

CIRCULAR DATED 1 OCTOBER 2004

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold your ordinary shares in the capital of MobileOne Ltd, you should immediately forward this Circular and the Proxy Form enclosed with this Circular to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.



MOBILEONE LTD

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

CIRCULAR TO SHAREHOLDERS

in relation to

the proposed Capital Reduction and Cash Distribution

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	23 October 2004 at 5.00 p.m.
Date and time of Extraordinary General Meeting	:	25 October 2004 at 5.00 p.m.
Place of Extraordinary General Meeting	:	Hilton Singapore Ballroom 1A (Level 3) 581 Orchard Road Singapore 238883

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

- “Books Closure Date”** : A date to be announced on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of Shareholders under the Capital Reduction.
- “Capital Reduction”** : The proposed capital reduction exercise to be carried out by the Company pursuant to Section 73 of the Companies Act to reduce part of the issued and paid-up share capital, the share premium account and the retained profits account of the Company, details of which are set out on pages 7 to 12 of this Circular.
- “Cash Distribution”** : The proposed cash distribution by the Company to Shareholders of approximately S\$1.57 in cash for each Share cancelled by way of the Capital Reduction, provided that the resultant aggregate cash distribution payable to a Shareholder pursuant to the Capital Reduction shall be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable. The cash amount per Share to be returned is fixed (based on the average of the last transacted prices of the Shares traded on the SGX-ST for the five (5) market days from (and including) 24 August 2004 to (and including) 30 August 2004) but the total cash distribution may change depending on whether there are changes in the issued and paid-up share capital of the Company.
- “CDP”** : The Central Depository (Pte) Limited.
- “CPF”** : The Central Provident Fund Board.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore.
- “Company” or “MobileOne”** : MobileOne Ltd.
- “Court”** : The High Court of the Republic of Singapore.
- “Directors”** : The directors of the Company as at the date of this Circular.
- “Effective Date”** : The date on which the Capital Reduction becomes effective.
- “EGM”** : The extraordinary general meeting of the Company, notice of which is set out on pages 23 to 25 of this Circular.
- “EPS”** : Earnings per Share.
- “FY”** : Financial year ended or ending on 31 December of the relevant year.
- “Group” or “M1 Group”** : The Company and its subsidiaries.
- “Income Tax Act”** : The Income Tax Act, Chapter 134 of Singapore.
- “Latest Practicable Date”** : 24 September 2004, being the latest practicable date prior to the printing of this Circular.

DEFINITIONS

“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“Reduction Proportion”	:	The cancellation of such number of Shares equal to 7.0 per cent. of the total number of Shares held by or on behalf of each Shareholder as at the Books Closure Date.
“ROE”	:	Return on equity.
“Securities Accounts”	:	Securities accounts maintained by a Depositor with CDP, but not including securities sub-accounts maintained with a Depository Agent.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Share Buy-Back”	:	Buy-back of Shares by the Company pursuant to the Share Buy-Back Mandate.
“Share Buy-Back Mandate”	:	A general mandate given by Shareholders (including the subsequent renewal thereof if approved by Shareholders) that authorises the Company to purchase Shares in accordance with its terms, the Companies Act and the Listing Manual.
“Share Option Scheme”	:	The MobileOne Share Option Scheme.
“Share Options”	:	Options to subscribe for new Shares granted pursuant to the Share Option Scheme.
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall mean the Depositors who have Shares credited to their Securities Accounts.
“Shares”	:	Ordinary shares of S\$0.20 each in the issued and paid-up share capital of the Company.
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively.
“%”	:	Per centum or percentage.

The expressions “Depositor”, Depository Agent” and Depository Register” shall have the respective meanings ascribed to them in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. Words importing persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

INDICATIVE TIMETABLE

The following are the indicative dates and times for the Capital Reduction⁽¹⁾.

Last date and time for lodgement of Proxy Forms for the EGM ⁽²⁾	:	23 October 2004, 5.00 p.m.
Date and time of the EGM	:	25 October 2004, 5.00 p.m.
Expected date for Court approval of the Capital Reduction	:	1 December 2004
Expected last date and time of “cum” trading of the Shares On the SGX-ST	:	13 December 2004, 5.00 p.m.
Expected commencement of “ex” trading of the Shares On the SGX-ST	:	14 December 2004, 9.00 a.m.
Expected Books Closure Date for the Capital Reduction	:	16 December 2004, 5.00 p.m.
Expected Payment Date for the Cash Distribution	:	29 December 2004

Notes:

- (1) The above timetable is indicative only and the actual dates of the above events will be announced in due course by way of MASNET announcement released on the SGX-ST.
- (2) All Proxy Forms must be lodged at the registered office of the Company at 10 International Business Park Singapore 609928 not less than 48 hours before the time of the EGM. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting in person at the EGM.

LETTER TO SHAREHOLDERS

MOBILEONE LTD

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

Directors:

Lim Chee Onn (*Chairman*)
Roger John Barlow
Michael John Grant
Low Huan Ping
Neil Montefiore
Hsuan Owyang
Arthur Seet Keong Hoe
Teo Soon Hoe
Reggie Thein
Thio Su Mien
Patrick Yeoh Khwai Hoh

Registered Office:

10 International Business Park
Singapore 609928

1 October 2004

To: The Shareholders of
MobileOne Ltd

Dear Sir/Madam

1. INTRODUCTION

- 1.1 **Announcements.** In announcements made on 1 September 2004 and 3 September 2004, the Directors announced details of the proposal by the Company to return capital of an aggregate amount of up to a maximum of approximately S\$115.7 million by way of the Capital Reduction involving: (a) the cancellation of up to a maximum of approximately 73.7 million Shares representing approximately 7.0 per cent. of the issued and paid-up share capital of the Company as at 30 August 2004 and a cash distribution of up to a maximum sum of approximately S\$14.7 million shall be returned to the Shareholders. Such cancellation will be effected by cancelling such number of Shares equal to 7.0 per cent. of the total number of Shares held by or on behalf of each Shareholder as at the Books Closure Date, which works out to be one Share for approximately every 14 Shares held by or on behalf of each Shareholder as at the Books Closure Date; (b) the reduction of up to a maximum sum of approximately S\$1.8 million standing to the credit of the share premium account of the Company by returning up to a maximum sum of approximately S\$1.8 million in cash to the Shareholders; and (c) the capitalisation of up to a maximum sum of approximately S\$99.2 million forming part of the retained profits of the Company and the allotment of up to a maximum of approximately 495.8 million ordinary shares of S\$0.20 each in the issued and paid-up share capital of the Company ("**Additional Shares**"), which shall be forthwith cancelled in their entirety and a cash distribution of up to a maximum sum of approximately S\$99.2 million shall be returned to Shareholders. The actual number of Shares and/or Additional Shares to be cancelled pursuant to the Capital Reduction may be adjusted, based on the issued and paid-up share capital of the Company as at the Books Closure Date.

Copies of the announcements made on 1 September 2004 and 3 September 2004 are available on the website of the SGX-ST at www.sgx.com.

- 1.2 **EGM.** The Directors are convening the EGM to be held at the Hilton Singapore, Ballroom 1A (Level 3) 581 Orchard Road Singapore 238883 on 25 October 2004 at 5.00 p.m. to seek the approval of Shareholders for the Capital Reduction.

LETTER TO SHAREHOLDERS

- 1.3 **Circular.** The purpose of this Circular is to explain the reasons for, and to provide the Shareholders with information relating to, the proposal to be tabled at the EGM.
- 1.4 **SGX-ST.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Circular.

2. CAPITAL REDUCTION

2.1 **Capital Reduction.** The Capital Reduction exercise will involve the following:

(a) ***Cancellation of Shares based on the Reduction Proportion***

Pursuant to the Capital Reduction, the Company will cancel such number of Shares equal to 7.0 per cent. of the total number of Shares held by or on behalf of each of the Shareholders as at the Books Closure Date. The resultant number of Shares held by or on behalf of each Shareholder following such cancellation will be subject to the Rounding-Up (as defined in sub-paragraph 2.1(b) below). Forthwith upon such cancellation taking effect, up to a maximum sum of approximately S\$14.7 million arising from such cancellation of the issued and paid-up share capital of the Company shall be returned to the Shareholders on the basis of S\$0.20 for each Share held by or on behalf of such Shareholder so cancelled. Shareholders who hold or own less than or equal to 14 Shares as at the Books Closure Date will not be subject to such cancellation, and their Shares will not be cancelled pursuant to the Capital Reduction.

(b) ***Rounding-Up***

The Capital Reduction is proposed to be effected such that the resultant number of Shares which would have been held by or on behalf of each Shareholder following the proposed cancellation of Shares based on the Reduction Proportion shall be rounded up (where applicable) to the nearest multiple of 10 Shares (the “**Rounding-Up**”). Consequently, the number of Shares proposed to be cancelled from such Shareholder may be reduced accordingly (please refer to Illustration A in paragraph 2.4 below).

However, in the event that the resultant number of Shares arising from the Rounding-Up:

- (i) is greater than that held by or on behalf of such Shareholder prior to the Capital Reduction being effected, no Rounding-Up will be applied and the number of Shares proposed to be cancelled from such Shareholder shall be the number of Shares cancelled based solely on the Reduction Proportion, disregarding any fractional interests in a Share (please refer to Illustration B in paragraph 2.4 below); or
- (ii) is equal to that held by or on behalf of such Shareholder prior to the Capital Reduction being effected, no Shares shall be cancelled from such Shareholder (please refer to Illustration C in paragraph 2.4 below).

The Rounding-Up is intended to minimise (where possible) Shareholders holding Shares in less than multiples of 10 Shares after the Capital Reduction. The Rounding Up is applicable also to (i) holders of securities sub-accounts maintained directly with Depository Agents, (ii) CPF members whose Shares are held on their behalf by CPF agent banks, and (iii) persons whose Shares are held on their behalf by financial institutions under the Supplementary Retirement Scheme. Any person not falling within these categories will not be subject to Rounding Up.

LETTER TO SHAREHOLDERS

(c) ***Reduction of the share premium account***

The share premium account of the Company will be reduced by up to a maximum sum of approximately S\$1.8 million, by returning to each Shareholder S\$0.025 in cash for each Share cancelled pursuant to sub-paragraphs 2.1(a) and (b) above.

(d) ***Capitalisation of the Company's retained profits and Reduction of Issued and Paid-Up Share Capital***

Up to a maximum sum of approximately S\$99.2 million forming part of the retained profits of the Company shall be capitalised and applied in paying up in full at par for the issue and allotment of up to a maximum of approximately 495.8 million Additional Shares in the issued and paid-up share capital of the Company, such Additional Shares to be allotted and issued credited as fully paid-up to the Shareholders in the proportion of 6.725 Additional Shares for every one Share held by a Shareholder which is cancelled pursuant to sub-paragraphs 2.1(a) and (b) above (fractional interests to be disregarded).

Forthwith upon the allotment and issue of the Additional Shares, the Additional Shares will be cancelled in their entirety and up to a maximum sum of approximately S\$99.2 million arising from such cancellation shall be returned to the Shareholders on the basis of S\$0.20 for each Additional Share so cancelled.

(e) ***Cash Distribution***

The Company will make a total cash distribution of approximately S\$1.57 for each Share held by or on behalf of the Shareholders cancelled pursuant to the Capital Reduction, provided that the resultant aggregate cash distribution payable to a Shareholder pursuant to the Capital Reduction shall be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

Based on the issued and paid-up share capital of the Company of approximately S\$210.6 million comprising approximately 1,053.2 million Shares as at the Latest Practicable Date, which takes into account the issue of approximately 2.8 million new Shares assuming all exercisable Share Options are exercised between 1 January 2004 and the Latest Practicable Date:

- (1) an aggregate amount of approximately S\$115.7 million will be returned to the Shareholders pursuant to the Capital Reduction; and
- (2) approximately 73.7 million Shares and approximately 495.8 million Additional Shares will be cancelled under the Capital Reduction.

The actual number of Shares and/or Additional Shares to be cancelled pursuant to the Capital Reduction may be adjusted, based on the issued and paid-up share capital of the Company as at the Books Closure Date.

- 2.2 **Share Options.** The Company has granted Share Options under the Share Option Scheme which are exercisable into Shares. The actual number of Shares and/or Additional Shares to be cancelled pursuant to the Capital Reduction will be based on the issued and paid-up share capital of the Company as at the Books Closure Date, taking into account the issue of new Shares arising from the exercise of any Share Options on or before the Books Closure Date.

LETTER TO SHAREHOLDERS

- 2.3 **Legal Steps.** The Capital Reduction will involve the following legal steps (based, for illustrative purposes only, on an assumed issued and paid-up share capital of approximately S\$210.6 million (or approximately 1,053.2 million Shares), being the issued and paid-up share capital of the Company as at the Latest Practicable Date, which takes into account the issue of approximately 2.8 million new Shares assuming all exercisable Share Options are exercised between 1 January 2004 and the Latest Practicable Date:
- (a) pursuant to the Reduction Proportion, up to a maximum of approximately 73.7 million Shares are proposed to be cancelled and up to a maximum sum of approximately S\$14.7 million of capital will be returned to the Shareholders (on the basis of S\$0.20 for each Share cancelled);
 - (b) the number of Shares proposed to be cancelled from each Shareholder pursuant to the Reduction Proportion may be reduced by applying (where applicable) the Rounding-Up. In the event that the resultant number of Shares arising from the Rounding-Up:
 - (i) is greater than the number of Shares held or owned by each Shareholder as at the Books Closure Date, no Rounding-Up will be applied and the number of Shares proposed to be cancelled from such Shareholder shall be the number of Shares cancelled based solely on the Reduction Proportion, disregarding any fractional interests in a Share; or
 - (ii) is equal to the number of Shares held or owned by such Shareholder as at the Books Closure Date, no Shares shall be cancelled from such Shareholder;
 - (c) the share premium account of the Company is to be reduced by up to a maximum sum of approximately S\$1.8 million, by returning to each Shareholder S\$0.025 in cash for each Share cancelled pursuant to sub-paragraphs 2.3(a) and (b) above; and
 - (d) up to a maximum sum of approximately S\$99.2 million forming part of the retained profits of the Company shall be applied in paying up in full at par for the issue and allotment of up to a maximum of approximately 495.8 million Additional Shares of S\$0.20 each in the issued and paid-up share capital of the Company, such Additional Shares to be allotted and issued credited as fully paid-up to the Shareholders in the proportion of 6.725 Additional Shares for every one Share held by a Shareholder which is cancelled pursuant to sub-paragraphs 2.3(a) and (b) above (fractional interests to be disregarded). Forthwith upon the allotment and issue of the Additional Shares, the Additional Shares shall be cancelled in their entirety and up to a maximum sum of approximately S\$99.2 million arising from such cancellation is to be returned to the Shareholders on the basis of S\$0.20 for each Additional Share so cancelled.

The result after completion of the above steps would be the reduction of the issued and paid-up share capital of the Company of approximately 7.0 per cent. of the assumed issued and paid-up share capital referred to above and the return of capital to the Shareholders of approximately S\$1.57 per Share in cash for every Share cancelled pursuant to the Capital Reduction, provided that the resultant aggregate cash distribution shall be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

LETTER TO SHAREHOLDERS

- 2.4 **Illustrations.** The following illustrates the position of a Shareholder who owns 1,000 Shares, 88 Shares or 130 Shares as at the Books Closure Date:

Illustration A

Shareholder with 1,000 Shares

Position pre-Capital Reduction

(1)	Shares currently held	1,000
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Position post-Capital Reduction

(2)	Shares proposed for cancellation based on the Reduction Proportion alone	70
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(3)	Resultant number of Shares held after proposed cancellation based on the Reduction Proportion alone ((1) – (2))	930
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(4)	Rounding-Up of Shares held to the nearest multiple of 10	930
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(5)	Shares to be cancelled ((1) – (4))	70
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(6)	Cash proceeds received by the Shareholder from the cancellation of Shares	S\$14.00
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(7)	Cash proceeds received by the Shareholder from the reduction of the share premium account	S\$1.75
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(8)	Number of Additional Shares allotted and issued credited as fully paid-up (disregarding fractional interests)	470
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(9)	Cash proceeds received by the Shareholder from the cancellation of Additional Shares	S\$94.00
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(10)	Aggregate cash proceeds received by Shareholder who owns 1,000 Shares (after rounding down any fractions of a cent to the nearest cent, where applicable)	S\$109.75
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Based on Illustration A above, a Shareholder who owns 1,000 Shares will receive a Cash Distribution of S\$109.75 while maintaining approximately the same proportionate shareholding in the Company after the Capital Reduction is effected.

LETTER TO SHAREHOLDERS

Illustration B

Shareholder with 88 Shares

Position pre-Capital Reduction

(1) Shares currently held 88

Position post-Capital Reduction

(2) Shares proposed for cancellation based on the Reduction Proportion alone 6

(3) Resultant number of Shares held after proposed cancellation based on the Reduction Proportion alone ((1) – (2)) 82

(4) Rounding-Up of Shares held to the nearest multiple of 10 90

(5) Since (4) > (1), the Rounding-Up will not apply. Therefore, Shares to be cancelled ((1) – (3)), disregarding any fractional interests in a Share 6

(6) Cash proceeds received by the Shareholder from the cancellation of Shares S\$1.20

(7) Cash proceeds received by the Shareholder from the reduction of the share premium account S\$0.15

(8) Number of Additional Shares allotted and issued credited as fully paid-up (disregarding fractional interests) 40

(9) Cash proceeds received by the Shareholder from the cancellation of Additional Shares S\$8.00

(10) Aggregate Cash proceeds received by Shareholder who owns 88 Shares (after rounding down any fractions of a cent to the nearest cent, where applicable) S\$9.35

Based on Illustration B above, a Shareholder who owns 88 Shares will receive a Cash Distribution of S\$9.35 while maintaining approximately the same proportionate shareholding in the Company after the Capital Reduction is effected.

LETTER TO SHAREHOLDERS

Illustration C

Shareholder with 130 Shares

Position pre-Capital Reduction

(1) Shares currently held 130

Position post-Capital Reduction

(2) Shares proposed for cancellation based on the Reduction Proportion alone 9

(3) Resultant number of Shares held after proposed cancellation based on the Reduction Proportion alone ((1) – (2)) 121

(4) Rounding-Up of Shares held to the nearest multiple of 10 130

(5) Shares to be cancelled ((1) – (4)) Nil

(6) Cash proceeds received by the Shareholder from the cancellation of Shares Nil

(7) Number of Additional Shares allotted and issued credited as fully paid-up (disregarding fractional interests) Nil

(8) Cash proceeds received by the Shareholder from the cancellation of Additional Shares Nil

(9) Aggregate Cash proceeds received by the Shareholder who owns 130 Shares (after rounding down any fractions of a cent to the nearest cent, where applicable) Nil

Based on Illustration C above, none of the Shares of a Shareholder who owns 130 Shares will be cancelled and accordingly, such Shareholder will not receive the Cash Distribution. Nonetheless, he will still maintain approximately the same proportionate shareholding in the Company after the Capital Reduction is effected.

2.5 **Funds for the Capital Reduction.** The Capital Reduction will be financed from funds generated by the operations of the Company. The Directors of the Company are of the opinion that the cash distribution of up to a maximum sum of approximately S\$115.7 million to be returned to the Shareholders pursuant to the Capital Reduction is in excess of the needs of the Company and that the financial resources available following the Capital Reduction will be sufficient for the foreseeable near-term operating and investment needs of the Company.

Ernst & Young, the auditors of the Company, has confirmed that as at 31 August 2004, the Company has adequate balances in its share premium account and retained profits account to effect the Capital Reduction.

LETTER TO SHAREHOLDERS

3. RATIONALE

- 3.1 The Directors are of the view that the Capital Reduction exercise is in the best interests of the Company and the Group as it will allow the Company to achieve a more efficient capital structure and enables a return of surplus capital to the Shareholders.
- 3.2 The Capital Reduction achieves a permanent improvement in the capital structure of the Company when Shares are cancelled. On a proforma basis for the financial year ended 31 December 2003, the Capital Reduction would have the effect of improving the ROE of the Group from 30.9 per cent. to 35.2 per cent. and increasing EPS of the Group by 7.4 per cent. from 13.5 cents to 14.5 cents. After the Capital Reduction, the Group's financial position is expected to remain strong and the continued cash flow generated from its operations is expected to support a sustainable dividend policy, debt repayment and the foreseeable near term investment and operational needs of the Group.

4. TAXATION

- 4.1 **General. Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Capital Reduction. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.**
- 4.2 **Tax Implications under Singapore Law.** Section 10I of the Income Tax Act provides that where a Singapore resident company makes a payment to its shareholders upon a reduction of its share capital and such a capital reduction is made out of the "contributed capital" of the company, the payment to the shareholders will be treated as a return of capital and not as a payment of dividend. For Singapore income tax purposes, a return of capital would generally be treated as capital in nature and would not be taxable to the shareholders in Singapore, except in certain cases, such as shareholders who are traders in securities or who have classified their investments as trading stocks, marketable securities or short-term investments.

Where the reduction is not made out of the contributed capital of the company, the payment is treated as a distribution of dividends by the company and the provisions relating to payment of dividends by a Singapore resident company apply to that payment.

The Company has been advised by its tax advisers Deloitte & Touche that the tax consequences of the Capital Reduction to the Company and its Shareholders are as follows:

- (a) the portion of the cash payments arising from a reduction of the paid-up share capital of the Company not comprising the Additional Shares will be treated as a return of capital under the provision of Section 10I of the Income Tax Act and not a dividend distribution. Shareholders in Singapore should generally not be taxed on this portion of the reduction unless they hold Shares as speculative or trading assets or carry on business as traders in securities;
- (b) the reduction of the share premium amount and resulting payment to the Shareholders shall constitute a reduction of contributed capital and therefore be treated as a return of capital under the provisions of Section 10I of the Income Tax Act, and not a dividend distribution; and

LETTER TO SHAREHOLDERS

- (c) the portion of the cash distributions arising from a reduction of share capital created from the capitalisation of retained profits shall be treated as a distribution of dividends under the rules of Section 10I of the Income Tax Act. This dividend distribution is considered paid on the date of the payment of the cash distributions. The Company has moved into the one-tier corporate tax regime, and accordingly the cash distributions made from such capitalised retained profits shall be treated as a tax exempt (one-tier) dividend which will be exempt in the hands of the Shareholders. Consequently Shareholders are not taxed on such dividends. Neither will they be entitled to a tax credit of any portion of the tax paid by the Company at the prevailing corporate tax rate on the profits of the Company.

However Shareholders should consult their own tax advisors as to the precise tax consequences of the cash distributions.

5. CONDITIONS

5.1 **Conditions.** The Capital Reduction is subject to, *inter alia*:

- (a) the approval of the Shareholders by way of a special resolution for the Capital Reduction at the EGM;
- (b) the approval of the Court for the Capital Reduction; and
- (c) all other relevant approvals and consents being obtained.

An office copy of the Order of Court approving the Capital Reduction will subsequently be lodged with the Accounting and Corporate Regulatory Authority of Singapore.

5.2 **Payment Date.** On the lodgement of the office copy of the Order of Court confirming the Capital Reduction with the Accounting and Corporate Regulatory Authority of Singapore, the special resolution for the Capital Reduction will take effect, and the Cash Distribution will be made thereafter. Subject to the above conditions being satisfied, it is currently expected that the Cash Distribution will be paid to the Shareholders tentatively by the end of December 2004.

6. SHARE OPTIONS AND BUY-BACK

6.1 **Suspension.** As stated in paragraph 5.1(b) above, the Capital Reduction is conditional upon, *inter alia*, the Court's approval of the Capital Reduction. At the final hearing of the Court, the Company is required to determine the exact amount of paid-up capital that will be reduced and cancelled pursuant to the Capital Reduction. As the amount of paid-up capital to be reduced and cancelled is determined by reference to the number of issued Shares, this must be fixed immediately prior to the final hearing of the Court.

In order to do so, the exercise of Share Options will be suspended for a period (the "Period") to be determined by the Directors up to and including the Books Closure Date (both days inclusive). The Company will also not undertake any Share Buy-Back during the Period.

6.2 **No Adjustments.** Under the rules of the Share Option Scheme, the committee administering the Share Option Scheme has determined that, pursuant to the Capital Reduction, no adjustments are required to be made to the terms of the outstanding Share Options.

Ernst & Young, the auditors of the Company, has confirmed in writing that the committee's decision not to adjust the terms of the outstanding Share Options pursuant to the Capital Reduction is fair and reasonable.

LETTER TO SHAREHOLDERS

7. FINANCIAL EFFECTS

7.1 **Financial Effects.** For illustrative purposes only and based on the assumptions set out below:

- (a) the Capital Reduction had been effected on 1 January 2003;
- (b) the cancellation of up to a maximum of approximately 73.7 million Shares representing approximately 7.0 per cent. of the issued and paid-up share capital of the Company as at the Latest Practicable Date;
- (c) the capitalisation of up to a maximum sum of approximately S\$99.2 million forming part of the retained profits of the Company and the allotment of up to maximum of approximately 495.8 million Additional Shares which are to be cancelled and up to a maximum sum of approximately S\$99.2 million to be returned to the Shareholders; and
- (d) all exercisable Share Options as at the Latest Practicable Date are exercised between 1 January 2004 and the Latest Practicable Date,

the financial effects of the Capital Reduction on the audited financial statements of the Group and the Company for the year ended 31 December 2003 are set out in paragraphs 7.2 to 7.6 below.

7.2 **Share Capital.** The effects of the Capital Reduction on the share capital of the Company based on the audited financial statements of the Company as at 31 December 2003, adjusted for approximately 2.8 million Shares issued pursuant to the exercise of Share Options between 1 January 2004 and the Latest Practicable Date, are as follows:

	Number of Shares (million)	Share Capital (S\$ million)
Authorised Capital		
Before and after the Capital Reduction		
Ordinary Shares	3,000.0	600.0
Issued and Paid-Up Capital		
As at 31 Dec 2003	1,050.3	210.1
Shares issued pursuant to the exercise of Share Options between 1 Jan 2004 and the Latest Practicable Date	2.8	0.5
As at the Latest Practicable Date	1,053.2	210.6
Shares to be cancelled under the Capital Reduction	73.7	14.7
Adjusted issued and paid-up capital after the Capital Reduction	979.5	195.9

LETTER TO SHAREHOLDERS

- 7.3 **Shareholders' Funds.** The effects of the Capital Reduction on the shareholders' funds of the Group and the Company as at 31 December 2003 based on the audited financial statements of the Group and the Company as at 31 December 2003, adjusted for approximately 2.8 million Shares issued pursuant to the exercise of Share Options between 1 January 2004 and the Latest Practicable Date, are as follows:

	GROUP			COMPANY		
	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)
Share capital	210.1	210.6	195.9	210.1	210.6	195.9
Share premium	0.3	3.4	1.6	0.3	3.4	1.6
Retained profits	260.0	260.0	160.8	261.0	261.0	161.8
Total shareholders' funds	470.4	474.0	358.3	471.4	475.0	359.3

- 7.4 **Net Assets.** The effects of the Capital Reduction on the net assets of the Group and the Company as at 31 December 2003 based on the audited financial statements of the Group and the Company as at 31 December 2003, adjusted for approximately 2.8 million Shares issued pursuant to the exercise of Share Options between 1 January 2004 and the Latest Practicable Date, are as follows:

	GROUP			COMPANY		
	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)
Net assets	470.4	474.0	358.3	471.4	475.0	359.3
Number of issued and paid-up Shares (million)	1,050.3	1,053.2	979.5	1,050.3	1,053.2	979.5
Net assets per Share (cents)	44.8	45.0	36.6	44.9	45.1	36.7

- 7.5 **Earnings.** The effects of the Capital Reduction on the earnings of the Group based on the audited financial statements of the Group for the year ended 31 December 2003, adjusted for approximately 2.8 million Shares issued pursuant to the exercise of Share Options between 1 January 2004 and the Latest Practicable Date, are as follows:

	GROUP		
	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)
Profit attributable to Shareholders	141.6	141.6	141.6
Weighted average number of issued and paid-up Shares (million)	1,050.0	1,052.8	979.1
Earnings per Share (cents)	13.5	13.4	14.5

LETTER TO SHAREHOLDERS

- 7.6 **Net Gearing⁽¹⁾.** The effects of the Capital Reduction on the net gearing of the Group and the Company as at 31 December 2003 based on the audited financial statements of the Group and the Company as at 31 December 2003, adjusted for approximately 2.8 million Shares issued pursuant to the exercise of Share Options between 1 January 2004 and the Latest Practicable Date, are as follows:

	GROUP			COMPANY		
	Per audited financial statements (\$\$ million)	Adjusted before the Capital Reduction (\$\$ million)	Proforma after the Capital Reduction (\$\$ million)	Per audited financial statements (\$\$ million)	Adjusted before the Capital Reduction (\$\$ million)	Proforma after the Capital Reduction (\$\$ million)
Net borrowing ⁽²⁾	170.5	166.9	282.6	170.7	167.1	282.8
Shareholders' funds	470.4	474.0	358.3	471.4	475.0	359.3
Net Gearing (times)	0.4	0.4	0.8	0.4	0.4	0.8

Notes:

- (1) "Net Gearing" means the ratio of net borrowing to shareholders' funds.
 (2) "Net borrowing" means total borrowing less cash and cash equivalents.

- 7.7 **The Appendix.** The proforma consolidated balance sheets of the Group and the Company before and after the Capital Reduction, based on the audited balanced sheets as at 31 December 2003, are set out in the Appendix to this Circular.

8. ADMINISTRATIVE PROCEDURES

- 8.1 **Books Closure Date.** Shareholders who are registered in the Register of Members of the Company and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date will be entitled to receive the Cash Distribution, based on the Shares held as at the Books Closure Date.

The number of Shares which will be cancelled pursuant to the Capital Reduction will be based on the Reduction Proportion as described in paragraph 2.1(a) above, subject to the Rounding-Up as described in paragraph 2.1(b) above.

The Shareholders described above will be considered for purposes of the Capital Reduction on the basis of the number of Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date.

The Company will announce the Books Closure Date as soon as practicable after the EGM.

- 8.2 **Issue of New Share Certificates.** The following sets out the administrative procedures which the Company proposes to adopt to facilitate the issue of new share certificates arising from the Capital Reduction:

- (a) The Company will cancel all old share certificates relating to the Shares in issue as at the Books Closure Date. The cancellation of the old share certificates will be made on the date on which the Capital Reduction takes effects.
- (b) Upon the cancellation of the old share certificates as described in sub-paragraph 8.2(a) above, the Company will issue to Shareholders with Shares registered in their names in the Register of Members of the Company new share certificates in respect of the number of Shares to be held by such Shareholders consequent upon the Capital Reduction.

LETTER TO SHAREHOLDERS

- (c) In respect of Shareholders who have deposited their old share certificates with CDP by, tentatively, 8 December 2004, arrangements will be made with CDP for the new share certificates in respect of the Shares attributable to such Shareholders consequent upon the Capital Reduction to be issued to CDP.
- (d) In respect of Shareholders with Shares standing to the credit of their Securities Accounts at the Books Closure Date, no further action needs to be taken as arrangements will be made by the Company with CDP for all the old share certificates issued in the name of CDP or its nominee as at the Books Closure Date to be cancelled and for the new share certificates in respect of the Shares attributable to such Shareholders consequent upon the Capital Reduction to be issued to CDP or its nominee and deposited with CDP.
- (e) Upon cancellation, the old share certificates shall be void and will cease to have any effect or be valid for any purpose.
- (f) To facilitate the destruction of the old share certificates, Shareholders with Shares registered in their names in the Register of Members of the Company as at the Books Closure Date are encouraged to return to the share registration office of the Company, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 (the "**Share Registration Office**") their old share certificates in respect of such Shares.

However, whether or not the old share certificates in respect of such Shares are delivered to the Share Registration Office, the old share certificates will be cancelled and new share certificates will be issued to such Shareholders in respect of the Shares attributable to such Shareholders consequent upon the Capital Reduction. The new share certificates will be sent to them at their own risk by ordinary post within ten (10) Market Days from the Books Closure Date.

- (g) Where the Shares are registered jointly in the names of several persons, the new share certificates in respect of the Shares attributable to such persons consequent upon the Capital Reduction will be sent to the person whose name stands first in the Register of Members of the Company. Shareholders who wish to record any change in their registered address should notify the Share Registration Office of such change before the Books Closure Date.

8.3 **Payment of the Cash Distribution.** Payment of the Cash Distribution pursuant to the Capital Reduction will be made in the following manner:

- (a) ***Shareholders holding Scrip Shares***

Shareholders whose Shares are registered in the Register of Members of the Company as at the Books Closure Date will have the cheques for payment of their entitlements to the Cash Distribution under the Capital Reduction despatched to them by ordinary post at their own risk by, tentatively, 29 December 2004.

- (b) ***Shareholders holding Scripless Shares***

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the Cash Distribution under the Capital Reduction despatched to them by CDP by ordinary post at their own risk by, tentatively, 29 December 2004.

LETTER TO SHAREHOLDERS

On or after the date on which the Capital Reduction takes effect, CDP will debit Shares from the Securities Accounts of the Depositors based on the Shares standing to the credit of the Securities Accounts of the Depositors as at the Books Closure Date. The number of Shares which will be debited from the Securities Account of each Depositor will be based on the Reduction Proportion as described in paragraph 2.1(a) above, subject to the Rounding-Up as described in paragraph 2.1(b) above.

- 8.4 **Odd-Lots.** To minimise the problems arising from odd-lots as a result of the Capital Reduction, an application was made to the SGX-ST to include a new trading board lot size of 10 Shares per board lot. The SGX-ST has approved the listing and quotation for the Shares in board lots of 10 Shares per board lot for a period of one month starting from 9.00 a.m. on the first Market Day on which the Shares trade ex-entitlement to the Capital Reduction. After such period of one month, the Shares will trade in board lots of 1,000 Shares and odd-lots can be traded in the Unit Share Market. The approval of the SGX-ST referred to in this paragraph is not to be taken as an indication of the merits of the Capital Reduction.
- 8.5 **Sub-Account Holders.** Holders of securities sub-accounts maintained directly with Depository Agents, CPF members whose Shares are held on their behalf by CPF agent banks and persons whose Shares are held on their behalf by financial institutions under the Supplementary Retirement Scheme, intending to dispose of any Shares credited in their sub-accounts, on or after 9.00 a.m. on the first Market Day on which the Shares trade ex-entitlement to the Capital Reduction, should prior to such disposal verify the resultant number of Shares held on their behalf after the Capital Reduction, with their Depository Agent, CPF agent bank or financial institution under the Supplementary Retirement Scheme. If such a holder does not have sufficient Shares on settlement date following such disposal, then the holder will be subject to the usual buying procedures applied by the SGX-ST.

9. RECOMMENDATION

The Directors are of the opinion that the Capital Reduction is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the special resolution relating to the Capital Reduction at the EGM.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 10.1 **Directors' Interests.** The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Director	Number of Shares		Number of Shares comprised in unexercised Share Options
	Direct Interest	Deemed Interest	
Lim Chee Onn	50,000	–	–
Roger John Barlow	–	–	–
Michael John Grant	–	–	–
Low Huan Ping	–	–	–
Neil Montefiore	480,000	–	3,500,000
Hsuan Owyang	–	–	–
Arthur Seet Keong Hoe	–	–	–
Teo Soon Hoe	50,000	–	–
Reggie Thein	30,000	–	–
Thio Su Mien	50,000	–	–
Patrick Yeoh Khwai Hoh	5,000	–	–

LETTER TO SHAREHOLDERS

10.2 **Substantial Shareholders' Interests.** The interests of the substantial shareholders of the Company in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest	
Temasek Holdings (Pte) Ltd	–	148,730,362	14.14
Keppel Telecoms Pte Ltd	148,689,362	–	14.13
Keppel Telecommunications & Transportation Ltd	–	148,689,362	14.13
Keppel Corporation Limited	–	148,689,362	14.13
SPH Multimedia Private Limited	148,689,362	–	14.13
Singapore Press Holdings Limited	–	148,689,362	14.13
Great Eastern Telecommunications Ltd	127,448,025	–	12.11
Cable and Wireless plc	–	127,448,025	12.11
PCCW-HKT Limited	–	127,448,025	12.11
Cable & Wireless Central Holding Limited	–	127,448,025	12.11
Sable Holding Limited	–	127,448,025	12.11
Schroder Investment Management Group	–	75,996,003	7.22
Prudential Asset Management Singapore Limited	–	73,918,000	7.03
The Capital Group Companies, Inc	–	63,504,000	6.04

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 23 to 25 of this Circular, will be held at the Hilton Singapore, Ballroom 1A (Level 3) 581 Orchard Road Singapore 238883 on 25 October 2004 at 5.00 p.m. for the purpose of considering and, if thought fit, passing the special resolution set out in the Notice of the EGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form enclosed with the Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 10 International Business Park Singapore 609928, by not later than 48 hours before the time appointed for the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a Shareholder entitled to attend and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register as at 48 hours before the time fixed for holding the EGM, as certified by CDP to the Company.

LETTER TO SHAREHOLDERS

13. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate and that there are no material facts the omission of which would make any statement in this Circular misleading.

Where information has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular.

14. CONSENTS

14.1 **Deloitte & Touche.** Deloitte & Touche has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto and to its advice referred to in paragraph 4.2 above in the form and context in which they are respectively included.

14.2 **Ernst & Young.** Ernst & Young has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto and to its confirmation referred to in paragraphs 2.5 and 6.2 above in the form and context in which they are respectively included.

15. DOCUMENTS FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 10 International Business Park Singapore 609928 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated financial statements of the Company for FY 2003;
- (c) the rules of the Share Option Scheme;
- (d) the letter of confirmation dated 27 September 2004 from Ernst & Young to the Company on the adequacy of the balances in the Company's share premium account and retained profits account to effect the Capital Reduction;
- (e) the letter of advice dated 27 September 2004 from Deloitte & Touche to the Company on the tax consequences of the Capital Reduction;
- (f) the letter of confirmation dated 27 September 2004 from Ernst & Young to the Company that in their opinion, the decision of the committee administering the Share Option Scheme that no adjustments are required to be made to the Share Options is fair and reasonable; and
- (g) the letters of consent referred to in paragraph 14 above.

Yours faithfully,
For and on behalf of the Board of Directors of
MOBILEONE LTD

Lim Chee Onn
Chairman

THE APPENDIX

PROFORMA BALANCE SHEETS BEFORE AND AFTER THE CAPITAL REDUCTION

For illustrative purposes only, assuming the Capital Reduction had been implemented on 1 January 2003, the effect of the Capital Reduction on the audited balance sheets of the Group and the Company as at 31 December 2003, adjusted for approximately 2.8 million Shares issued pursuant to the exercise of Share Options between 1 January 2004 and the Latest Practicable Date, is as follows:

Balance Sheet as at 31 December 2003

	GROUP			COMPANY		
	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)	Per audited financial statements (\$ million)	Adjusted before the Capital Reduction (\$ million)	Proforma after the Capital Reduction (\$ million)
Non-current assets:						
Fixed assets	762.4	762.4	762.4	760.6	760.6	760.6
Licences and spectrum rights	97.7	97.7	97.7	97.7	97.7	97.7
Staff loans	0.7	0.7	0.7	0.7	0.7	0.7
Interests in subsidiaries	–	–	–	2.5	2.5	2.5
Current assets	177.3	180.9	97.8	171.6	175.2	92.3
Current liabilities	(212.1)	(212.1)	(244.7)	(206.3)	(206.3)	(239.1)
Net current liabilities	(34.8)	(31.2)	(146.9)	(34.7)	(31.1)	(146.8)
Non-current liabilities:						
Long-term borrowing	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)	(250.0)
Deferred tax liabilities	(105.6)	(105.6)	(105.6)	(105.4)	(105.4)	(105.4)
	470.4	474.0	358.3	471.4	475.0	359.3
Represented by:						
Issued share capital	210.1	210.6	195.9	210.1	210.6	195.9
Share premium	0.3	3.4	1.6	0.3	3.4	1.6
Retained profits	260.0	260.0	160.8	261.0	261.0	161.8
	470.4	474.0	358.3	471.4	475.0	359.3

NOTICE OF EXTRAORDINARY GENERAL MEETING

MOBILEONE LTD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of MobileOne Ltd (the “**Company**”) will be held at the Hilton Singapore, Ballroom 1A (Level 3) 581 Orchard Road Singapore 238883 on 25 October 2004 at 5.00 p.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as a Special Resolution.

Special Resolution

The Proposed Capital Reduction

That, pursuant to Article 10(A) of the Articles of Association of the Company and subject to the confirmation of the High Court of the Republic of Singapore:

(1) Reduction of Issued and Paid-Up Share Capital

- (a) the issued and paid-up share capital of the Company be reduced by the cancellation of up to a maximum of approximately 73.7 million ordinary shares of S\$0.20 each (“**Shares**”) in the issued and paid-up share capital of the Company. Such reduction is to be effected by cancelling, subject to the Rounding-Up (as defined below), such number of Shares equal to 7.0 per cent. (the “**Reduction Proportion**”) held by or on behalf of each shareholder of the Company (the “**Shareholder**”) as at a books closure date to be determined by the Company (the “**Books Closure Date**”). Forthwith upon such cancellation taking effect, up to a maximum sum of approximately S\$14.7 million arising from such cancellation of the issued and paid-up share capital of the Company shall be returned to the Shareholders on the basis of S\$0.20 for each Share held by or on behalf of such Shareholder so cancelled. Shareholders who hold or own less than or equal to 14 Shares as at the Books Closure Date will not be subject to such cancellation, and their Shares will not be so cancelled.
- (b) the number of Shares proposed to be cancelled from each Shareholder under the preceding sub-paragraph 1(a) pursuant to the Reduction Proportion be reduced by rounding-up (where applicable) to the nearest multiple of 10 Shares (the “**Rounding-Up**”) the resultant number of Shares that would have been held by or on behalf of each Shareholder following the proposed cancellation of Shares pursuant to the Reduction Proportion. In the event that the resultant number of Shares resulting from the Rounding-Up:
 - (i) is greater than the number of Shares held by or on behalf of such Shareholder as at the Books Closure Date, no Rounding-Up will be applied and the number of Shares proposed to be cancelled from such Shareholder shall be the number of Shares cancelled based solely on the Reduction Proportion, disregarding any fractional interests in a Share; or
 - (ii) is equal to the number of Shares held by or behalf of such Shareholder as at the Books Closure Date, no Shares shall be cancelled from such Shareholder; AND

(2) Reduction of the Share Premium Account

subject to and forthwith upon the preceding paragraph (1) taking effect, the sum standing to the credit of the share premium account of the Company be reduced by up to a maximum sum of approximately S\$1.8 million, and such reduction be effected by returning to each Shareholder S\$0.025 in cash for each Share cancelled pursuant to the preceding paragraph (1) above; AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

(3) **Capitalisation of Retained Profits and Reduction of Issued and Paid-Up Share Capital**

- (a) subject to and forthwith upon the preceding paragraphs (1) and (2) taking effect, up to a maximum sum of approximately S\$99.2 million forming part of the retained profits of the Company be capitalised and applied in paying up in full at par for the issue and allotment of up to a maximum of approximately 495.8 million new ordinary shares of S\$0.20 each (“**Additional Shares**”) in the issued and paid-up share capital of the Company, such Additional Shares to be allotted and issued credited as fully paid-up to the Shareholders in the proportion of 6.725 Additional Shares for every one Share held by a Shareholder which is cancelled pursuant to the preceding paragraph (1) above (fractional interests to be disregarded). Forthwith upon the allotment and issue of the Additional Shares, the Additional Shares shall be cancelled in their entirety and up to a maximum sum of approximately S\$99.2 million arising from such cancellation shall be returned to the Shareholders on the basis of S\$0.20 for each Additional Share so cancelled;
- (b) the aggregate number of Additional Shares representing fractional interests arising from the capitalisation of the retained profits pursuant to the preceding sub-paragraph (3)(a) above be disposed of or dealt with by the Directors (and the Directors be and are hereby empowered to dispose of or deal with them) in such manner and for such purpose as they may deem fit in the interests of the Company, and the Directors be and are hereby empowered to give instructions for the disposal of or dealing with such ordinary shares and to authorise any person to execute any instrument of transfer in relation to such ordinary shares; AND

(4) **Authority to Directors**

the Directors and each of them be and are hereby authorised to do all acts and things and to execute all such documents as they or he may consider necessary or expedient to give effect to the preceding paragraphs (1), (2) and (3), all other matters described in the circular to Shareholders dated 1 October 2004 and such other ancillary matters as the Directors deem fit (including but not limited to adjusting the resultant aggregate amount of the cash distribution to be paid to each Shareholder pursuant to the preceding paragraphs (1), (2) and (3), by rounding down any fractions of a cent to the nearest cent where applicable); AND

(5) **Definitions**

in this Resolution:

“**Shareholders**” means persons who are registered as holder of Shares in the Register of Members of the Company except that where the registered holder is The Central Depository (Pte) Limited (“**CDP**”), such persons shall mean the Depositors who have Shares credited to their Securities Accounts;

“**Securities Accounts**” means securities accounts maintained by a Depositor with CDP; but not including securities sub-accounts maintained with a Depository Agent.

By Order of the Board

Eunice Phua / Ong Hwee Yen
Company Secretaries

Dated: 1 October 2004

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing the proxy has been executed by a member must be lodged 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 Extraordinary General Meeting.

MOBILEONE LTD

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

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in the capital of MobileOne Ltd, this Circular 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 such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We _____ (Name)

of _____ (Address)

being a member/members of MobileOne Ltd ("**MobileOne**" or the "**Company**") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or (delete as appropriate)

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as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held on 25 October 2004 at the Hilton Singapore, Ballroom 1A (Level 3) 581 Orchard Road Singapore 238883 at 5.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Special Resolution as set out in the Notice of Extraordinary General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Extraordinary General Meeting.)

	For	Against
Special Resolution To approve the proposed capital reduction of the Company		

Dated this _____ 2004.

Total number of Shares held

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE



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 have Shares registered in your name in the Register of Members, you should insert that number of Shares. 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. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company 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. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. 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 Extraordinary General Meeting.
5. 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.
6. 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 Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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 Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.