the counter-parties fail to perform their obligations as of 31 December 2003 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the consolidated balance sheet.

Fair values

FINANCIAL ASSETS AND LIABILITIES

Other than the unsecured bank loans, the fair values of other financial assets and liabilities of the Company and of the Group approximate their carrying values due to their short-term nature.

Notes to the Financial Statements

25.FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

The aggregate fair value of unsecured bank loans of the Company and of the Group which are not carried at fair value in the balance sheets is presented in the following table.

	Carrying amount		Fair value	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Unsecured bank loans	250,000	271,200	250,000	271,200

The fair values are estimated by using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2003, the fair value of the interest rate swap, which has a contract notional amount of S\$250 million, is a payable of S\$10.7 million (2002: S\$20.5 million). This fair value is calculated using rates quoted by the Group's banker assuming the agreement were to be liquidated at balance sheet date. This fair value is not recognised in the financial statements as at 31 December 2003.

EXCHANGE RATE EXPOSURE

The Group has foreign exchange forward contracts outstanding as of 31 December 2003 with notional amounts totalling US\$8 million (2002: US\$1.5 million). Such forward contracts are used to minimise exposure to exchange fluctuations and are for payments to roaming partners. The foreign exchange forward contracts enable the Group to buy United States dollars at predetermined forward rates with delivery dates that range from one to six months. As of 31 December 2003, the unrealised gain or loss on these forward contracts is not material as they are contracted from September 2003 and have maturity periods of between one to six months.

Notes to the Financial Statements

26.DIVIDENDS PAID AND PROPOSED

	Group and Company	
	2003 S\$'000	2002 S\$'000
Dividends paid:		
Final (2002)		
7.3 cents (2002: nil) per ordinary share, tax exempt	76,650	–
Interim (2003)		
3.9 cents (2002: nil) per ordinary share, tax exempt	40,950	–
	117,600	–
Dividends proposed:		
Final		
5.5 cents (2002: 7.3 cents) per ordinary share, tax exempt	57,768	76,650

The directors propose that a final tax exempt dividend of 5.5 cents per ordinary share amounting to S\$57,767,916 be paid for the financial year under review. The proposed final tax exempt dividend will be submitted for approval at the forthcoming Annual General Meeting of the Company.

27.COMPARATIVES

Certain comparative figures have been reclassified to conform to the current year's presentation.

28.AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2003 were authorised for issue in accordance with a resolution of the directors on 30 January 2004.

Major Properties

Name/Use	Address	Floor area (sq m)	Date of purchase	Lease expiry date*
Main Operations Centre (MOC) – Head office and Switch Centre	10 International Business Park, Singapore 609928	8,441	8 October 1996	28 February 2026
MiWorld Building – Office	9 International Business Park, Singapore 609915	6,850	15 February 2002	30 June 2022
Regional Operations Centre (ROC) – Office and Switch Centre	4 Aljunied Avenue 1, Singapore 389978	4,816	19 November 2001	30 May 2020

* All 3 properties have the option to renew for a further 30-year lease term.

Corporate Information

BOARD OF DIRECTORS

Lim Chee Onn, Chairman
 Neil Montefiore, CEO
 Roger John Barlow
 Low Huan Ping
 Hsuan Owyang
 Arthur Seet Keong Hoe
 Rolf-Kristian Berndtson Soderstrom*
 Teo Soon Hoe
 Reggie Thein
 Thio Su Mien
 Patrick Yeoh Khwai Hoh

AUDIT COMMITTEE

Reggie Thein, Chairman
 Arthur Seet Keong Hoe
 Thio Su Mien
 Patrick Yeoh Khwai Hoh

REMUNERATION COMMITTEE

Hsuan Owyang, Chairman
 Low Huan Ping
 Rolf-Kristian Berndtson Soderstrom*
 Teo Soon Hoe

NOMINATING COMMITTEE

Thio Su Mien, Chairman
 Reggie Thein
 Patrick Yeoh Khwai Hoh

COMPANY SECRETARIES

Eunice Phua Ling
 Ong Hwee Yen

REGISTERED ADDRESS

10 International Business Park
 Singapore 609928
 Telephone +65 6895 1111
 Facsimile +65 6899 3929

REGISTRAR

Lim Associates (Pte) Ltd
 10 Collyer Quay
 #19-08 Ocean Building
 Singapore 049315
 Telephone +65 6536 5355
 Facsimile +65 6536 1360

AUDITORS

Ernst & Young
 Certified Public Accountants
 10 Collyer Quay
 #21-01 Ocean Building
 Singapore 049315
 Partner-in-charge (since 2003): Kevin Kwok

PRINCIPAL BANKERS

ABN AMRO Bank N.V., Singapore Branch
 Citibank N.A., Singapore Branch
 Oversea-Chinese Banking Corporation Limited

* Mr. Rolf-Kristian Berndtson Soderstrom resigned as a Director of the Company with effect from 31 December 2003.

Shareholding Information

as at 12 February 2004

Authorised share capital:	S\$600,000,000
Issued and fully paid-up capital:	S\$210,128,750
Class of shares:	Ordinary shares of S\$0.20 each
Voting rights:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	No. of shares	%
1 – 999	5	0.06	755	0.00
1,000 – 10,000	8,746	96.50	14,416,500	1.37
10,001 – 1,000,000	298	3.29	15,367,135	1.46
1,000,001 and above	14	0.15	1,020,859,359	97.17
Total	9,063	100.00	1,050,643,749	100.00

Shareholding Information

as at 12 February 2004

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	DBS Nominees Pte Ltd	211,774,890	20.16
2	Raffles Nominees Pte Ltd	168,141,600	16.00
3	Keppel Telecoms Pte Ltd	148,689,362	14.15
4	SPH Multimedia Pte Ltd	148,689,362	14.15
5	Great Eastern Telecommunications Limited	127,448,025	12.13
6	HSBC (Singapore) Nominees Pte Ltd	89,561,350	8.52
7	Citibank Nominees Singapore Pte Ltd	74,434,171	7.08
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	15,418,000	1.47
9	United Overseas Bank Nominees Pte Ltd	12,282,700	1.17
10	DB Nominees (S) Pte Ltd	12,113,899	1.15
11	Pineapples of Malaya Private Limited	5,250,000	0.50
12	Oversea-Chinese Bank Nominees Pte Ltd	3,424,000	0.33
13	Paramount Assets Investments Pte Ltd	2,132,000	0.20
14	Thio Keng Thay	1,500,000	0.14
15	Royal Bank of Canada Nominees Pte Ltd	908,000	0.09
16	BNP Paribas Nominees Singapore Pte Ltd	680,000	0.06
17	ING Nominees (Singapore) Pte Ltd	670,000	0.06
18	Chia Kum Ho	550,000	0.05
19	Lee Pineapple Company Pte Ltd	500,000	0.05
20	Tan Sheau Yen Helen	500,000	0.05
	TOTAL	1,024,667,359	97.51

Substantial Shareholders

as at 12 February 2004

Name	No. of shares			%
	Direct Interest	Deemed Interest	Total Interest	
Temasek Holdings (Private) Limited	–	148,872,362 ¹	148,872,362	14.17
Keppel Telecoms Pte Ltd	148,689,362	–	148,689,362	14.15
Keppel Telecommunications & Transportation Ltd	–	148,689,362 ²	148,689,362	14.15
Keppel Corporation Limited	–	148,689,362 ²	148,689,362	14.15
SPH Multimedia Private Limited	148,689,362	–	148,689,362	14.15
Singapore Press Holdings Limited	–	148,689,362 ³	148,689,362	14.15
Great Eastern Telecommunications Ltd	127,448,025	–	127,448,025	12.13
Cable & Wireless plc	–	127,448,025 ⁴	127,448,025	12.13
PCCW-HKT Limited	–	127,448,025 ⁴	127,448,025	12.13
Cable & Wireless Central Holding Limited	–	127,448,025 ⁴	127,448,025	12.13
Sable Holding Limited	–	127,448,025 ⁴	127,448,025	12.13
Prudential Asset Management Singapore Ltd	–	72,848,000	72,848,000	6.93
Schroder Investment Management Group	–	54,305,000	54,305,000	5.17

Notes:

- 1 Temasek Holdings (Private) Limited is deemed to be interested in the 148,872,362 shares held by Keppel group of companies and DBS group of companies.
- 2 Keppel Telecommunications & Transportation Ltd and Keppel Corporation Limited are deemed to be interested in the 148,689,362 shares held by Keppel Telecoms Pte Ltd.
- 3 Singapore Press Holdings Limited is deemed to be interested in the 148,689,362 shares held by SPH Multimedia Private Limited.
- 4 Cable & Wireless plc, Sable Holding Limited, Cable & Wireless Central Holding Limited and PCCW-HKT Limited are deemed to be interested in the 127,448,025 shares held by Great Eastern Telecommunications Ltd.

FREE FLOAT

Approximately 47.4% of the issued share capital of the Company was 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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2nd Annual General Meeting of the ordinary shareholders of the Company will be held at Singapore Marriott Hotel, Level 3, Ballroom III, 320 Orchard Road, Singapore 238865 on 25 March 2004 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

- | | | |
|-----|---|--------------|
| 1. | To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2003. | Resolution 1 |
| 2. | To declare a final dividend of 5.5 cents per share tax exempt under the One-Tier system for the year ended 31 December 2003. | Resolution 2 |
| 3. | To pass the following resolution separately under Section 153(6) of the Companies Act (Chapter 50): | |
| 3.1 | That pursuant to Section 153(6) of the Companies Act (Chapter 50), Mr. Hsuan Owyang be and is hereby re-appointed as Director of the Company to hold such office until the next Annual General Meeting of the Company (See Note 1). | Resolution 3 |
| 4. | To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 92: | |
| | (i) Mr. Roger John Barlow | Resolution 4 |
| | (ii) Mr. Lim Chee Onn | Resolution 5 |
| | (iii) Mr. Low Huan Ping | Resolution 6 |
| 5. | To approve Directors' fees of S\$355,000 for the year ended 31 December 2003 (FY 2002: S\$187,170) (See Note 2). | Resolution 7 |
| 6. | To re-appoint Auditors and authorise the Directors to fix their remuneration. | Resolution 8 |

AS SPECIAL BUSINESS

- | | | |
|-----|---|--------------|
| 7. | To consider and if thought fit, approving, with or without modifications, Resolution 9, which will be proposed as an Ordinary Resolution: | |
| 7.1 | That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the MobileOne Share Option Scheme ("the Scheme") and to allot and issue such shares as may be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 10 per cent of the issued ordinary share capital of the Company from time to time (see Note 3). | Resolution 9 |

Notice of Annual General Meeting

AS SPECIAL BUSINESS (continued)

8. To transact such other business which can be transacted at an Annual General Meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed from 5 April 2004 to 6 April 2004 (both dates inclusive), for the preparation of dividend warrants. Duly completed transfers received by the Company's registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to the close of business at 5.00 p.m. on 2 April 2004 will be registered to determine shareholders' entitlement to the proposed final dividend. The proposed final dividend, if approved at the Annual General Meeting, will be paid on 21 April 2004.

BY ORDER OF THE BOARD

Eunice Phua/Ong Hwee Yen

Company Secretaries

Singapore

9 March 2004

Notes:

A member of the Company is entitled to appoint a proxy to attend the meeting and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company, 10 International Business Park, Singapore 609928, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Explanatory Notes on Resolutions to be passed:

1. Ordinary Resolution 3 is to re-appoint a director who is over 70 years of age.
2. Directors' fees payable to Messrs. Lim Chee Onn, Roger John Barlow (up to 30 November 2003), Low Huan Ping, Arthur Seet Keong Hoe, Rolf-Kristian Soderstrom and Teo Soon Hoe will be paid to the relevant shareholder (namely, Great Eastern Telecommunications Ltd, Keppel Telecoms Pte Ltd or SPH Multimedia Private Limited, as appropriate) that nominated each of them.
3. Ordinary Resolution 9 is to authorise the Directors to offer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of such options under the Scheme up to an amount not exceeding 10 per cent of the issued share capital of the Company from time to time.

Proxy Form



IMPORTANT:

1. For investors who have used their CPF monies to buy MobileOne Ltd's shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

MOBILEONE LTD

(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING

I/We, _____ (Name)
of _____ (Address)
being a Member/Members of MobileOne Ltd, hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			Number of Shares	%
and/or (delete as appropriate)				
Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			Number of Shares	%

as my/our proxy/proxies to attend vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Thursday, 25 March 2004 at 10.00 a.m. and at Singapore Marriott Hotel, Level 3, Ballroom III, 320 Orchard Road, Singapore 238865 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

Resolutions	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	No. of Votes For**	No. of Votes Against**
Ordinary Business				
1 Adoption of Directors' Report and Accounts				
2 Declaration of Dividends				
3 To re-appoint Mr. Hsuan Owyang as Director pursuant to Section 153(6) of the Companies Act, Cap. 50				
4 To re-elect Mr. Roger John Barlow as Director				
5 To re-elect Mr. Lim Chee Onn as Director				
6 To re-elect Mr. Low Huan Ping as Director				
7 Approval of Directors' fees				
8 Re-appointment of Auditors				
Special Business				
9 Issue of shares pursuant to the exercise of options under the MobileOne Share Option Scheme.				

* Please indicate your vote "For" or "Against" with an "X" in the spaces provided.
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" in the spaces provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2004

Total Number of Shares held

Signature(s) or Common Seal of Member(s)

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore), you should insert that number of shares. If you only have shares registered in your name in the Register of Members, you should insert that number of shares. However, if you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. A Member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Where a shareholder appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 International Business Park, Singapore 609928 not less than 48 hours before the time appointed for the Annual General Meeting.

[Fold along this line(1)]

Affix Postage Stamp

The Company Secretary
MobileOne Ltd
10 International Business Park
Singapore 609928

[Fold along this line(2)]

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation which is a Member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

