

what's yours..?

M1 Annual Report 2004

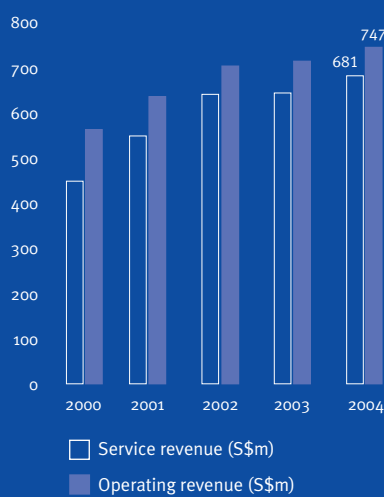


1 life. live it.

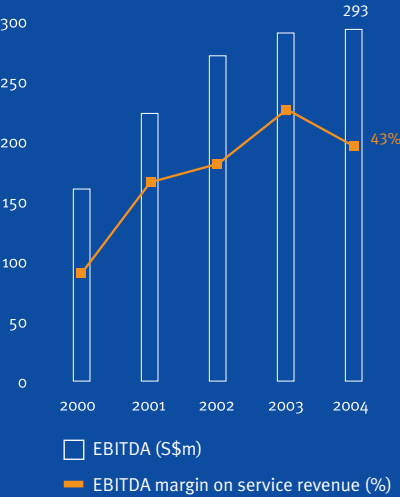


OUR PERFORMANCE OVER 5 YEARS
for the 12 months ended 31 December

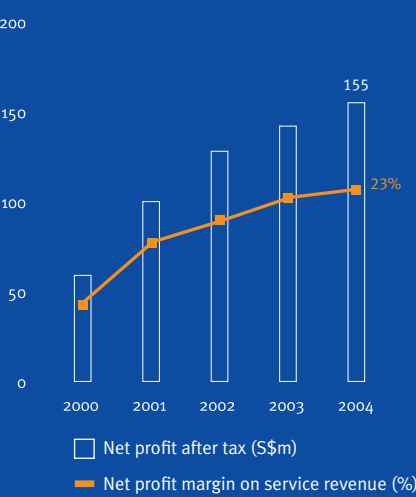
Operating & service revenue



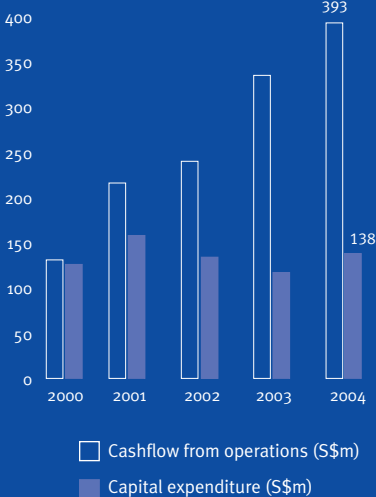
EBITDA



Net profit after tax



Cashflow & capital expenditure



FINANCIAL HIGHLIGHTS
for the 12 months ended 31 December

	2004	2003	CHANGE (%)
Operating revenue (S\$m)	747.1	717.4	4.1
Mobile telecommunications services	569.6	544.7	4.6
International call services	111.4	96.2	15.8
Others	0.0	1.7	(97.5)
Handset sales	66.0	74.8	(11.8)
EBITDA	293.4	289.6	1.3
Net profit after tax	154.6	141.6	9.2
Per share (cents)			
Earnings	14.7	13.5	8.9
Dividend	10.7	9.4	13.8
Net assets	41.1	44.8	(8.3)
ROE (%)	35.4	30.9	–
ROCE (%)	24.0	21.1	–

OPERATING HIGHLIGHTS
for the 12 months ended 31 December

	2004	2003	CHANGE (%)
Number of mobile customers ('000)			
Postpaid	800	765	4.6
Prepaid	362	303	19.5
Total	1,162	1,068	8.8
Market share* (%)			
Postpaid	30.6	30.7	–
Prepaid	29.0	30.9	–
Overall	30.1	30.7	–
Singapore mobile penetration rate* (%)	92.2	83.1	–
Average revenue per user (ARPU, S\$ per month)			
Postpaid	61.4	60.3	1.8
Prepaid	19.5	19.7	(1.0)
Non-voice as % of postpaid ARPU (%)	17.6	15.4	–
Minutes of use per active customer (MOU, minutes per month)			
Postpaid	313	281	11.4
Prepaid	47	53	(11.3)
Total international retail minutes (million)	172	146	17.8
Average monthly churn rate (%)	1.6	1.8	–
Average acquisition cost per gross connection^ (S\$)	141	95	48.4
Average retention cost per customer (S\$)	98	83	18.1

* BASED ON IDA STATISTICS AS AT DECEMBER 2004

^ RESTATED TO INCLUDE HANDSET SURCHARGE

NOTE: FIGURES MAY NOT ADD UP DUE TO ROUNDING OFF

Key events of 2004

Jan 14	M1 launched Stock Challenge - Singapore's first virtual SMS stock trading game
Jan 20	M1 announced a 10% increase in FY2003 net profit after tax to S\$141.6 million, on the back of S\$717.4 million operating revenue
Feb 17	M1's subsidiary, Wireless Intellect Labs, launched innovative home security system using mobile video
Apr 14	M1 announced its 1Q FY2004 financial results, with net profit after tax increased by 26% to S\$47.0 million on the back of S\$182.2 million operating revenue
Apr 19	Warner Music on demand was made available on M1's mobile portal
Apr 20	M1 signed exclusive endorsement deal with pop group 5566
May 06	M1 launched the mobile version of the popular TV game show "Singapore's Brainiest" M1 launched Point - Singapore's first music recognition service
May 19	M1 and Google offered Asia's first wireless image search for mobile phones
Jul 01	M1 renewed local leased circuits contract with SingTel
Jul 13	M1 launched Push-to-Talk trial over cellular service
Jul 19	M1 announced 1H FY2004 financial results: Operating profit and net profit after tax increased 2% to S\$367.2 million and 26% to S\$86.7 million respectively

Sep 01	M1 proposed to pay out approximately S\$116 million to shareholders through a capital reduction
Sep 27	M1 offered direct dial convenience for prepaid roaming on Vodafone networks
Oct 20	M1 announced 3Q FY2004 financial results: 9 months operating profit and net profit after tax increased 3% to S\$554.7 million and 18% to 123.9 million respectively
Nov 03	M1 announced trials of wireless broadband technologies for Internet access
Nov 09	Microsoft Singapore and M1 announced a joint partnership to enable gamers to access the latest Xbox news, reviews and more from their WAP-enabled mobile phones via the MiWorld Mobile WAP portal
Nov 23	M1 launched 3G data card trial
Dec 15	M1 began customer trial of 3G handsets
Dec 30	M1 started SMS campaign for tsunami disaster fund

Everything starts with the customer

Someone famous once said “look after your customers and the business will take care of itself”. At M1, we believe this sentiment is at the very heart of our organisation and drives everything we do. Having a deeper understanding of our customers’ needs and treating them as lifetime partners is what makes us different.

Delivering the promise

Our brand is a promise. A promise to our customers to provide innovative solutions and the highest standards of customer care, a promise to our people to provide a conducive environment where each individual is valued and encouraged to contribute, and a promise to our shareholders to deliver value and enhance returns.

M1 continued to perform well in 2004. We achieved a net profit of S\$155 million, an increase of 9.2% over the previous year, and a profit margin of 22.7% over service revenue. Operating revenue grew 4.1% to S\$747 million. With continued strong free cash flow of S\$255 million in 2004 and a conservative balance sheet, M1 was able to return additional cash to shareholders by way of a capital reduction during the year, while maintaining our current dividend policy. As a result, return on equity rose to 35.4%, from 30.9% in the previous year.

Although the Singapore telecommunications market is mature and competition continues to be robust, M1 achieved creditable growth. We grew our customer base by some 94,000 customers during the year and service revenue increased 6%, reflecting stronger growth performance compared to the previous year. With an average of nine out of ten people in Singapore using a mobile phone, much of customer growth will come from the sale of prepaid cards. At the same time, acquiring more postpaid customers comes at a higher cost but yields greater value. M1 continues to

maintain that delicate balance between growth and profitability.

Postpaid customers continued to be the mainstay of M1's mobile business. They constituted some 69% of our customer base as at end 2004, but accounted for 91% of mobile telecommunications service revenue. These are the customers who lead the take up of non-voice services. While M1 will continue to acquire new customers, customer retention and increasing spend per customer have been and will continue to be important.

Lim Chee Onn, Chairman



Our focus continues to be providing customers relevant and innovative services on a quality network, maintaining the highest standards of customer care and strengthening the brand they already relate to. These have been core values of M1 since inception and will continue to underpin our policy of being a truly customer-focused company.

It is this focus on the customer that has guided M1 in its development path from 2G to 3G. M1 believes in 3G as an evolution from our current capability on the GSM network and that it will drive the longer term growth of our business as non-voice services become increasingly significant. The process towards implementation has taken time. M1 has been working on 3G since the year 2000 when field trials were first conducted in conjunction with our network vendor. Since then, many milestones have been crossed to get to where we are today.

At the start of 2004, we had expected to launch 3G service by year end. However, it was a considered decision that this should not be rushed. It was felt prudent to allow more time to ensure network stability. In line with our evolutionary approach, M1 chose also to wait until 3G handsets develop to a form and capability acceptable to

the market and for the service to gain acceptance from among early adopters by way of a trial before charging for it. In the last quarter of 2004, M1 commenced customer trials for 3G data cards and handsets, and commercial launch is expected in first half of 2005.

While M1 aims to be customer-focused rather than purely technology-driven, it is vital in this industry to keep a close watch and indeed, close involvement, in technology developments. Such developments may be opportunities or risks to M1, and we must ensure we are prepared in either event. In 2004, M1 conducted trials on "push to talk" over cellular service to assess the experience of and acceptability to different customer segments. In the last quarter of 2004, M1 commenced trials on several wireless technologies for broadband Internet access with a view to evaluating the potential as a new line of business. Voice over Internet Protocol (VOIP) has been around for many years but has gained ground more recently with improvements in quality and user experience. We are monitoring these developments and review regularly the implications for M1. By their nature, sometimes trials and evaluations come to nothing; sometimes they lead to concrete implementation at the appropriate time.

M1 continually monitors industry and technology developments with a view to identifying new opportunities for growth. But our focus remains on M1's core wireless business and we are mindful that any expansion should leverage our proven capabilities and strengths, and must deliver value to our shareholders.

In the absence of value enhancing investment opportunities, M1 aims to return to shareholders cash in excess of its current and foreseeable requirements. In 2004, M1 continued to enjoy strong cash flow and a low level of debt. After taking into account various factors, including the Company's foreseeable operating and investment requirements going forward, and the ability to support a sustainable dividend policy, it decided to return S\$115.6 million by way of a capital reduction. This involved the cancellation of 7% of issued shares.

While the capital reduction facilitated a one-off return of cash to shareholders, the Board of Directors remains committed to a sustainable dividend policy. In September 2004, the Company paid an interim tax-exempt dividend of 4.9 cents per share. For the final dividend in respect of 2004, the Board of Directors is recommending a payment of 5.8 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 2004. Looking ahead, for 2005, the Board intends to maintain a pay-out ratio of at least 70%.

The year 2004 ended on a sober note with the devastating effects of the earthquake and tsunami across Asia. Here in Singapore we were fortunate in being shielded from nature's might, but our hearts went out to those who lost family, friends and livelihoods. As individuals and as a corporation, M1 customers and employees sought to do their part to help, alongside similar efforts across the nation. An SMS fundraising drive was held and through this, our customers contributed some S\$95,000 to the Singapore Red Cross "Tidal Waves Asia" Fund. A company-wide donation drive was held by employee volunteers of M1 SunCare Club and contributions from employees came to more than S\$30,000 which was also channeled to the Singapore Red Cross. In addition, M1 made a corporate donation of S\$100,000 to Mercy Relief in support of their aid efforts in the affected countries, and offered up to 3,500 mobile phones to Network Indonesia for use by relief workers in that country. We also gave rebates on roaming call charges to SAF

and Home Team personnel engaged in overseas relief missions. I would like to thank our customers, employees and shareholders for coming together as members of the M1 family to support and be part of this regional relief and reconstruction effort.

While this was a response to an urgent humanitarian need, I believe it also reflected the essence of what has driven M1's development and performance. It is this same sense of common purpose among our people and belief that each individual can make a difference which have powered M1's success to date and will continue to do so in the future.

Finally, I wish to thank my fellow Board Directors, M1 staff, as well as our customers, shareholders and partners for their continued support of M1.



Lim Chee Onn
Chairman

Looking to the future

As we look to the future of our industry and the potential of the new generation technology, we aim to fulfil our **1 life. live it** philosophy – by focusing on how M1's services can help customers live life to the fullest. We believe this creates added value for our customers, our people and our shareholders alike.

In an industry that does not stand still, 2004 proved to be yet another eventful year for M1. In last year's annual report, I outlined three key areas of development for M1 in 2004: first, progress in the Third Generation (3G) network roll-out and preparation for service launch; second, implementing the M1-Vodafone partnership; and third, enhancing M1's brand equity with a new brand statement.

After working long and hard to build our 3G network and infrastructure, 2004 saw the culmination of these

efforts as we achieved the network coverage requirements set by the regulator, IDA, to fulfil our licence obligations and customers started to use 3G services on a trial basis. Although we have not yet commercially launched service, much progress was made in 2004. The customer trials of 3G data cards and handsets provided important lessons for us in order to prepare for commercial service before mid-2005.

M1's partnership with Vodafone continued to strengthen.

Neil Montefiore, Chief Executive Officer



Our customers now benefit from short-code and caller identity services when roaming onto Vodafone networks while overseas, and similarly Vodafone customers roaming onto M1's network have these benefits. GPRS roaming on Vodafone networks is now widely available. Joint M1-Vodafone branding campaigns targeting frequent travellers raised awareness of the partnership and the benefits it brings. Through the Vodafone partnership, M1 was the first operator in Singapore to offer direct dial on prepaid roaming, which improves the roaming experience for prepaid customers to the level enjoyed by postpaid customers.

Through the year, we actively promoted the **1 life. live it.** philosophy that M1 adopted at the start of the year to re-invigorate the M1 brand. The aim of this new brand statement is to focus on how M1's services can help customers live life to the fullest and in particular, encourage a mobile data lifestyle. This message was transmitted through a major campaign covering a range of media, including TV, print and outdoor advertising, and a new signature tune "My Town" was introduced as part of this initiative.

The combination of this branding and marketing drive, the introduction of new and innovative content and services, and the take-up of increasingly sophisticated handset models, helped by our upgrade programmes, all combined to increase the use of non-voice services – a key growth driver for M1's business. Our customers are increasingly going beyond using their mobile phones as a simple communication device and are using them to obtain information, be entertained and express themselves through images and sound. This is increasingly translated to concrete revenue contribution. In 2004, non-voice services contributed 17.6% of ARPU, up from 15.4% in the previous year. Of this, although text messaging (SMS) continues to be significant, data services and picture messaging (MMS) are the fastest growing areas. Data traffic carried by M1's network grew 160% over the previous year while the number of MMS sent grew 108%.

This tremendous growth in data services augurs well for the future and the potential for 3G. I believe that we are moving into the next phase of mass media delivery with the mobile screen in every pocket.

How moving images are transmitted has dramatically transformed the way we are entertained, obtain information and communicate with each other. Technology has seen a progression through the "4 screens". It started with the cinema screen which was a revolutionary development in its time and brought the first moving images to the mass market, providing entertainment and information to a passive audience. This then progressed to the TV screen – a screen in every household to which an ever wider range of programme options is broadcast. Then came the personal computer which opened the floodgates to information and entertainment, and radically transformed us from passive audience to active participants in the media age by putting computing power in the hands of individuals and allowing interactive access through high speed networks.

Now we are moving to the era of the 4th screen – the screen on the mobile phone in every pocket. The improving quality of colour screens, the higher memory and other capabilities of handsets and the increasing data speeds supported by mobile networks, especially with 3G, combine to

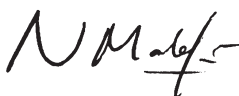
facilitate all sorts of new possibilities in terms of truly multimedia communications and entertainment anywhere, any time. It will not happen overnight and it will be a learning process for all the various stakeholders – including customers, content providers and network operators – to understand the possibilities, what customers will find compelling and what will work commercially. All these aspects will evolve over time, uncertainties will be resolved and 3G's potential will be realised. We at M1 are realistic about the challenges but above all, excited about the future.

2005 will be a significant year for M1 as we launch 3G services and embark on a new learning and adoption curve. In terms of financial impact, we do not expect to see meaningful revenue from 3G but will incur the additional costs associated with it. As a result, downward pressure on net profit margin is expected in 2005.

We expect to see continued growth in the overall business, principally coming from data services on the 2G network and international call services. These were key sources of growth in 2004 and are expected to continue to be in 2005. At the same time, M1 continues

to be disciplined in cost management. Despite the pressure on profit margin and barring any material adverse event or change in market conditions, M1 expects to achieve low single digit growth in net profit after tax for 2005.

I would like to express my deepest appreciation to all M1 staff for their hard work and contributions, and I look forward to working together as we bring M1 into the next phase of growth and development.



Neil Montefiore
Chief Executive Officer

Leading by example

Our Board of Directors boasts a wealth of experience spanning many industries. Together, their combined vision, guidance and leadership ensure that the course we set ourselves and our brand has the best chance for future successes.



Lim Chee Onn, 60
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 Limited.

Mr. Lim was in the Civil Service until he was elected as Member of Parliament (MP) for Bukit Merah in July 1977. He 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 for 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.



Neil Montefiore, 52
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).



Roger John Barlow, 55

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 include 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.



Michael John Grant, 51

On 20 August 2004, Mr. Grant was appointed to M1's Board of Directors. He is also Chairman of Cable & Wireless America and Board Director of Monaco Telecom and Great Eastern Telecommunications' Limited (Grand Cayman).

Previously, Mr. Grant was Chief Executive of the Strategic Rail Authority (UK), a Board Director of British Railways and Director of Finance, Eurotunnel Group.



Low Huan Ping, 48

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. Prior to that, Mr. Low also headed various IT departments and division units at the Ministry of Defence.



Hsuan Owyang, 76

On 8 November 2002, Mr. Owyang was appointed to M1's Board of Directors. He is also Chairman of 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 a 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.



Arthur Seet Keong Hoe, 58

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.



Teo Soon Hoe, 55

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 Chairman of Keppel Telecommunications & Transportation Ltd and Keppel Philippines Holdings 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.



Reggie Thein, 63

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 BIL International Limited (formerly Brierley Investments Ltd).

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.



Thio Su Mien, 66

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 the 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.



Patrick Yeoh Khwai Hoh, 66

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 Accuron Technologies Pte Ltd (formerly known as Singapore Precision Industries 2000 Pte Ltd). He is also an 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.

Working as a team

Working together to fully understand our customers' lifestyle needs enables us to deliver a wide range of new and exciting solutions designed to exceed their expectations.

1 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 the University of Hull in the United Kingdom.

2 Steven Chan Siew Key, Director, Internet Services & Product Development

Mr. Chan joined M1 in January 1999. Prior to joining M1, he was with Keppel Communications Pte Ltd in 1998 as General Manager, Projects Group. Mr. Chan began his career with the Ministry of Defense 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 the Nanyang Technological Institute, Singapore, and has a Bachelor of Electrical & Electronics Engineering (First Class Honours) degree from National University of Singapore.

3 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 20 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)

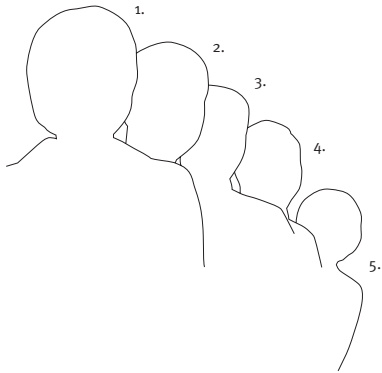
degree from University of London, United Kingdom.

4 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.

5 Lim Sock Leng, Director, Corporate Development

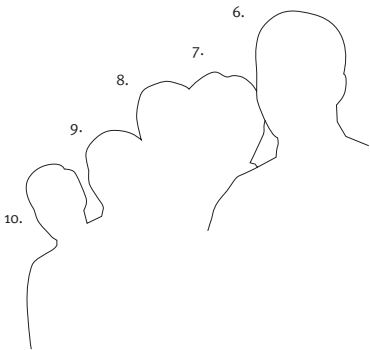
Ms. Lim joined M1 in October 1995. Prior to joining M1, she was with the Administrative Service of the Singapore Civil Service, involved in policy making, financial control and planning, and has held positions in various Ministries including the Ministry of Home Affairs, the Ministry of Finance and the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



1. Karen Kooi Lee Wah
Chief Financial Officer
2. Steven Chan Siew Key
Director, Internet Services & Product Development
3. Poopalasingam Subramaniam
Director, Sales & Marketing
4. Chua Swee Kiat
General Manager, Corporate Communications
5. Lim Sock Leng
Director, Corporate Development



- 6. Patrick Michael Scodeller
Chief Technical Officer
- 7. Lina Lee
Chief Information Officer
- 8. David Yeung Yeok Wah
General Manager, Management Assurance Services
- 9. Chin Ming Lek
Director, Human Resources
- 10. Terence Teo Hoon Beng
Director, Customer Service



6 Patrick Michael Scodeller,
Chief Technical Officer

Mr. Scodeller joined M1 in 1995. He is responsible for the planning, operations and maintenance of the cellular and international networks. He was a key member of the senior management team that planned, built and launched M1's networks from inception. He has over 26 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.

7 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 25 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.

8 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 degree from Hawaii Pacific University, USA.

9 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 more than 20 years of experience in the field of human resource and employee relations. Mr. Chin holds a Bachelor of Science (Honours) degree from the University of Singapore.

10 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. between 1993 and 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 the University of Singapore.

At M1, we truly believe that our most valuable asset is our people. Our continued investment in their development will significantly benefit our business.

Nurturing Our Staff

Continuous learning and development of all staff takes precedence in M1. Numerous functional, work-related, self-development programmes, and enrichment talks are conducted regularly for staff. Some of the more popular programmes include Think on Your Feet, Situational Leadership, IT Misuse Act, Fundamentals of 3G & GPRS and Leadership Effectiveness.

In addition to local training, M1 continues to provide staff with the opportunity to be trained overseas.

Maintaining Esprit de Corps

Teambuilding events are held annually and are designed to establish rapport among peers and colleagues. Team-building activities are often grouped by department or within functional project teams and frequently include the senior management.

Separately, employees also participate in de-stressing activities which are

typically held outside the work place. Not only do those events help employees to 'chill out' and relax; but they are also good for bonding and building friendships.

Family-friendly Practices

At M1, we ensure that our Human Resource policies and practices genuinely help our employees, particularly those with young children, to better balance their work and family commitments. In line with the government's recent parenthood schemes, M1 implemented extended maternity and child care leave in 2004. The extended maternity leave scheme took effect in August 2004, two months ahead of the mandatory implementation date of October 2004.

Our child care centre, located at M1's headquarters, gives employees peace of mind while they work, knowing their children are in safe hands and within close reach at all times. Employees also benefit from subsidised rates.

In addition to the government's new childcare leave scheme, M1 has in place a scheme which provides paid child medical leave to female employees with children below 6 years of age, in the event any of their children is taken ill.

HR Information Technology

In Jan 2004, the Employee Information Update system and the Training Information System were launched. Both are self-service online systems for staff to be able to view and update their personal information and contacts anytime. The training information system allows staff to view and update a personal training database, where they can track their training history and plan their personal development.

As at 31 December 2004, M1 had 1,408 employees.

what's yours..?

It's my life!

“ Living life to the fullest is my ultimate goal! I'm always on the move, discovering new and exciting things everyday. DJ'ing is my latest passion. It gives me an opportunity to express myself to the max!”

MiWorld Mobile: M1 offers a range of mobile entertainment and information services designed to meet your lifestyle needs. You can access them anytime, anywhere using your WAP or GPRS enabled phone and get much more from your mobile.



Leading in personal communications

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

Company Overview

M1's mobile services comprise a wide range of voice, non-voice and value-added services provided on its nationwide dualband GSM900/1800 network which has been enhanced with General Packet Radio Service (GPRS) to support data services. Customers may subscribe to M1's services on a postpaid or prepaid basis by choosing from a variety of service plans. M1 was awarded a 3G licence in 2001 and commenced customer trials of 3G services on the WCDMA network in 2004.

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

In 2004, M1 achieved a profit after tax of S\$154.6 million, an increase of 9.2% over 2003. Net profit margin on service revenue was 22.7%. Operating revenue grew by 4.1% to S\$747.1 million. Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 1.3% to S\$293.4 million, representing an EBITDA margin on service revenue of 43.1%.

M1 continued to focus on customer retention and increasing customer usage, especially in mobile non-voice services and international voice services. Despite the market's relative maturity, M1 grew its customer base through a number of tactical promotions during the year. As at 31 December 2004, M1 had a total of about 1,162,000 mobile customers, representing an increase of 94,000 over 2003. M1's overall market share as at December 2004 was 30.1%*, which was down from 30.7% as at December 2003. Market share of postpaid customers was 30.6% while prepaid market share was 29.0%.

In 2005, adoption of 3G services is expected to be gradual and hence revenue contribution will not be significant. Coupled with additional operating expenses associated with the 3G network, and commencement of depreciation and amortisation of the 3G capital expenditure and licence fee respectively, downward pressure on net profit margin is expected. M1 sees growth in 2005 coming principally from non-voice services on its 2G network and from international call services. Thus, notwithstanding the expected profit margin pressure and barring any material adverse event or change in market conditions, M1 expects to achieve low single digit growth in net profit after tax for 2005.

Market Developments

As at 31 December 2004, Singapore's cellular mobile penetration was 92.2%*, which was 9.1 percentage points higher than a year ago. Growth in mobile customer numbers is slowing as the market reaches such a high penetration level. Nevertheless, the telecommunications industry as a whole benefited from more positive sentiment among consumers as economic conditions improved compared to the previous year. Competition among operators continues to remain keen.

In line with the approach to minimise regulation and allow market forces to govern competitive activities of the industry, the IDA (Infocomm Development Authority) has scaled back regulations in some competitive market segments. These include the lifting of restriction on differential pricing for intra- and inter-network calls, hence giving mobile operators more flexibility in pricing services and promotions. In respect of new technology developments, IDA has established a framework for trial of wireless broadband technologies and plans to allocate spectrum in 2005 for service deployment.

* BASED ON IDA STATISTICS AS AT DECEMBER 2004.

Operating Review

Branding

With effect from January 2004, M1 adopted a new brand statement – **1 life. live it.** – replacing the previous brand statement – Everywhere under the Sun. The change was ushered in with a major campaign, comprising print advertisements, television commercials, and outdoor media. The new statement aims to strengthen M1's emotional connection with customers and emphasise that mobile communications is not just about voice but also encompasses text and visual communications. It drives home the message that M1 is about being connected, staying informed, being entertained and engaged. An upbeat contemporary new signature tune "My Town" was composed as part of the new brand initiative. The sun icon continues to be used to represent M1's brand values of warmth and friendliness.

Mobile Services

M1's postpaid mobile customer base grew by about 35,000 in 2004 to about 800,000 customers. The good performance may be attributed to attractive handset promotions offered in the first and fourth quarters of the year, which drew positive response from customers. Postpaid churn in 2004 improved to an average of 1.6% per month compared to 1.8% in 2003 reflecting M1's continued focus on retention activities and loyalty programmes. The average postpaid acquisition cost per gross connection rose to S\$141 from S\$95 in 2003, while the average postpaid retention cost per customer rose to S\$98 from S\$83 in 2003.

Postpaid average revenue per user (ARPU), at S\$61.4 per month, was 1.8% higher than 2003's while average minutes of use (MOU) was 11.4% higher at 313 minutes per month. Several new postpaid price plans were launched in 2004. In January, SunText

was introduced to target customers who have high SMS usage. In July, M1 introduced SunTalk 100v, SunTalk 150 and SunTalk 800 to give customers a wider selection of free incoming call plans to suit their usage needs. Response to these plans has been encouraging.

M1's prepaid mobile customer base grew by about 59,000 in the year to about 362,000 customers. Prepaid ARPU remained healthy at S\$19.5 while MOU was 47 minutes per month (11.3% lower than 2003's).

The take-up of non-voice services grew during the year and non-voice contribution to blended ARPU increased to 17.6% from 15.4% in the previous year. In particular, M1 enjoyed strong growth in data services, with GPRS traffic (excluding MMS) increasing 160% over the previous year, while the number of MMS sent grew 108%.

New Products and Services

During 2004, M1 introduced several new products and services, and made enhancements to existing ones:

- Launched Singapore's first mobile SMS stock trading game with Channel NewsAsia
- Introduced Point, a mobile music recognition service
- Implemented Google Search on the MiWorld portal, Asia's first wireless image search service for mobile phones
- Launched "Singapore's Brainiest" – mobile version of the popular TV game show
- Launched news and content services in conjunction with Athens Olympics, Euro 2004 football tournament and the English Premier League
- Introduced Friends – an SMS service that allows customers to initiate chat sessions
- Launched SunSurf Data Card – a GPRS-based card that allows customers to surf websites, send SMS and manage voice calls through the laptop
- Launched an e-mail client service that allows access to POP3 e-mail services through the handphone via GPRS
- Tied up with CNN to provide Java application streaming of CNN contents
- Revamped mobile WAP portal MiWorld
- Launched Local Direct Connect, a service that allows customers to call inbound roamers on M1's network at rates lower than normal IDD rates
- Conducted customer trial of Push-to-Talk service – first in Singapore to do so
- Introduced pay per use option for autoroaming
- Partnered Microsoft Singapore to offer M1 customers access via the MiWorld Mobile portal to the latest information on Xbox including new game releases, Xbox game reviews and updates on the Top 10 Xbox games in Singapore



what's yours..?

it's my friends!



M1 MMS : MMS gives new meaning to communication. Send and receive messages containing text, sound, images and even videos! Imagination, that's where you come in.

“ Staying in touch with all my friends is very important to me. We hang out, we have fun, we do everything together. They are my life, they are my passion!”



In November, M1 conducted a trial of 3G data cards involving one hundred users, mainly corporate customers and business partners. In December, M1 commenced phase two of the 3G trial, which involved use of 3G handsets. Two hundred customers participated in the trial. Besides video calls, users had access to live feeds of news from Channel News Asia, streaming of music videos, trailers of new movie releases, and MP3 download of songs.

International Call Services

M1's total international outgoing retail minutes in 2004 was about 172 million minutes, an increase of 17.8% over the previous year's, while international call service revenue grew 15.8% to S\$111.4 million. This strong growth is in line with the recovery in the overall Singapore economy and in particular, benefited from the improvement in inbound and outbound tourism in 2004 compared to the previous year. Various promotions were held for selected destinations during the year to boost usage.

Sales & Distribution

M1's sales and distribution are conducted through our network of

M1 Shops and distributors across the island, as well as our in-house corporate sales unit, which services corporations, businesses and government organisations. As at 31 December 2004, we operated a total of 13 M1 Shop outlets.

Customer Service

M1's key focus in 2004 continued to be the delivery of best-in-class customer service. Several key initiatives introduced over the past few years bore fruit in 2004.

The Voice of Customers programme gave M1 invaluable insight into customer needs and helped fine-tune and improve service standards and strengthen relationship with customers.

M1's commitment to service quality led to the adoption of COPC (Customer Operations Performance Centre) practices across key customer contact channels.

The final phase of M1's Customer Relationship Management programme saw the introduction of sales functions into service channels.

This enhancement focuses on adding value to customers by offering products and services that are attractive to them.

Network

M1 completed the initial rollout of its 3G network and successfully met the IDA's licence requirements for the nationwide rollout of 3G system and services by 31 Dec 2004. Moving forward, M1 will continue to enhance its 3G network quality and service offering based on market requirements and feedback from customers.

M1 continued to invest in the 2G network where coverage enhancements were required due to new building developments. We also invested in FSO (Free Space Optics) to self provide transmission links within the mobile network.

In the 4th quarter, M1 started technical trials of three wireless broadband technologies.

Strategic Alliances and Partnerships

Asian Mobility Initiative

Asia Mobility Initiative (AMI) is a grouping of mobile operators in the region, aimed at enhancing users' experience, especially in the area of mobile data, through inter-operator collaboration. Areas of co-operation the group engaged in include content sharing, inter-operability and co-operation on new platforms and devices. To date, member operators have achieved full inter-operability in the areas of WAP, GPRS, MMS and caller number display.

M1-Vodafone Partnership

M1's partnership with Vodafone, signed in November 2003, bore fruit in 2004. M1's customers have access to a range of services, which include welcome SMS and short-code services when overseas in countries with a Vodafone network, GPRS roaming on a wider selection of Vodafone networks,

and direct dial on prepaid roaming such that the roaming experience is similar to postpaid customers. As at end-December 2004, M1 has prepaid roaming with Vodafone networks in six countries. Vodafone's customers enjoy similar services when roaming in Singapore on M1's network. Joint M1-Vodafone brand campaigns were held, targeted at the roaming market to raise awareness of the partnership and the benefits it brings. M1 is also able to tap into Vodafone's vast network of corporate MNC accounts to broaden the corporate base.



what's yours..?

it's my business!



M1 IDD : M1 IDD delivers quality and clarity with every call. Available for home, business and mobile lines, it's the only IDD connection you'll ever need.



“ My philosophy on succeeding in business comes down to truly believing in what you’re doing. Each day presents new challenges, but I see them as opportunities.”



Financial Review

	YEAR ENDED 31 DECEMBER		
	2004 S\$'M	2003 S\$'M	CHANGE
OPERATING REVENUE			
Mobile telecommunications services	569.6	544.7	4.6%
International call services	111.4	96.2	15.8%
Others	0.0	1.7	-97.5%
Total service revenue	681.1	642.6	6.0%
Handset sales	66.0	74.8	-11.8%
Total	747.1	717.4	4.1%

Operating Revenue

Operating revenue rose by 4.1% due to higher mobile telecommunications and international call services revenue. Handset sales revenue however fell 11.8% compared to the previous year.

Mobile telecommunications

	YEAR ENDED 31 DECEMBER				
	2004		2003		CHANGE
	S\$'M	%	S\$'M	%	
Post-paid	520.0	91.3	498.0	91.4	4.4%
Pre-paid	49.6	8.7	46.7	8.6	6.2%
Total	569.6	100.0	544.7	100.0	4.6%

Mobile telecommunications revenue grew 4.6% to S\$569.6 million on the back of higher customer bases for both postpaid and prepaid. Postpaid revenue also gained from an improvement in ARPU to S\$61.40 from S\$60.30.

International call service

International call service revenue grew 15.8% in 2004 while international retail minutes grew 17.8% to 172 million minutes.

Handset sales

Handset sales revenue fell 11.8% to S\$66.0 million as a result of lower handset selling prices.

Operating Expenses

	YEAR ENDED 31 DECEMBER		
	2004 S\$'m	2003 S\$'m	CHANGE
Cost of sales	262.8	246.4	6.7%
Staff costs	88.3	85.9	2.8%
Advertising & promotion	24.3	24.2	0.4%
Depreciation & amortisation	99.5	96.0	3.6%
Provision for bad & doubtful debt	22.1	19.2	15.1%
Other general & administrative expenses	57.7	53.4	8.1%
Total	554.8	525.1	5.7%

M1's total operating expenses for 2004 rose by 5.7% from S\$525.1 million to S\$554.8 million.

Cost of sales rose 6.7% to S\$262.8 million due to higher handset sales volume and dealers' incentives.

Staff costs increased 2.8% to S\$88.3 million due to annual wage increment, higher training costs and bonus provision.

Advertising and promotion expenses grew marginally by 0.4% to S\$24.3 million.

Depreciation and amortisation increased by 3.6% to S\$99.5 million due to additional capital expenditure.

Doubtful debt provision increased by 15.1% to S\$22.1 million due to higher service revenue and a higher provision rate.

Other general and administrative expenses increased 8.1% to S\$57.7 million mainly due to higher repair, maintenance and service charges.

Finance Costs

For the year, M1's finance costs declined marginally by 1% from S\$10.4 million to S\$10.3 million due to lower interest rates.

Financial Review (cont'd)

Taxation

M1's provision for deferred taxation decreased by 30.3% to S\$29.0 million. This is due to the reduction in Singapore's corporate tax rate from 22% to 20%.

Net Profit

	YEAR ENDED 31 DECEMBER		
	2004 S\$'M	2003 S\$'M	CHANGE
Net profit	154.6	141.6	9.2%
Net profit margin (on service revenue)	22.7%	22.0%	—

EBITDA

	YEAR ENDED 31 DECEMBER		
	2004 S\$'M	2003 S\$'M	CHANGE
EBITDA	293.4	289.6	1.3%
EBITDA margin (on service revenue)	43.1%	45.1%	—

Capital Expenditure and Commitments

A total capital expenditure of S\$137.7 million was incurred in 2004, which was funded by operating cash flow. As at 31 December 2004, capital commitments for networks amounted to S\$2.1 million.

Liquidity and Capital Resources

	YEAR ENDED 31 DECEMBER		
	2004 S\$'M	2003 S\$'M	CHANGE
Profit before tax	183.6	183.2	0.2%
Net change in working capital	96.6	43.9	120.0%
Other adjustments for non-cash items	112.4	108.0	4.1%
Net cash provided by operating activities	392.6	335.1	17.2%
Net cash used in investing activities	(137.2)	(116.4)	17.9%
Net cash used in financing activities	(222.4)	(138.4)	60.7%
Net change in cash and cash equivalents	33.0	80.3	-58.9%
Cash and cash equivalents at beginning of financial period	79.6	(0.8)	@
Cash and cash equivalents at end of financial period	112.6	79.5	41.6%
Free cash flow ¹	255.0	217.7	17.1%

@ DENOTES MORE THAN +/-300%

¹ FREE CASH FLOW REFERS TO NET CASH FLOW FROM OPERATING ACTIVITIES LESS CAPITAL EXPENDITURE

Gearing

M1's net debt to equity ratio was 0.3x compared to 0.4x for 2003 due to a stronger cash position. Interest coverage ratio (EBITDA/Interest) improved to 28.5x from 27.8x for 2003 due to a higher EBITDA.

what's yours..?

it's my family!



“I travel a lot with my work, and so spending quality time with my family whenever I can is always top of my list of priorities. At least when I am away, I am never more than a phone call away.”

M1 Roaming Services: Wherever you are in the world, staying in touch is easy with M1 Roaming Services. From voice calls and SMS, to MMS and GPRS roaming, you can always remain informed, entertained and engaged.



Taking part

Responsible corporate citizenship is entrenched in M1 and finds expression in the many facets of community involvement by the company and its employees in 2004.

By supporting a broad spectrum of activities in the community, M1 touched the lives of Singaporeans in many areas; in schools, in the arts, in sports and in organisations that serve the sick and the less privileged.

The nature, scale and reach of each of the activities differed but through its participation, M1 hopes to have contributed in some ways to the viability and success of every single one of them.



In the arts, M1's traditional association with theatre remained strong and diverse. It covered both mainstream as well as experimental/fringe theatre as represented by the Singapore Repertory Theatre and The Necessary Stage respectively. This and our support of other areas of the arts earned M1 yet another Distinguished Patron of the Arts Award.



In sports, M1 continued to engage and nurture the keen enthusiasm of our students for rugby with our sponsorship of a schools programme run by the Singapore Rugby Union. Thousands of students played or watched both contact and touch rugby in a series of matches under the programme. In a smaller way, M1 also supported ice hockey and squash.

The destructive tsunamis triggered by the massive earthquake off Sumatra that hit neighbouring countries in the closing days of 2004 evoked a generous outpouring of aid from the government, people and business organisations in Singapore. M1, both employees and at the corporate level, contributed to this great humanitarian cause. M1 also donated mobile phones for use in relief work and offered rebates for roaming call charges to SAF and Home Team personnel involved in the overseas relief missions. A SMS donation scheme for M1 customers was also put in place.



Earlier in the year, M1 was again part of a group of leading infocomm companies that raised funds for the charities under the auspices of the President's Challenge 2004. Using the concept of an event at the Singapore Zoological Gardens called Junglathon, more than \$1 million was raised.

Other charities that benefited from M1's community programme included Riding for the Disabled Association and Club Rainbow.

Many M1 employees also directly contributed their time and services to numerous charity projects, including those in support of tsunami victims, disadvantaged children and terminally ill children and their families. These efforts encompassed both fundraising and organising activities for the beneficiaries, which provided the opportunity for employees and beneficiaries to engage and make a direct impact on each other. The active and enthusiastic participation of our employees in the activities of the SunCare Club – M1's employee volunteers' group – has kept the spirit of volunteerism vibrant in the company.

Being open and accessible

At M1, we aim to provide as complete a picture as commercially sensible to all current and potential investors and analysts without prejudice in order for them to make the most informed judgement possible of the fundamentals of our business and of the market place in which we operate. Communication is key and we seek to do this in the most appropriate, timely, and cost effective manner. At the same time, we are also committed to maintaining open communications with shareholders and analysts and encourage engagement with our senior management.

Throughout the year, M1 continued to release full-year, interim and quarterly results to the public within 21 days of period end. All materials relating to the results and presentations were immediately made available on our website, after mandatory posting with the Singapore Exchange (SGX). Presentations and question and answer sessions were also held on the same day of every results' announcement, including joint briefings for analysts and the media for half-year and full-year results.

We have an ongoing programme of dialogue and meetings with current

and potential institutional investors and analysts, where a wide range of relevant issues including strategy, performance, management and governance are discussed within the constraints of the information already known to the market. The free float[^] of M1's shares is close to 40%, with the majority shares held by institutional shareholders across Asia, UK and USA. As such, senior management time is focused accordingly. For year 2004, we participated in various investor conferences in London and Singapore. In addition, our senior management undertook roadshows covering Hong Kong, UK and USA to meet current and potential institutional investors to provide an update on the Company and market place as well as address any concerns.

For all our shareholders, M1 Investor Relations' website (www.m1.com.sg/IR/ir_index.jsp) is a good source for corporate information and the latest update on the Company. During the year, apart from the usual timely update on news, results, event calendar, shareholder circulars and annual reports, we added a name list of analyst coverage. Following the announcement of the proposed Capital Reduction, a section was

added to explain the Capital Reduction, provide answers to frequently asked questions and other relevant information to shareholders, including an on-line calculator for shareholders to determine their cash payout and resultant shares. In addition, our Investor Relations team responded to calls and emails on queries, clarifications and requests from current and potential shareholders.

Last but not least, all shareholders have the opportunity to ask questions of the board, including the chairmen of the audit, remuneration and nomination committees, at M1's Annual and Extraordinary General Meetings.

We remain committed to creating long-term value for our shareholders, and therefore, continue to favour a sustainable dividend policy and will strive to return excess cash to shareholders in absence of value-enhancing opportunities.

In line with this approach, M1 undertook a 7% Capital Reduction exercise in the second half of the year and returned a total of approximately S\$116 million to shareholders. To mitigate the problem of shareholders holding odd-lot shares as a result of

the Capital Reduction, M1 applied to SGX for a temporary trading counter for board lot size of 10 shares, which commenced from 14 December 2004 and ended on 13 January 2005. During the period, special arrangements were also made with four selected brokers for reduced commission charges for trading in odd lots of up to 999 shares in a single contract. After such period, odd lots in M1 shares can still be traded in the Unit Share Market.

In Finance Asia's survey on "Asian Best Companies" for year 2004, M1 was ranked second in the category of

"Most committed to Strong Dividend Policy" in Singapore. During the year, apart from cash distribution from the Capital Reduction exercise, we paid out total dividends of 10.4 cents, comprising FY2003 final dividend of 5.5 cents and FY2004 interim dividend of 4.9 cents. Based on M1's closing stock price of S\$1.82 on 31 December 2004, this would represent a total shareholder return (capital gains plus cash distributions) of 27.1% on amount invested at the start of the same year.

Financial Calendar for 2005

DATE	EVENT
19 January	Announcement of FY2004 full-year results
31 March	Annual General Meeting
April*	Payment of FY2004 final dividend (subject to shareholders' approval at AGM)
April*	Announcement of FY2005 first-quarter results
July*	Announcement of FY2005 half-year results
September*	Payment of FY2005 interim dividend (if applicable)
October*	Announcement of FY2005 third-quarter results

* - ACTUAL DATE WILL BE RELEASED, THROUGH M1'S AND SGX'S WEBSITE, CLOSER TO THE EVENT/ANNOUNCEMENT

^ - FREE FLOAT SHARES IS DEFINED AS TOTAL ISSUED SHARES LESS THE NUMBER OF SHARES HELD BY SUBSTANTIAL SHAREHOLDERS (IE. HOLDING A STAKE OF 5% OR MORE)

Being responsible

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 eleven Directors, all of whom save for the Chief Executive Officer ("CEO") are non-executive and five 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 62 to 71 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. Members of the Board and each board committee through 2004 are set out below:

NAME	STATUS	BOARD	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Non-executive					
Lim Chee Onn	N	Chairman			
Roger John Barlow #	I	Member		Member	
Michael John Grant *	N	Member			
Low Huan Ping	N	Member		Member	
Hsuan Owyang	I	Member		Chairman	
Arthur Seet Keong Hoe	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. ROGER JOHN BARLOW RESIGNED FROM PCCW LIMITED ON 30 NOVEMBER 2003 AND DOES NOT HOLD ANY DIRECTORSHIPS IN ANY OF THE PCCW GROUP OF COMPANIES.

* MR. MICHAEL JOHN GRANT WAS APPOINTED AS A DIRECTOR OF THE COMPANY WITH EFFECT FROM 20 AUGUST 2004.

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:

NAME	AGE	POSITION	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION
Lim Chee Onn	60	Chairman & Director	01.11.1999	25.3.2004
Neil Montefiore	52	Executive Director	08.11.2002	14.4.2003
Roger John Barlow	55	Director	22.05.2002	25.3.2004
Michael John Grant	51	Director	20.08.2004	Not applicable
Low Huan Ping	48	Director	01.09.1994	25.3.2004
Hsuan Owyang	76	Director	08.11.2002	25.3.2004
Arthur Seet Keong Hoe	58	Director	16.01.1998	14.4.2003
Teo Soon Hoe	55	Director	07.05.1996	14.4.2003
Reggie Thein	63	Director	08.11.2002	14.4.2003
Thio Su Mien	66	Director	08.11.2002	14.4.2003
Patrick Yeoh Khwai Hoh	66	Director	08.11.2002	14.4.2003

In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings, management provides the Board with financial and operating reports reviewing 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.

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 videoconference 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 2004	NUMBER OF BOARD MEETINGS ATTENDED
Lim Chee Onn	4	4
Neil Montefiore	4	4
Roger John Barlow	4	4
Michael John Grant	1*	0
Low Huan Ping	4	4
Hsuan Owyang	4	3
Arthur Seet Keong Hoe	4	3
Teo Soon Hoe	4	4
Reggie Thein	4	3
Thio Su Mien	4	4
Patrick Yeoh Khwai Hoh	4	3

* NUMBER OF MEETINGS HELD SINCE MR. MICHAEL JOHN GRANT'S APPOINTMENT AS A DIRECTOR OF THE COMPANY WITH EFFECT FROM 20 AUGUST 2004.

Briefings were also held during the year to ensure that Directors were updated on latest compliance requirements as well as industry developments. These comprised a briefing by the Company's external auditors on recent changes to the Financial Reporting Standards and presentations by the CEO, CTO and Director, Internet Services and Product Development, on developments in key technological areas of relevance to the Company and the potential opportunities and risks they represent.

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 authority and responsibilities, and that accountability and independent decision-making are not compromised.

3 Nominating Committee (“NC”)

(Code of Corporate Governance Principles 4 & 5)

The NC comprises three 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 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.

The number of NC meetings held in 2004 and the attendance of each member at those meetings were as follows:

NC MEMBER	NUMBER OF NC MEETINGS HELD IN 2004	NUMBER OF NC MEETINGS ATTENDED
Thio Su Mien	2	1
Reggie Thein	2	2
Patrick Yeoh Khwai Hoh	2	2

On 19 July 2004, the NC recommended to the Board the appointment of Mr. Michael John Grant as a Director of the Company.

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 conduct the evaluation process based on the framework established and used in the previous year. 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 role and functioning
- Information management
- Managing company performance
- Managing risk and adversity
- Developing company leadership
- Corporate integrity and social responsibility
- Direction development and management

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

4 Remuneration Committee (“RC”)

(Code of Corporate Governance Principles 7 & 8)

In 2004, the RC comprised Mr. Hsuan Owyang, Mr. Roger John Barlow, Mr. Low Huan Ping 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.

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 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 2004 and the attendance of each member at those meetings were as follows:

RC MEMBER	NUMBER OF RC MEETINGS HELD IN 2004	NUMBER OF RC MEETINGS ATTENDED
Hsuan Owyang	4	3
Roger John Barlow	3*	3
Low Huan Ping	4	4
Teo Soon Hoe	4	4

* NUMBER OF MEETINGS HELD SINCE MR. ROGER JOHN BARLOW’S APPOINTMENT TO THE RC WITH EFFECT FROM 20 JANUARY 2005.

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 senior management 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 2004 was as follows:

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

The annual remuneration of Non-executive Directors for 2004 was as follows:

NON-EXECUTIVE DIRECTOR	POSITION HELD	DIRECTOR'S FEE
Lim Chee Onn	Board Chairman	S\$35,000
Roger John Barlow	Board member, RC member	S\$31,000
Michael John Grant	Board member	S\$9,178*
Low Huan Ping	Board member, RC member	S\$31,000
Hsuan Owyang	Board member, RC chairman	S\$35,000
Arthur Seet Keong Hoe	Board member, AC member	S\$35,000
Teo Soon Hoe	Board member, RC member	S\$31,000
Reggie Thein	Board member, AC chairman, NC member	S\$46,000
Thio Su Mien	Board member, NC chairman, AC member	S\$45,000
Patrick Yeoh Khwai Hoh	Board member, AC member, NC member	S\$41,000

* PRORATED BASED ON 134 DAYS AS MR. MICHAEL JOHN GRANT WAS APPOINTED AS A DIRECTOR OF THE COMPANY WITH EFFECT FROM 20 AUGUST 2004.

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

In setting the remuneration packages of the Company's CEO and senior management, performance-related elements are incorporated in order to align interests with those of shareholders and link rewards to corporate and individual performance. The level and mix of 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, are set out below:

	FIXED	BONUSES	RETIREMENT/CPF CONTRIBUTION	BENEFITS- IN-KIND	NUMBER OF SHARE OPTIONS GRANTED
Above \$1,000,000 to \$1,250,000					
Neil Montefiore	41%	33%	9%	17%	900,000
Above \$500,000 to \$750,000					
Patrick Michael Scodeller	42%	18%	9%	31%	350,000
Above \$250,000 to \$500,000					
Karen Kooi Lee Wah	63%	24%	3%	10%	500,000
Lina Lee	63%	24%	4%	9%	160,000
Poopalasingam Subramaniam	64%	24%	4%	8%	160,000
Terence Teo Hoon Beng	65%	24%	3%	8%	160,000

In February 2004, options were granted to the above members of the senior management team as part of the Company's Share Option Scheme, further details of which can be found on pages 76 to 77 of the Annual Report.

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:

- 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;
- Review quarterly and annual financial statements before submission to the Board for its approval;
- 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 the internal audit;
- 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 persons 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.

The number of AC meetings held in 2004 and the attendance of each member at those meetings were as follows:

AC MEMBER	NUMBER OF AC MEETINGS HELD IN 2004	NUMBER OF AC MEETINGS ATTENDED
Reggie Thein	4	4
Arthur Seet Keong Hoe	4	4
Thio Su Mien	4	3
Patrick Yeoh Khwai Hoh	4	3

The AC had full access to and cooperation from the Company's management, and internal and external auditors. The Chief Executive Officer, Chief Financial Officer and General Managers from the Finance Department, as well as the internal and external auditors, attended the meetings of the AC. The AC also had full access to the internal and external auditors without the presence of Management.

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 and monitored the Group's financial condition, internal and external audits, exposure to risks and the effectiveness of the Group's system of accounting, internal controls and risk management programme.

The AC considered 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 has in place a company-wide Enterprise Risk Management (ERM) programme, which encompasses the areas of operational risk, financial risk, business risk and strategic risk. Each department/functional unit in the company has in place an ERM plan, whereby risks pertaining to it are identified, degree of impact assessed, priorities assigned according to likelihood of occurrence and impact on the department/unit and the group, and risk response action points developed to mitigate the risks. The ERM plan is reviewed annually and simulation test exercises are conducted regularly to test staff familiarity with the plan.

On the operational side, a company-wide Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are in place to address operational exigencies. Like the ERM, the BCP and DRP are subject to regular review. Exercises are also conducted regularly to test staff response to emergencies like fire.

On the whole, the risk management structure is in place and accountability is clearly assigned. In the year, the Company's Internal Audit team conducted audits of the overall ERM, company-wide BCP, the Engineering Department's DRP and the Information Systems Department's DRP. The audits 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 Audit Committee has reviewed the effectiveness of internal controls.

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 Company's internal audit function is adequately resourced and has appropriate standing within the Company.

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 (now SGXNET), 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 release 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 25 March 2004. 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.

During the year, the company also held two Extraordinary General Meetings (“EGM”). The first EGM was held on 25 March 2004, in conjunction with the AGM, in order to seek shareholder approval for proposed alterations to the Articles of Association of the company, the renewal of the share issue mandate and the proposed share purchase mandate. The second EGM was held on 25 October 2004 to obtain shareholder approval for the proposed capital reduction and cash distribution exercise. Detailed circulars, setting out the rationale, Directors’ recommendation and other relevant information, were sent to shareholders three weeks before the EGMs, in order for them to vote in an informed manner.

As part of the capital reduction process, shareholders were kept updated with timely announcements via MASNET of pertinent information during the period from initial announcement to cash distribution. To help shareholders understand the proposed capital reduction, the Company also posted useful information on its website including answers to frequently asked questions, and an on-line calculator to work out shareholders’ cash entitlements and resultant share holdings. Last but not least, the Company’s Investor Relations team responded diligently and promptly to calls and emails on queries and clarifications relating to all aspects of the exercise from both current and potential shareholders.

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 (as revised in December 2003), 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 half and full year results and two weeks before the announcement of the Group’s first and third quarter 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. The Code is also circulated to Directors, management and officers every quarter before the commencement of the period during which dealings in shares are prohibited and to those with access to price-sensitive and confidential information.

12 Interested Person Transactions and Material Contracts

(Listing Manual Rule 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 by the Listing Manual.

Particulars of Directors

as at 31 December 2004

NAME OF 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	01.11.1999	PRESENT APPOINTMENTS	
60 YRS		Executive Chairman	Keppel Corporation Ltd
		Chairman	Keppel Land Ltd
Bachelor of Science		Chairman & Chairman Exco	Singapore-Suzhou Township
1st class Hons, University of			Development Pte Ltd
Glasgow		Honorary Chairman	National Heritage Board
			(Statutory Board)
Master in Public		Director	k1 Ventures Limited
Administration, Kennedy		Director	Monetary Authority of Singapore
School of Government,			
Harvard University		PAST APPOINTMENTS	
		Chairman	National Heritage Board
Member of Wharton Society			(Statutory Board)
of Fellows, University of		Director	Singapore Airlines Ltd
Pennsylvania		Director	Glory Central Holdings Ltd
		Director	Kepital Holdings Pte Ltd
Honorary Doctor of		Director	Keppel Harbour Redevelopment Ltd
Engineering, Glasgow		Director	Keppel Power Systems Pte Ltd
University			(dissolved wef 17 Jan 2003)
		Director	Keppel Telecoms Pte Ltd
		Director	k1 eBiz Holdings Pte Ltd
		Director	NatSteel Ltd
		Director	Temasek Holdings (Pte) Ltd
		Director	Parksville Development Pte Ltd

NAME OF 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 52 YRS Bachelor of Science, Hons (Electrical & Electronic Engineering), University of Portsmouth Fellow, Institution of Electrical Engineers Fellow, Chartered Institute of Marketing (CIM)	08.11.2002	PRESENT APPOINTMENTS	
		Director	M1 Capital Ltd
		Director	M1 Shop Pte Ltd
		Director	Wireless Intellect Labs Pte Ltd
		Director	Stream plc
		PAST APPOINTMENTS	
		Director	DataOne (Asia) Pte Ltd

Particulars of Directors (cont'd)

NAME OF 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 55 YRS 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 – Hong Kong
		Director	RJB Consultants Limited – British Virgin Islands
		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
		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

NAME OF 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
MICHAEL JOHN GRANT 51 YRS Bachelor of Science, Hons Civil Engineering Fellow, Association of Corporate Treasurers, UK Fellow, Institution of Civil Engineers, Chartered Engineer Advanced Management Programme, Harvard University Master of Business Administration (Finance), City University Business School, London	20.08.2004	PRESENT APPOINTMENTS Director Director Director PAST APPOINTMENTS Director Director CEO Director Director Director	 Monaco Telecom – Monaco Great Eastern Telecommunications Limited – Grand Cayman Cable & Wireless Holdings Inc – USA Cable & Wireless Internet Services Inc, Cable & Wireless USA, Inc – USA British Railways Board – UK Strategic Rail Authority – UK Liverpool Vision Eurotunnel Finance Ltd Railtrack Developments Ltd
LOW HUAN PING 48 YRS Bachelor of Arts (Hons), Master of Arts, Cambridge University Master of Science, National University of Singapore Advanced Management Programme, Harvard University	01.09.1994	PRESENT APPOINTMENTS Director Director Director Director PAST APPOINTMENTS Director Director Chairman	 SPH Multimedia Private Limited BuzzCity Pte Ltd SPH AsiaOne Ltd Zaobao.com Ltd Singapore Cable Vision Limited American Bourses Corporation Pte Ltd Cyberway Pte Ltd

Particulars of Directors (cont'd)

NAME OF 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 76 YRS Master of Business Administration, Harvard University	08.11.2002	PRESENT APPOINTMENTS	
		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	NM 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)
		Chairman	Transtech Capital Investments I Ltd
		Chairman	Transtech Capital Investments II Ltd
		Director	General Securities Trading Pte Ltd
		Chairman	The Institute of Policy Studies

NAME OF 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
ARTHUR SEET KEONG HOE 58 YRS Fellow, Chartered Association of Certified Accountants Member, Institute of Certified Public Accountants (Singapore)	16.01.1998	PRESENT APPOINTMENTS	
		Director	Lianhe Investments Pte Ltd
		Director	Vickers Ballas Philippines Fund Ltd
		Director	Orchard 290 Ltd
		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
		Director	TP Ventures Pte Ltd
		Chairman	SPH Magazines Private Limited
		Director	Blu Inc Holdings (S) Pte Ltd
		Director	Blu Inc Media Pte Ltd
		Director	Blue Inc Ventures Pte Ltd
		Director	Blu Inc Publishing (S) Pte Ltd
		Director	Blu Inc Overseas Pte Ltd
		Director	Blu Inc Singapore Pte Ltd
		Director	Magazines Incorporated Pte Ltd
		Director	The Peak Magazine Pte Ltd
		Director	Media Incorporated Pte Ltd
		Director	Media Investments Pte Ltd
		Director	MI Productions Pte Ltd
		Director	Magazine World Sdn Bhd
		Director	Blu Inc Media Sdn Bhd
		Director	Berita Publishing Sdn Bhd
		Director	MI Publishing Sdn Bhd
		Director	Asia Magazines Ltd
		Director	GMM Times Company Limited
		PAST APPOINTMENTS	
		Director	SPH Stop Press Pte Ltd
		Director	Singapore Cable Vision Ltd
		Director	StarEastWorks Management Ltd
		Director	StarEastWorks Ltd

Particulars of Directors (cont'd)

NAME OF 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 55 yrs Bachelor of Business Administration, University of Singapore Member, Wharton Society of Fellows, University of Pennsylvania	07.05.1996	PRESENT APPOINTMENTS	
		Chairman	Keppel Telecommunications & Transportation Ltd
		Chairman	Keppel Philippines Holdings Inc
		Chairman	Keppel Bank Philippines Inc
		Director	Keppel Corporation Limited
		Director	Keppel Offshore & Marine Ltd
		Director	Keppel Land Limited
		Director	k1 Ventures Limited
		Director	Singapore Petroleum Company Limited
		Director	Centurion Bank Limited (India)
		PAST APPOINTMENTS	
		Chairman & Director	Keppel Insurance Pte Ltd
		Director	Keppel Philippines Marine, Inc
		Director	Keppel-SPH Investment Pte Ltd
		Director	Southern Bank Bhd
		Director	Steamers Kimanis Shipping Pte Ltd
		Director	Steamers Perak Shipping Pte Ltd

NAME OF 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	08.11.2002	PRESENT APPOINTMENTS	
63 yrs		Director	BIL International Ltd (formerly Brierley Investments Limited)
Fellow, Institute of Chartered Accountants of England and Wales		Director	Central Properties Ltd (In Members' Voluntary Liquidation)
		Director	FJ Benjamin Holdings Ltd
		Director	GB Holdings Limited
Member, Institute of Certified Public Accountants (Singapore)		Director	GuocoLand Ltd (formerly FCC Holdings Ltd)
		Director	Hotel Malaysia Limited (In Members' Voluntary Liquidation)
		Director	MFS technology Ltd
		Director	Haw Par Corporation Limited
		Director	Keppel Telecommunications & Transportation Ltd
		Director	Lindeteves - Jacoberg Ltd
		PAST APPOINTMENTS	
		Director	Goodwood Park Hotel Limited

Particulars of Directors (cont'd)

NAME OF 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 66 YRS LL.M and LL.B (Hons) University of Malaya, Singapore PhD, London School of Economics and Political Science Advocate and Solicitor, Supreme Court of Singapore	08.11.2002	PRESENT APPOINTMENTS	
		Director	SIA Engineering Company Limited
		Director	Seiko Instruments Singapore Pte Ltd
		Senior Executive Director	TSMP Law Corporation
		PAST APPOINTMENTS	
		Director	Goodpack Limited
		Director	Vickers Capital Ltd
		Judge	The World Bank
			Administrative Tribunal
		Member	Asian Development Bank
			Administrative Tribunal
		Director	Dresdner Kleinwort Wasserstein (South East Asia) Limited (formerly known as Dresdner (South East Asia) Ltd)
		Director	Dresdner Kleinwort Wasserstein (Nominees) Pte Ltd (formerly known as Dresea Nominees Pte Ltd)

NAME OF 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 66 YRS Bachelor of Science (Hons) University of Malaya, Singapore	08.11.2002	PRESENT APPOINTMENTS	
		Director	Oversea-Chinese Banking Corporation Limited
		Director	Singapore Food Industries Ltd
		Director	Times Publishing Ltd
		Chairman	Tuan Sing Holdings Ltd
		Director	Three on the Bund Ltd
		Advisor	Nuri Holdings (S) Pte Ltd
		Member	Economic Development Board (EDB)'s Entrepreneur Development Fund Loans Committee
		Advisor	The EDB Society
		Director	Accuron Technologies Pte Ltd (formerly known as Singapore Precision Industries 2000 Pte Ltd)
		Director	GITI Tire Company Ltd
		PAST APPOINTMENTS	
		Director	Gul Technologies Singapore Ltd
		Director	Keppel Capital Holdings Ltd
		Director	Keppel TatLee Bank Ltd
		Director	Inchcape Motors Ltd
		Director	Singapore Aerospace Manufacturing Pte Ltd

Particulars of Senior Management

as at 31 December 2004

NAME OF OF SENIOR MANAGEMENT	DIRECTORSHIPS OR CHAIRMANSHIPS IN OTHER LISTED COMPANIES & OTHER MAJOR APPOINTMENTS, BOTH PRESENT AND HELD OVER THE PRECEDING 3 YEARS	
	PRESENT DIRECTORSHIPS	PAST DIRECTORSHIPS
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 Systems Audit & Control Association	JDW Consulting Pte Ltd Institute of Internal Auditors
Chua Swee Kiat	None	None

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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 2004 and the balance sheet of the Company as at 31 December 2004.

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
 Michael John Grant (appointed on 20 August 2004)
 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.

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 2005
MobileOne Ltd			
Lim Chee Onn	50,000	46,500	46,500
Neil Montefiore	80,000	446,400	446,400
Teo Soon Hoe	50,000	46,500	46,500
Reggie Thein	30,000	27,900	27,900
Thio Su Mien	50,000	46,500	46,500
Patrick Yeoh Khwai Hoh	5,000	4,650	4,650

**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 2005
MobileOne Ltd			
Neil Montefiore	3,000,000	3,500,000	3,500,000

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 date of appointment if later or at the end of the financial year.

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.

Directors' Report (cont'd)

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. Roger John Barlow, Mr. Low Huan Ping, and Mr. Teo Soon Hoe.

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 2004 OR DATE OF GRANT	EXERCISED	CANCELLED	BALANCE AS AT 31 DECEMBER 2004	SUBSCRIPTION PRICE
9 November 2002	10,257,000	(2,051,000)	(231,000)	7,975,000	S\$1.25
4 February 2004	5,930,000	–	(100,000)	5,830,000	S\$1.50
	16,187,000	(2,051,000)	(331,000)	13,805,000	

On 3 February 2005, the Company granted a total of 7,130,000 share options at a subscription price of S\$1.81 per share.

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	900,000	3,900,000	(400,000)	3,500,000	S\$1.25 – S\$1.50

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.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Directors' Report (cont'd)

7. AUDITORS

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

On behalf of the board of directors



Lim Chee Onn
Chairman



Neil Montefiore
Chief Executive Officer

Singapore
4 February 2005

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 2004, 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



Neil Montefiore
Chief Executive Officer

Singapore
4 February 2005

Auditors' Report to the Members of MobileOne Ltd

We have audited the accompanying financial statements of MobileOne Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 81 to 108 for the financial year ended 31 December 2004. 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 2004, 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 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.



ERNST & YOUNG

Certified Public Accountants

Singapore

4 February 2005

Balance Sheets

as at 31 December 2004

		GROUP		COMPANY	
	NOTES	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
NON-CURRENT ASSETS:					
Fixed assets	3	797,506	762,419	795,979	760,659
Licences and spectrum rights	4	97,641	97,720	97,641	97,720
Staff loans	5	495	690	495	690
Interests in subsidiaries	6	–	–	2,485	2,485
		895,642	860,829	896,600	861,554
CURRENT ASSETS:					
Inventories	7	4,321	4,358	495	769
Trade debtors	8	80,607	74,383	80,271	74,292
Other debtors	9	17,971	18,931	16,374	16,778
Due from related parties	10	81	81	1,041	500
Cash and bank balances	11	112,589	79,567	112,241	79,293
		215,569	177,320	210,422	171,632
CURRENT LIABILITIES:					
Creditors	12	(321,845)	(209,516)	(304,650)	(200,310)
Due to related parties	10	(2,180)	(2,573)	(13,775)	(6,032)
		(324,025)	(212,089)	(318,425)	(206,342)
Net current liabilities		(108,456)	(34,769)	(108,003)	(34,710)
NON-CURRENT LIABILITIES:					
Long-term borrowing	13	(250,000)	(250,000)	(250,000)	(250,000)
Deferred tax liabilities	14	(134,591)	(105,591)	(134,391)	(105,391)
Net assets		402,595	470,469	404,206	471,453
REPRESENTED BY:					
Issued share capital	15	195,746	210,065	195,746	210,065
Share premium		654	341	654	341
Retained profits		206,195	260,063	207,806	261,047
Total shareholders' equity		402,595	470,469	404,206	471,453

THE ACCOUNTING POLICIES AND EXPLANATORY NOTES ON PAGES 86 TO 108 FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

Consolidated Profit and Loss Statement

for the Financial Year Ended 31 December 2004

	NOTES	2004 S\$'000	2003 S\$'000
Operating revenue	16	747,085	717,403
Operating expenses	17	(554,845)	(525,086)
Other revenue	18	1,642	1,301
Operating profit		193,882	193,618
Finance costs	19	(10,291)	(10,434)
Profit before tax		183,591	183,184
Taxation	14	(29,000)	(41,591)
Net profit for the year		154,591	141,593
Earnings per share (cents)	20		
Basic		14.7	13.5
Diluted		14.7	13.5
EBITDA	21	293,421	289,650

Statements of Changes in Shareholders' Equity

for the Financial Year Ended 31 December 2004

		GROUP		COMPANY	
		2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
	NOTES				
ISSUED SHARE CAPITAL					
	15				
Balance at beginning of financial year		210,065	210,000	210,065	210,000
Issuance of 2,051,000 (2003 : 325,000) ordinary shares of S\$0.20 each at S\$1.25 per share for cash on exercise of employee share options		410	65	410	65
Capital distribution	15(a)	(14,729)	–	(14,729)	–
Balance at end of financial year		195,746	210,065	195,746	210,065
SHARE PREMIUM					
Balance at beginning of financial year		341	–	341	–
Premium on issuance of ordinary shares on exercise of employee share options		2,154	341	2,154	341
Capital distribution	15(b)	(1,841)	–	(1,841)	–
Balance at end of financial year		654	341	654	341
RETAINED PROFITS					
Balance at beginning of financial year		260,063	236,070	261,047	236,636
Capital distribution	15(c)	(99,057)	–	(99,057)	–
Dividends on ordinary shares	26	(109,402)	(117,600)	(109,402)	(117,600)
Net profit for the year		154,591	141,593	155,218	142,011
Balance at end of financial year		206,195	260,063	207,806	261,047
Total shareholders' equity		402,595	470,469	404,206	471,453

THE ACCOUNTING POLICIES AND EXPLANATORY NOTES ON PAGES 86 TO 108 FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

Consolidated Cash Flow Statement

for the Financial Year Ended 31 December 2004

	2004 S\$'000	2003 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	183,591	183,184
ADJUSTMENTS FOR:		
Depreciation of fixed assets	99,460	95,799
Loss on disposals of fixed assets	2,600	1,601
Amortisation of licences/spectrum rights	79	233
Interest on bank overdrafts	–	6
Interest on bank loans	10,291	10,428
Operating cash flows before working capital changes	296,021	291,251
CHANGES IN:		
Inventories	37	7,616
Trade debtors	(6,224)	(6,164)
Other debtors	959	(635)
Non-current staff loans	195	192
Creditors	112,302	53,417
Related parties	(393)	(122)
Cash generated from operations	106,876	345,555
Interest paid	(10,263)	(10,445)
Net cash flows from operating activities	392,634	335,110
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(137,668)	(117,398)
Proceeds from disposals of fixed assets	521	1,018
Acquisition of additional interest in a subsidiary	–	(10)
Net cash flows used in investing activities	(137,147)	(116,390)

	NOTES	2004 S\$'000	2003 S\$'000
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital distribution	15	(115,627)	–
Repayment of term loans		–	(21,200)
Dividends paid on ordinary shares by the Company		(109,402)	(117,600)
Proceeds from issuance of share capital on exercise of employee share options		2,564	406
Net cash flows used in financing activities		(222,465)	(138,394)
Net changes in cash and cash equivalents		33,022	80,326
Cash and cash equivalents at beginning of financial year	11	79,567	(759)
Cash and cash equivalents at end of financial year	11	112,589	79,567

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 telecommunications services, international call services, mobile retail sales, after sales support, customer services, research and development of mobile telecommunications product and services and investment holding.

There have been no significant changes in the nature of these activities during the financial year.

The Group and the Company operates in Singapore. As at 31 December 2004, the Group and the Company had 1,408 and 1,221 (2003: 1,430 and 1,239) employees respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared on a historical cost basis and in accordance with Singapore Financial Reporting Standards as required by the Singapore Companies Act.

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\$”).

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 inter-company transactions and resulting unrealised profits, and balances. Unrealised losses resulting from intra-group transactions are also 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 which the Group cease 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.

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 as follows :

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.

Notes to the Financial Statements (cont'd)

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.

h) Trade and other debtors

Trade debtors are recognised and carried at original invoiced amount less provision for any uncollectible amounts. 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 provision for any uncollectible amount.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on 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) where 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.

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.

Notes to the Financial Statements (cont'd)

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 assets 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. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's market value less cost to sell and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset up to the end of its useful life. An impairment loss is recognised in the profit and loss statement whenever the carrying value of an asset exceeds its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the profit and loss statement. 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, sales of handset 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 also be met before revenue is recognised:

- Service revenue is recognised at the time when such services are rendered. Revenue billed in advance of the rendering of services is deferred on the 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 handset is recognised upon the passing of title to the customer which generally coincides with delivery and acceptance of the handset sold.
- Revenue from sale of software licences is recognised upon acceptance of the software by the customers.

q) Customer acquisition and retention costs

Customer acquisition and retention costs such as handset losses and dealer incentives are accounted for in the profit and loss statement 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.

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

The measurement and presentation currency of the Group is S\$. 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 telecommunications services, international call services, mobile retail sales, after sales support, customer services and research and development of mobile telecommunications product.

Notes to the Financial Statements (cont'd)

3. FIXED ASSETS

GROUP

	LEASEHOLD BUILDINGS S\$'000	NETWORKS AND RELATED APPLICATION SYSTEMS S\$'000	APPLICATION SYSTEMS & COMPUTERS S\$'000	MOTOR VEHICLES S\$'000	FURNITURE, FITTING & EQUIPMENT S\$'000	CAPITAL WORK-IN- PROGRESS S\$'000	TOTAL S\$'000
COST:							
Balance at beginning of year	75,784	850,410	143,632	1,332	11,478	87,628	1,170,264
Additions/(transfers upon completion)	1,293	18,969	12,031	187	457	104,731	137,668
Disposals	(662)	(17,057)	(5,821)	(154)	(236)	–	(23,930)
Balance at end of year	76,415	852,322	149,842	1,365	11,699	192,359	1,284,002
ACCUMULATED DEPRECIATION:							
Balance at beginning of year	13,459	292,323	93,970	705	7,388	–	407,845
Charge for the year	3,917	73,770	20,172	194	1,407	–	99,460
Disposals	(366)	(14,564)	(5,650)	(49)	(180)	–	(20,809)
Balance at end of year	17,010	351,529	108,492	850	8,615	–	486,496
Charge for 2003	3,989	70,076	19,908	228	1,598	–	95,799
NET BOOK VALUE:							
At end of year	59,405	500,793	41,350	515	3,084	192,359	797,506
At beginning of year	62,325	558,087	49,662	627	4,090	87,628	762,419

3. FIXED ASSETS (cont'd)

COMPANY

	LEASEHOLD BUILDINGS S\$'000	NETWORKS AND RELATED APPLICATION SYSTEMS S\$'000	APPLICATION SYSTEMS & COMPUTERS S\$'000	MOTOR VEHICLES S\$'000	FURNITURE, FITTING & EQUIPMENT S\$'000	CAPITAL WORK-IN- PROGRESS S\$'000	TOTAL S\$'000
COST:							
Balance at beginning of year	75,784	850,410	142,004	1,292	7,907	87,628	1,165,025
Additions/(transfers upon completion)	1,293	18,969	11,945	187	157	104,731	137,282
Disposals	(662)	(17,057)	(5,661)	(154)	(221)	–	(23,755)
Balance at end of year	76,415	852,322	148,288	1,325	7,843	192,359	1,278,552
ACCUMULATED DEPRECIATION:							
Balance at beginning of year	13,459	292,323	92,549	665	5,370	–	404,366
Charge for the year	3,917	73,770	20,059	194	914	–	98,854
Disposals	(366)	(14,564)	(5,494)	(49)	(174)	–	(20,647)
Balance at end of year	17,010	351,529	107,114	810	6,110	–	482,573
Charge for 2003	3,989	70,075	19,785	224	1,040	–	95,113
NET BOOK VALUE:							
At end of year	59,405	500,793	41,174	515	1,733	192,359	795,979
At beginning of year	62,325	558,087	49,455	627	2,537	87,628	760,659

Notes to the Financial Statements (cont'd)

4. LICENCES AND SPECTRUM RIGHTS

	GROUP AND COMPANY	
	2004 S\$'000	2003 S\$'000
COST:		
Balance at beginning and end of year	98,347	98,347
ACCUMULATED AMORTISATION:		
Balance at beginning of year	627	394
Amortisation	79	233
Balance at end of year	706	627
NET BOOK VALUE:		
At end of year	97,641	97,720
At beginning of year	97,720	97,953

5. STAFF LOANS

	GROUP AND COMPANY	
	2004 S\$'000	2003 S\$'000
Repayable within one year (included in Note 9)	205	290
Repayable after one year	495	690
	700	980

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% (2003: 2%) per annum.

6. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2004 are as follows:

NAME OF COMPANY	DATE AND COUNTRY OF INCORPORATION	EFFECTIVE INTEREST OF THE COMPANY		COST OF INVESTMENT		PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)
		2004 %	2003 %	2004 S\$'000	2003 S\$'000	
M1 Shop Pte Ltd	21 MARCH 1996 SINGAPORE	100	100	2,000	2,000	Sale of handsets and accessories (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	100	460	460	Research and development (Singapore)
				2,485	2,485	

Other than M1 Capital Ltd, the subsidiaries are audited by Ernst & Young, Singapore. There is no statutory audit requirement on the financial statements of M1 Capital Ltd as it was dormant during the financial year.

7. INVENTORIES

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
AT COST:				
Handsets	7,489	7,274	–	–
Accessories	1,199	1,470	495	769
	8,688	8,744	495	769
LESS:				
Provision for inventory obsolescence	(4,367)	(4,386)	–	–
	4,321	4,358	495	769

Handset inventories costing S\$6,727,000 (2003: S\$6,241,000) have net realisable value of S\$2,382,000 (2003: S\$2,174,000).

Notes to the Financial Statements (cont'd)

7. INVENTORIES (cont'd)

Movements in provision for inventory obsolescence were as follows:

	GROUP	
	2004 S\$'000	2003 S\$'000
Balance at beginning of year	4,386	5,103
Write-back during the year	–	(705)
Inventories written-off	(19)	(12)
Balance at end of year	4,367	4,386

8. TRADE DEBTORS

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Trade debtors are stated after deducting provision for doubtful debts of	15,594	14,056	15,594	14,056

Movements in provision for doubtful debts were as follows:

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Balance at beginning of year	14,056	22,335	14,056	22,020
Charge to profit and loss statements	22,135	19,205	22,135	19,520
Bad debts written-off	(20,597)	(27,484)	(20,597)	(27,484)
Balance at end of year	15,594	14,056	15,594	14,056

9. OTHER DEBTORS

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Deposits	3,235	3,286	2,496	2,523
Staff loans (Note 5)	205	290	205	290
Prepayments	13,003	12,061	12,829	11,842
Sundry debtors	1,528	3,294	844	2,123
	17,971	18,931	16,374	16,778

10. DUE FROM/(TO) RELATED PARTIES

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Due from subsidiaries, trade	–	–	1,041	500
Due from other related parties	81	81	–	–
	81	81	1,041	500
Due to subsidiaries, trade	–	–	(11,595)	(3,539)
Due to other related parties	(2,180)	(2,573)	(2,180)	(2,493)
	(2,180)	(2,573)	(13,775)	(6,032)

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

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

12. CREDITORS

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Trade creditors	29,825	22,211	19,454	16,268
Accrued operating expenses	73,842	61,385	67,275	58,325
Accrued capital expenditure	193,384	102,536	193,233	102,361
Unearned revenue	19,917	21,037	19,917	21,037
Interest payable	1,097	1,068	1,097	1,068
Directors' fees payable	339	355	339	355
Other creditors	3,441	924	3,335	896
	321,845	209,516	304,650	200,310

13. BORROWINGS

	GROUP AND COMPANY	
	2004 S\$'000	2003 S\$'000
Unsecured bank loan	250,000	250,000

Notes to the Financial Statements (cont'd)

13. BORROWINGS (CONT'D)

The loan is syndicated and repayable in full in 2007. It 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 had 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 4.1% (2003 : 4.2%) 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 expense for the years ended 31 December were:

	GROUP	
	2004	2003
	S\$'000	S\$'000
Deferred taxation	29,000	41,591

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

	GROUP	
	2004	2003
	%	%
STATUTORY RATE	20.0	22.0
Adjustments for the tax effect of:		
Reduction in tax rate	(5.2)	—
Expenses not deductible for tax purposes	1.0	0.8
Effective tax rate	15.8	22.8

ANALYSIS OF DEFERRED TAX LIABILITIES:

	GROUP		COMPANY	
	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of year	105,591	64,000	105,391	63,800
Provision for the year	29,000	41,591	29,000	41,591
Balance at end of year	134,591	105,591	134,391	105,391

14. TAXATION (CONT'D)

DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes at 31 December were related to the following:

	GROUP		COMPANY	
	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000
DEFERRED TAX LIABILITY				
Difference in depreciation	135,471	106,377	135,228	106,131
DEFERRED TAX ASSETS				
Provisions for inventory obsolescence, unconsumed annual leave and doubtful debts	(880)	(786)	(837)	(740)
Net deferred tax liabilities	134,591	105,591	134,391	105,391

15. SHARE CAPITAL

	GROUP AND COMPANY	
	2004	2003
	S\$'000	S\$'000
AUTHORISED:		
Balance at beginning and end of year		
3,000,000,000 (2003: 3,000,000,000) ordinary shares of S\$0.20 each	600,000	600,000
ISSUED AND FULLY PAID:		
Balance at beginning of year		
1,050,325,749 (2003: 1,050,000,749) ordinary shares of S\$0.20 each	210,065	210,000
Issued during the year		
2,051,000 (2003: 325,000) ordinary shares of S\$0.20 each at S\$1.25 per share for cash on exercise of employee share options	410	65
Cancelled during the year		
73,648,271 (2003 : Nil) ordinary shares of S\$0.20 each pursuant to capital distribution	(14,729)	—
Balance at end of year		
978,728,478 (2003: 1,050,325,749) ordinary shares of S\$0.20 each	195,746	210,065

Notes to the Financial Statements (cont'd)

15. SHARE CAPITAL (cont'd)

During the financial year, the Company carried out a Capital Reduction Exercise to distribute capital of an aggregate amount of S\$115.6 million which involved:

- a) the cancellation of 73.6 million ordinary shares of S\$0.20 each, representing 7.0% of the total number of ordinary shares held by or on behalf of each shareholder as at 16 December 2004, and a cash distribution of approximately S\$14.7 million to the shareholders of the Company;
- b) the reduction of approximately S\$1.8 million standing to the credit of the share premium account of the Company by returning approximately S\$1.8 million in cash to the shareholders of the Company; and
- c) the capitalisation of approximately S\$99.1 million forming part of the retained profits of the Company and the allotment of approximately 495.3 million ordinary shares of S\$0.20 each in the issued and paid-up share capital of the Company and thereafter, cancelled in their entirety and a cash distribution of approximately S\$99.1 million returned to shareholders of the Company.

The Capital Reduction Exercise was completed on 28 December 2004.

16. OPERATING REVENUE

	GROUP	
	2004	2003
	S\$'000	S\$'000
Mobile telecommunications	569,621	544,803
International call services	111,414	96,171
Handset sales	66,007	74,777
Others	43	1,652
	747,085	717,403

17. OPERATING EXPENSES

	GROUP	
	2004 S\$'000	2003 S\$'000
Cost of sales	138,272	130,929
Cost of handsets sold	124,512	115,447
Staff costs	88,343	85,923
Advertising and promotion expenses	24,313	24,165
Depreciation and amortisation	99,538	96,032
Provision for doubtful debts	22,135	19,205
General and administrative expenses	57,732	53,385
	554,845	525,086

Total operating expenses included the following:

	GROUP	
	2004 S\$'000	2003 S\$'000
Auditors' remuneration		
– statutory audit	108	110
– other services	42	31
CPF contributions	8,394	9,163
Directors' remuneration	1,548	1,768
Foreign exchange loss, net	367	38
Write-back of inventory obsolescence	–	(705)
Loss on disposals of fixed assets	2,600	1,601

Executive officers' remuneration included in staff cost and CPF contribution amount to S\$3,137,000 (2003: S\$3,059,000).

18. OTHER REVENUES

	GROUP	
	2004 S\$'000	2003 S\$'000
Government grants	56	1,041
Interest income from banks	1,398	164
Others	188	96
	1,642	1,301

Notes to the Financial Statements (cont'd)

19. FINANCE COSTS

	GROUP	
	2004 S\$'000	2003 S\$'000
Interest on bank overdrafts	–	6
Interest on a syndicated bank loan	10,291	10,428
	10,291	10,434

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 2004 and 2003:

	GROUP	
	2004 S\$'000	2003 S\$'000
Net profit attributable to shareholders for basic and diluted earnings per share	154,591	141,593
Weighted average of ordinary shares on issue applicable to basic earnings per share	1,048,640,287	1,050,042,168
Effect of dilutive securities:		
Share options	2,758,127	852,547
Adjusted weighted average of ordinary shares on issue applicable to diluted earnings per share	1,051,398,414	1,050,894,715

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

EBITDA is defined as follows:

	GROUP	
	2004	2003
	S\$'000	S\$'000
Profit before tax	183,591	183,184
Adjustments for:		
Amortisation of licences/spectrum rights	79	233
Depreciation of fixed assets	99,460	95,799
Interest on bank overdrafts	–	6
Interest on bank loans	10,291	10,428
EBITDA	293,421	289,650

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	
	2004	2003
	S\$'000	S\$'000
Purchases from related parties	8,768	10,356
Sales to related parties	(45)	(53)

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	
	2004	2003
	S\$000	S\$000
Authorised and contracted for	2,070	42,836

Notes to the Financial Statements (cont'd)

23. COMMITMENTS (cont'd)

OPERATING LEASE COMMITMENTS

Rental expenses (principally for land, offices, retail outlets, service centres and base stations) were S\$21,704,000 and S\$21,068,000 for the financial years ended 31 December 2004 and 2003 respectively.

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

	GROUP		COMPANY	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Within one financial year	10,394	9,438	7,568	6,191
After one financial year but not more than five financial years	12,000	12,674	10,384	9,735
More than five financial years	11,767	15,787	11,767	15,787
	34,161	37,899	29,719	31,713

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. Roger John Barlow and Mr. Teo Soon Hoe.

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.

24. SHARE OPTIONS (cont'd)

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

	DATE OF GRANT	BALANCE AT 1 JANUARY 2004	EXERCISED	CANCELLED	BALANCE AT 31 DECEMBER 2004	SUBSCRIPTION PRICE
Directors	9 November 2002	3,000,000	(400,000)	–	2,600,000	S\$1.25
Executive officers	9 November 2002	4,221,000	(847,500)	–	3,373,500	S\$1.25
Other employees	9 November 2002	3,036,000	(803,500)	(231,000)	2,001,500	S\$1.25
Total		10,257,000	(2,051,000)	(231,000)	7,975,000	

	DATE OF GRANT	BALANCE AT DATE OF GRANT	EXERCISED	CANCELLED	BALANCE AT 31 DECEMBER 2004	SUBSCRIPTION PRICE
Directors	4 February 2004	900,000	–	–	900,000	S\$1.50
Executive officers	4 February 2004	2,010,000	–	–	2,010,000	S\$1.50
Other employees	4 February 2004	3,020,000	–	(100,000)	2,920,000	S\$1.50
Total		5,930,000	–	(100,000)	5,830,000	

On 3 February 2005, the company granted 1,000,000, 2,370,000 and 3,760,000 share options to its directors, executive officers and other employees respectively at a subscription price of S\$1.81 per share.

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	900,000	3,900,000	(400,000)	3,500,000	S\$1.25 – S\$1.50

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.

Notes to the Financial Statements (cont'd)

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 2004, after taking into account the effect of interest rate swap, the Group's borrowing was at fixed rate of interest.

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.

25. FINANCIAL INSTRUMENTS (cont'd)

The Group's maximum exposure to credit risk in the event the counter-parties fail to perform their obligations as of 31 December 2004 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.

The carrying value of the unsecured bank loan of the Company and of the Group in the balance sheet approximates its fair value as at 31 December 2004.

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 2004, the fair value of the interest rate swap, which has a contract notional amount of S\$250 million (2003: S\$250 million), is a payable of S\$9.9 million (2003: S\$10.7 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 2004.

Exchange rate exposure

The Group has foreign exchange forward contracts outstanding as of 31 December 2004 with notional amounts totalling US\$3.4 million (2003: US\$8 million). Such forward contracts are used to minimise exposure to exchange fluctuations and are for payments to roaming partners. The foreign exchange forward contracts provide for 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 2004, the unrealised gain or loss on these forward contracts is not material.

Notes to the Financial Statements (cont'd)

26. DIVIDENDS PAID AND PROPOSED

	GROUP AND COMPANY	
	2004 S\$'000	2003 S\$'000
Dividends paid:		
Final – the previous year		
5.5 cents (2003: 7.3 cents) per ordinary share, tax exempt	57,848	76,650
Interim – the current year		
4.9 cents (2003: 3.9 cents) per ordinary share, tax exempt	51,554	40,950
	109,402	117,600

	GROUP AND COMPANY	
	2004 S\$'000	2003 S\$'000
Dividends proposed:		
Final		
5.8 cents (2003: 5.5 cents) per ordinary share, tax exempt	56,766	57,768

The directors propose that a final tax exempt dividend of 5.8 cents per ordinary share amounting to S\$56,766,252 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. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2004 were authorised for issue in accordance with a resolution of the directors on 4 February 2005.

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
Michael John Grant*
Low Huan Ping
Hsuan Owyang
Arthur Seet Keong Hoe
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
Roger John Barlow
Low Huan Ping
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
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SHARE 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. MICHAEL JOHN GRANT WAS APPOINTED AS A DIRECTOR OF THE COMPANY WITH EFFECT FROM 20 AUGUST 2004

Shareholding Information

as at 17 February 2005

Authorised share capital:	S\$600,000,000
Issued and fully paid-up capital:	S\$196,191,996
Class of shares:	Ordinary shares of S\$0.20 each
Voting rights:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	4,519	60.72	4,185,435	0.43
1,000 – 10,000	2,557	34.35	7,661,021	0.78
10,001 – 1,000,000	352	4.73	16,710,913	1.70
1,000,001 AND ABOVE	15	0.20	952,402,609	97.09
TOTAL	7,443	100.00	980,959,978	100.00

Shareholding Information (cont'd)

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS Nominees Pte Ltd	224,237,265	22.86
2	Keppel Telecoms Pte Ltd	138,281,110	14.10
3	SPH Multimedia Pte Ltd	138,281,110	14.10
4	Great Eastern Telecommunications Limited	118,526,670	12.08
5	HSBC (Singapore) Nominees Pte Ltd	112,131,001	11.43
6	Raffles Nominees Pte Ltd	93,977,880	9.58
7	Citibank Nominees Singapore Pte Ltd	61,564,933	6.28
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	35,381,710	3.61
9	United Overseas Bank Nominees Pte Ltd	16,779,720	1.71
10	Pineapples Of Malaya Private Limited	4,882,500	0.50
11	Paramount Assets Investments Pte Ltd	1,982,760	0.20
12	Thioequities Pte Ltd	1,906,500	0.19
13	DB Nominees (S) Pte Ltd	1,863,200	0.19
14	CLSA Singapore Pte Ltd	1,400,000	0.14
15	Merrill Lynch (Singapore) Pte Ltd	1,206,250	0.12
16	The Asia Life Assurance Society Ltd-Par Fund	673,320	0.07
17	OCBC Securities Private Ltd	652,860	0.07
18	Chia Kum Ho	558,000	0.06
19	BNP Paribas Nominees Singapore Pte Ltd	511,500	0.05
20	Kim Eng Securities Pte. Ltd.	488,150	0.05
TOTAL		955,286,439	97.39

SUBSTANTIAL SHAREHOLDERS

NAME	NO. OF SHARES			%
	DIRECT INTEREST	DEEMED INTEREST	TOTAL INTEREST	
Temasek Holdings (Private) Limited	–	138,281,730 ¹	138,281,730	14.10
Keppel Telecoms Pte Ltd	138,281,110	–	138,281,110	14.10
Keppel Telecommunications & Transportation Ltd	–	138,281,110 ²	138,281,110	14.10
Keppel Corporation Limited	–	138,281,110 ²	138,281,110	14.10
SPH Multimedia Private Limited	138,281,110	–	138,281,110	14.10
Singapore Press Holdings Limited	–	138,281,110 ³	138,281,110	14.10
Great Eastern Telecommunications Ltd	118,526,670	–	118,526,670	12.08
Cable & Wireless plc	–	118,526,670 ⁴	118,526,670	12.08
PCCW-HKT Limited	–	118,526,670 ⁴	118,526,670	12.08
Cable & Wireless Central Holding Limited	–	118,526,670 ⁴	118,526,670	12.08
Sable Holding Limited	–	118,526,670 ⁴	118,526,670	12.08
Schroder Investment Management Group	–	69,951,063	69,951,063	7.13
Prudential Asset Management Singapore Ltd	–	68,817,790	68,817,790	7.02
The Capital Group Companies, Inc.	–	65,282,620	65,282,620	6.65

NOTES:

¹ TEMASEK HOLDINGS (PRIVATE) LIMITED IS DEEMED TO BE INTERESTED IN THE 138,281,730 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 138,281,110 SHARES HELD BY KEPPEL TELECOMS PTE LTD.

³ SINGAPORE PRESS HOLDINGS LIMITED IS DEEMED TO BE INTERESTED IN THE 138,281,110 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 118,526,670 SHARES HELD BY GREAT EASTERN TELECOMMUNICATIONS LTD.

FREE FLOAT

Approximately 38.9% of the issued share capital of the Company were held in the hands of the public (on the basis of information available to the Company)

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of the ordinary shareholders of the Company will be held at the Hilton Singapore, Vista Room (Level 3), 581 Orchard Road, Singapore 238883 on 31 March 2005 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 2004. Resolution 1
2. To declare a final dividend of 5.8 cents per share tax exempt under the One-Tier system for the year ended 31 December 2004. 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. Neil Montefiore	Resolution 4
(ii) Mr. Arthur Seet (See Note 2)	Resolution 5
(iii) Mr. Teo Soon Hoe	Resolution 6
5. To re-elect Mr. Michael John Grant who, being appointed by the Board of Directors after the last Annual General Meeting, retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offer himself for re-election. Resolution 7
6. To approve Directors' fees of S\$339,178 for the year ended 31 December 2004 (FY 2003: S\$355,000) (See Note 3). Resolution 8
7. To re-appoint Auditors and authorise the Directors to fix their remuneration. Resolution 9

AS SPECIAL BUSINESS

8. To consider and if thought fit, approve, with or without modifications, Resolution 10, which will be proposed as an Ordinary Resolution:

- 8.1 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 4). Resolution 10
9. To consider and if thought fit, approve, with or without modifications, Resolution 11, the Renewal of the Share Issue Mandate, which will be proposed as an Ordinary Resolution:
- 9.1 That authority be and is hereby given to the Directors of the Company to:
- a) i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
 - ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,
- provided that:
- 1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
 - 2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

- i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
- ii) any subsequent consolidation or subdivision of shares;
- 3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- 4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
10. To consider and if thought fit, approve, with or without modifications, Resolution 12, the Renewal of the Share Purchase Mandate, which will be proposed as an Ordinary Resolution: Resolution 12
That:
- 1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “Companies Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of S\$0.20 each fully paid in the capital of the Company (the “Shares”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- a) market purchase(s) on the Singapore Exchange Securities Trading Limited (the “SGX-ST”); and/or
- b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,
- and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

a) the date on which the next Annual General Meeting of the Company is held; and

b) the date by which the next Annual General Meeting of the Company is required by law to be held;

3) in this Resolution:

“Average Closing Price” means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five day period;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means that number of issued Shares representing 10 per cent of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

a) in the case of a market purchase of a Share, 105 per cent of the Average Closing Price of the Shares; and

b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110 per cent of the Average Closing Price of the Shares; and

- 4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

11. 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 11 April 2005 to 12 April 2005 (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 8 April 2005 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 26 April 2005.

BY ORDER OF THE BOARD

Eunice Phua/Ong Hwee Yen

Company Secretaries

Singapore

14 March 2005

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. MR. ARTHUR SEET WILL UPON RE-ELECTION CONTINUE TO SERVE AS MEMBER ON THE AUDIT COMMITTEE. MR SEET IS NOT CONSIDERED AN INDEPENDENT DIRECTOR PURSUANT TO RULE 704(8) OF THE LISTING MANUAL OF THE SGX-ST.
3. DIRECTORS' FEES PAYABLE TO MESSRS. LIM CHEE ONN, MICHAEL JOHN GRANT (FROM 20 AUGUST 2004), LOW HUAN PING, ARTHUR SEET KEONG HOE 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.
4. ORDINARY RESOLUTION 10 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.
5. ORDINARY RESOLUTION 11 IS TO EMPOWER THE DIRECTORS FROM THE DATE OF THE ANNUAL GENERAL MEETING UNTIL THE DATE OF THE NEXT ANNUAL GENERAL MEETING TO ISSUE FURTHER SHARES AND INSTRUMENTS IN THE COMPANY, INCLUDING A BONUS OR RIGHTS ISSUE. THE MAXIMUM NUMBER OF SHARES WHICH THE DIRECTORS MAY ISSUE UNDER THIS RESOLUTION SHALL NOT EXCEED THE QUANTUM SET OUT IN THE RESOLUTION.
6. ORDINARY RESOLUTION 12 IS TO RENEW THE SHARE PURCHASE MANDATE, WHICH WAS ORIGINALLY APPROVED BY THE SHAREHOLDERS ON 25 MARCH 2004. THE RATIONALE FOR THE AUTHORITY AND LIMITATIONS ON, AND THE FINANCIAL EFFECTS OF THE PURCHASE OR ACQUISITION OF ORDINARY SHARES BY THE COMPANY PURSUANT TO THE SHARE PURCHASE MANDATE ON THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004 ARE SET OUT IN THE LETTER TO SHAREHOLDERS DATED 14 MARCH 2005.



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)
(Company Registration No: 199206031W)

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, 31 March 2005 at 10.00 a.m., and at the Hilton Singapore, Vista Room (Level 3), 581 Orchard Road, Singapore 238883 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 Final Dividend	_____	_____	_____	_____
3 To re-appoint Mr. Hsuan Owyang as Director	_____	_____	_____	_____
4 To re-elect Mr. Neil Montefiore as Director	_____	_____	_____	_____
5 To re-elect Mr. Arthur Seet as Director	_____	_____	_____	_____
6 To re-elect Mr. Teo Soon Hoe as Director	_____	_____	_____	_____
7 To re-elect Mr. Michael John Grant as Director	_____	_____	_____	_____
8 Approval of Directors' fees	_____	_____	_____	_____
9 Re-appointment of Auditors	_____	_____	_____	_____
Special Business				
10 Issue of shares pursuant to the exercise Of options under the MobileOne Share Option Scheme	_____	_____	_____	_____
11 To approve the renewal of the Share Issue Mandate	_____	_____	_____	_____
12 To approve the renewal of the Share Purchase Mandate	_____	_____	_____	_____

* 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 _____ 2005

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

TOTAL NUMBER OF SHARES HELD

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.

