

The Landmark Year



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A low-angle shot of a young man with dark hair, wearing a blue and white striped shirt, looking upwards towards a bright sun in a blue sky filled with white clouds. The sun is in the top right corner, creating a lens flare effect. The overall mood is aspirational and optimistic.

M1's Vision

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



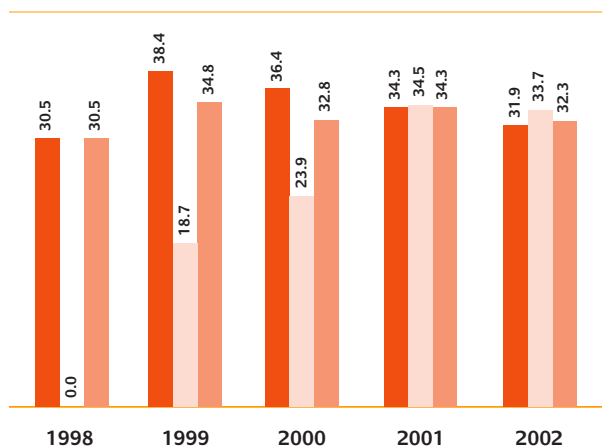
M1's Mission

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

Statistical Highlights

	2002	2001	YOY Change (%)
FOR THE YEAR			
Operating revenue (\$m)	698.8	639.1	9.3
Cellular and paging services	545.8	489.7	11.5
International call services	83.1	57.8	43.8
Equipment sales & repair	69.9	91.6	-23.7
Profit (\$m)			
Operating	172.8	138.4	24.9
Before tax	161.3	131.2	22.9
Net after minority interest	128.4	100.5	27.8
EBITDA (\$m)	270.9	222.9	21.5
ROE	33.6%	37.6%	–
ROCE	19.8%	17.2%	–
PER SHARE			
Earnings before tax (cents)	15.4	12.5	23.2
Earnings after tax (cents) - basic	12.2	9.6	27.1
- diluted	12.2	9.6	27.1
Proposed final dividend (cents) (tax exempt)	7.3	–	–
Net assets (cents)	42.5	30.3	40.3

Market Share (%)

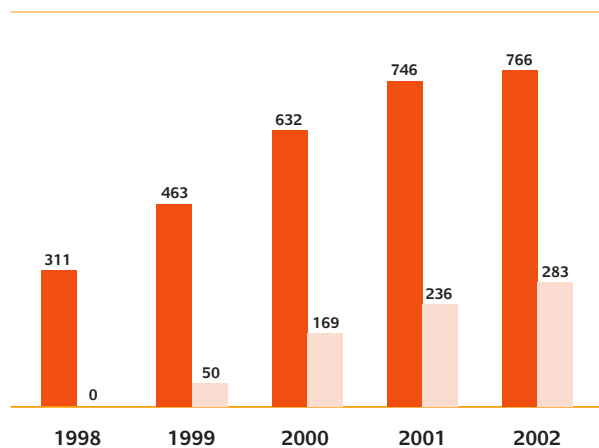


As at 31 December

Post-paid Pre-paid* Overall

* Pre-paid service was launched in July 1999.

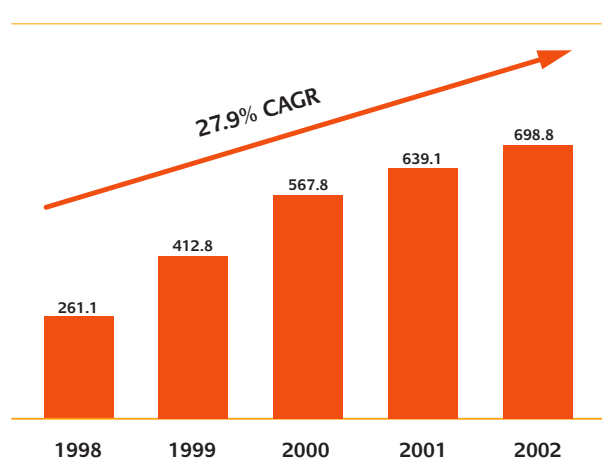
Customer Base ('000)



As at 31 December

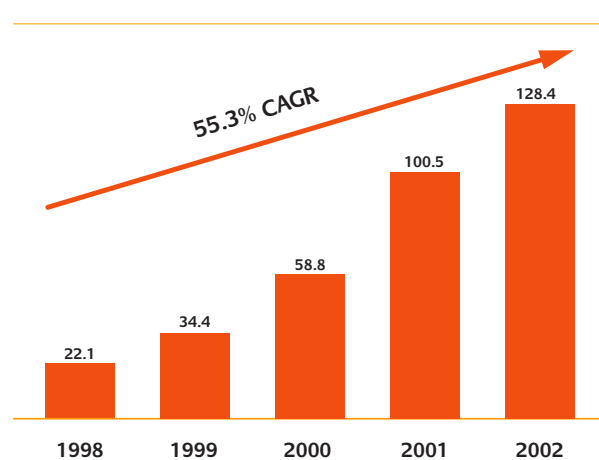
Post-paid Pre-paid*

Operating Revenue (\$\$m)



For the Year Ended

Net Profit after Minority Interest (\$\$m)



For the Year Ended

Chairman's Statement



2002 was a momentous year for MobileOne Ltd (M1) in several ways. M1 celebrated its fifth anniversary since the launch of commercial service in April 1997 and marked this by achieving its one millionth customer. Later in the year, M1 took a major step in its corporate development by listing on the Singapore Exchange (SGX). M1's Initial Public Offering (IPO) was the largest equity offer in Singapore in 2002 and also one of the largest IPOs ever undertaken in Singapore. The IPO received overwhelming local and overseas support, despite challenging business conditions – a testament to M1's highly experienced management, high standards of customer service and solid track record of earnings growth. Trading in M1 shares commenced on 4 December 2002 and M1 began its life as a public company.

In this inaugural Annual Report, I would like to highlight M1's achievements and the rapid growth it has seen over its relatively short company history. M1 was the first new entrant to compete in the newly deregulated mobile and paging communications market in Singapore in 1997. We pioneered the highest levels of customer service in Singapore with attentive and knowledgeable sales staff at M1 Shops, innovative and attractive service plans bundled with phone packages for various customer segments, and helpful and friendly support staff at our dedicated customer service centres. Today, M1's brand name is synonymous with excellent customer service and support – our clear competitive advantage in the Singapore mobile market. We are also among the leaders in Asia in innovative voice and non-voice services, especially in the provision of entertainment, information and transaction services using Short Message Service (SMS).

In 2000, we expanded our operations to become a facilities-based provider of international call services to both mobile and fixed line customers, branded as Premium 002 and Value Call 021. In 2002, M1 made Singapore's first packet data call over its commercial third generation (3G) network infrastructure and was the first operator in Singapore to launch Multimedia Messaging Service (MMS). As at 31 December 2002, M1 was servicing more than a million customers through ten M1 Shop outlets, five Customer Service Centres and a dedicated staff strength of 1,453. In just two years of operation, M1 had taken a one-third share of the Singapore mobile market. More importantly, our focus on innovation continues to strengthen our position as the market leader in the high growth, youth and young working adult market segment.

Our growth in operations was accompanied by strong financial performance, notwithstanding the bumpy ride we experienced in the economy in the same period. M1 was profitable in its first full financial year in 1998 and has seen steady growth in earnings ever since. It is this solid earnings growth track record that underpinned M1's successful IPO in 2002 raising S\$820 million, despite a challenging equity market in Singapore, especially for infocomm and telecommunications related companies.

2002 was a challenging year for mobile operators and mobile equipment makers alike. In Singapore, businesses and consumers were not spared a slowdown in the global economy, geopolitical uncertainty and terrorist security threats. On the back of the worst recession in Singapore in 2001, businesses and consumers alike continued to tighten their belts and hold back spending in 2002. Consequently, mobile equipment makers revised downwards, some drastically, estimates for sales of handsets and networking equipment. On the technology front, the mobile industry was plagued by reports of technical problems and delays relating to 3G implementation.

I am pleased to tell you that your company has performed creditably despite such a difficult business environment.

To date, M1 has benefitted from strong operating cashflow and prudent financial management. This has enabled it to be conservatively geared to avoid the debt problems of our larger peers in other parts of the world. Looking forward, we will continue this approach of balancing the considerations of optimal capital structure, and maximising total shareholder returns. The Board of Directors is recommending a final tax exempt dividend of 7.3 cents per share for 2002 which represents a pay-out ratio of 60%. The Board will consider at least an equivalent pay-out ratio for 2003, after taking into account various factors, including M1's expected financial performance and investment plans, in line with the dividend policy set out in our IPO prospectus last year.

The company has put in place practices and processes that comply with the Code of Corporate Governance and is working towards a comprehensive framework of corporate governance to protect and enhance shareholders' interests and align management's interests with long-term growth and sustainable earnings.

On the business front, we will continue to strengthen our market leadership in customer service standards in Singapore, capitalise on our strong M1 brand name to introduce innovative voice and data services and grow our market share in international call services. Our primary focus is to acquire and retain higher value customers and proactively minimise churn rates. Also as the mobile voice market matures, we will focus on increasing the revenue contribution of non-voice services, a key growth area. Already, M1 customers are among the highest users of SMS in the world and we are now seeing an increasing take-up of more sophisticated services making use of packet-based 2.5G technology, such as wireless access to Internet-based services and MMS.

With regard to current pessimism towards 3G, if we look back on previous waves of technological change, delays and technical hitches are not unusual. It is a matter of timing and managing expectations. M1's response to this is to take a low-risk and low-cost approach to the roll-out of our 3G network. We see 3G as an evolution from the current 2.5G networks and services, to provide more capacity and higher bandwidth in order to support more customers using more sophisticated services. While we continue to roll-out our 3G network in the coming year, our focus will also be on developing and marketing compelling services that are relevant to our customers today and can be delivered with current technology. M1 is actively developing intellectual property and new applications for mobile customers through Future Lab, Wireless Intellect Lab and M1's Application Developers Community (ADC). M1 will continue to make a strong contribution to Singapore's ambitions of becoming a global hub of excellence for wireless technology.

I wish to thank everyone in M1, in particular past members of the M1 Board, for their contribution in building M1 into what it is today. Many thanks also go to our dedicated management and employees, our valued shareholders, customers, suppliers and business associates. I would also like to welcome the independent Directors to the Board and look forward to working closely with the new Board as M1 moves into its next phase of development as a listed company. The SUN will shine on!



Lim Chee Onn
Chairman



CEO's Statement



For the year 2002, M1's operating revenue grew by 9% to S\$698.8 million. Service revenue, which excludes equipment sales, grew by 15% to S\$628.9 million. Our profit after tax for 2002 was S\$128.4 million, a 28% increase over the previous year. Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 22% in 2002 to S\$270.9 million, which represents an EBITDA margin of 43% on service revenue.

Such financial performance was achieved despite continued weakness in the Singapore economy and strong competition in the mobile market. We have been and will continue to be focused on our bottom-line and disciplined in cost management. At the same time, we have and will continue to build on the attributes that have underpinned our business growth, namely customer service, value, innovation and network quality.

In the area of customer service, we have continued to set high standards based on world-class benchmarks for our customer service officers both at the frontline dealing directly with customers and in supporting operations. These standards have been achieved through a system of continuous performance measurement, training and motivation through performance-based rewards. Evidence that our efforts have borne fruit came in October 2002 when M1 became the first mobile operator in the world to receive COPC-2000 certification for our call centre. The standards to which the US-based certification authority, Customer Operations Performance Centre, tests companies are rigorous and comprehensive, and this certification affirms our commitment to providing excellent service to our customers. In 2002, we also launched our Customer Relationship Management programme, a company-wide initiative which will develop through 2003, aimed at improving our customers' experience with M1 at every single touch-point. This will include making use of IT-based systems and datamining tools to provide a deeper understanding of and more personalised responses to our customers' needs, as well as improving our efficiency in delivering such a level of service.

M1 aims to strengthen its value proposition to customers. In February 2002, we were the first in Singapore to offer a new flexible service plan to cater to the increasing popularity of SMS, especially among the youth and young adult market segment. Unlike existing service plans which bundle a fixed number of SMS per month and a fixed value of airtime usage,

the OK21 FLEX plan allows customers to use their bundled value in any combination of airtime and SMS. In mid-2002, we revamped our tariff structure to offer longer super off-peak hours and tiered pricing during peak hours in order to encourage usage.

While M1 is at the forefront of changing to suit customer needs, we also recognise the value of preserving what has served the market well. In this regard, M1 welcomed the decision of the Infocomm Development Authority (IDA) in December 2002 to maintain the existing 'mobile party pays' framework, after an extensive consultation process.

An important emphasis for the year was products and services innovation aimed at increasing the contribution of non-voice services to our revenue and paving the way for future possibilities with 3G technology. As well as enjoying continued growth in SMS traffic, we built on the increasing popularity of mobile information and entertainment services with the launch of new services in 2002, such as M1 Xplorer which integrates a range of services offered on a pay-per-request basis, and a variety of new games using SMS, Wireless Application Protocol (WAP) and since August, Java programming language. We have also seen strong growth in data traffic using General Packet Radio Service (GPRS), principally for wireless access to Internet, email and services on M1's wireless portal, MiWorld. Although this is from a low base, such growth presents an encouraging trend, which we can expect to continue as GPRS-enabled handsets increasingly penetrate the market. In October 2002, M1 was the first operator in Singapore to launch MMS. Subsequently in November 2002, all three Singapore mobile operators came together to launch inter-operator MMS, marking a world's first in achieving nationwide MMS inter-operability. This is a good example of collaborative efforts by all three operators for the benefit of the industry as a whole. Another example of working together is the joint trial in 2002 in the area of mobile payment solutions under a programme initiated by IDA. In addition, M1 continues to work closely with third-party content and application developers to promote the development of innovative 2.5G and 3G services through M1's Application Developers Community (ADC).

In terms of network development, we completed the integration of M1's new GSM1800 network as part of the existing GSM Smart DualBand network in the first quarter of 2002. This has provided us with ample capacity to handle our traffic growth, in particular for data services, as we are



able to dedicate resources to GPRS traffic throughout the network and thereby ensure that GPRS services are not affected by congestion from voice traffic at peak times. The new GSM1800 base stations, implemented as a replacement for our Code Division Multiple Access (CDMA) network when we had to return the CDMA spectrum in 2001, have been built on a 3G grid and are '3G ready'. This means our network is future-proof. Installation of 3G equipment has commenced and in June 2002 we made the first 3G packet data call using commercial infrastructure in Singapore. A small-scale trial network is in place comprising a few base stations in the Central Business District and testing is under way. This approach provides us with a low-risk and low-cost 3G network roll-out to meet our licence requirement of nationwide coverage by end 2004 while balancing with the commercial considerations which will drive the eventual decision of when to launch the service.

Looking ahead, the main challenge for M1 will be to sustain growth in a competitive market with high mobile penetration. We can no longer expect to see the big growth numbers of our start-up years. Nonetheless, our track record of profitability will be maintained with disciplined cost management combined with top-line growth coming from mobile non-voice services which will be the focus of our development and marketing efforts. In addition, while mobile services will remain our core business, we aim to expand our international call services, an area which has clear synergies with our core business. As a newly listed company, we also face the challenge of adapting to our new status. In this regard, we are committed to our shareholders to delivering performance within a framework of transparency and good corporate governance that will provide the assurance that M1 is acting in the best interests of its customers, employees and shareholders.

Neil Montefiore
Chief Executive Officer

Board of Directors



Lim Chee Onn (Chairman), 59

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 Temasek Holdings (Pte) Ltd and k1 Ventures Ltd.

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

Mr. Lim is Co-Chairman of the Philippines-Singapore Business Council, Consultant to the Advisory Mission for Economic & Social Development of the People's Government of Yunnan Province, PRC, Deputy Chairman of the Seoul International Business Advisory Committee and member of the Singapore-US Business Council and the Suzhou Industrial Park (SIP) Development Advisory Committee. 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 (Chief Executive Officer), 49

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 Barlow, 53

Mr. Barlow was appointed to M1's Board of Directors on 22 May 2002. He also holds other directorships including at Great Eastern Telecommunications Ltd and he is an alternate Director of Reach Ltd.

Currently, Mr. Barlow is Director of Global Communications Services at PCCW Limited in Hong Kong, a post he has held since July 2001. Past appointments have included posts in Reach Ltd in Hong Kong, Cable & Wireless plc in London and Vietnam (where he was Chief Executive Officer of Cable & Wireless Vietnam), and Hong Kong Telecom Limited. Mr. Barlow has also been a Director of Compunet Corporation in Thailand, and an alternate Director of Hong Kong CSL Limited, a leading mobile operator in Hong Kong.



Low Huan Ping, 46

Mr. Low was appointed to M1's Board of Directors on 1 September 1994. He is also the Executive Vice-President (Technology) of Singapore Press Holdings Limited.

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



Hsuan Owyang, 74

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

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

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



Arthur Seet Keong Hoe, 56

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.



Rolf-Kristian Soderstrom, 37

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

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

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



Teo Soon Hoe, 53

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

Mr. Teo is the Chairman of Keppel Telecommunications & Transportation Ltd and Keppel Philippines Holdings Inc. In addition, he is a Director of several other companies within the Keppel Group, including Keppel Land Limited, Keppel Offshore and Marine Ltd and k1 Ventures Limited. He is a member of the Wharton Society of Fellows, University of Pennsylvania.



Reggie Thein, 61

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 Healthcare Ltd and Goodwood Park Hotel Limited.

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

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

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



Thio Su Mien, 64

Dr. Thio was appointed to M1's Board of Directors on 8 November 2002. She currently holds various directorships including at 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, 64

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

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

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

Senior Management

Karen Kooi Lee Wah, Chief Financial Officer

Ms. Kooi joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, Ms. Kooi held various senior financial positions with large public listed companies, namely Singapore Press Holdings Limited, City Development 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.

Patrick Scodeller, Chief Technical Officer

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

Lina Lee, Chief Information Officer

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

Chin Ming Lek, Director, Human Resources

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

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

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

Terence Teo Hoon Beng, Director, Customer Service

Mr. Teo joined M1 in March 1998. Prior to joining M1, he was the Vice-President of Operations at Citibank N.A. 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.

Poopalasingam Subramaniam, Director, Sales and Marketing

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

Lim Sock Leng, Director, Corporate Development

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

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 Informatics 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.

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 Master of Science degree in Public Relations from the University of Stirling, United Kingdom.



The M1 Story

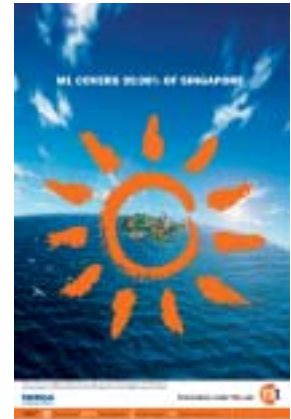
M1 was formed in August 1994 to enter Singapore's rapidly expanding mobile telecommunications market. In May 1995, it won the licence to operate the nation's second cellular telephone service as well as a radio paging service.

M1's launch on 1 April 1997 ended the previous monopoly. Within just three weeks, more than 35,000 cellular customers had signed up; one of the world's highest take-up rates for a new market entrant.

Adopting a fresh customer-focused approach, M1 was the first mobile operator in Singapore to introduce 24-hour customer service, longer off-peak hours and bundled SMS. Rapidly, M1 established a strong brand presence and gained considerable market share. M1 achieved profitability within just 21 months of launching, several years ahead of projection.

A quality provider of local and international voice services, M1 also led in introducing data and m-commerce services. In April 2001, M1 was awarded a 3G licence, and is currently conducting 3G trials.

On 4 December 2002, M1 was listed on the Singapore Exchange (SGX) in Singapore's largest public offering in three years and the third largest of all time. The founding shareholders – Keppel Telecoms Pte Ltd, SPH Multimedia Private Limited and Great Eastern Telecommunications Ltd – now jointly own 40.46% of M1 (as at 3 March 2003). The balance is owned by institutional and public investors.



From islandwide coverage ...



... to service and value, M1 has given the competition a stiff fight.



The launch of the M1 IPO on 4 December 2002.

☞ M1 helps customers capture their Sunshine Moments, and share them instantly.

Milestones

1997

- APRIL** • Commercial launch of M1 GSM900 and paging networks
- MAY** • Gained 10% of mobile market share in Singapore within a month of service launch
- OCTOBER** • Signed on 100,000th customer in just six months

1998

- APRIL** • Introduced Info-On-Demand service, the first mobile phone service in Singapore to provide financial and other information via SMS
- JUNE** • Launched CDMA network, M1's second mobile network

1999

- JANUARY** • Introduced Asia's first SMS-based mobile banking service
- MARCH** • Offered world's first virtual paging service on both GSM and CDMA networks
- JULY** • Launched Singapore's first GSM900 pre-paid card
- SEPTEMBER** • Introduced Singapore's first high-speed mobile data service (14.4kbps)
- OCTOBER** • Won Financial Times' Global Telecoms Award for 'Most Effective Marketing' campaign



Financial Times' Global Telecoms Award



2000

- FEBRUARY** • Launched WAP service
- MARCH** • Conducted world's first successful GPRS roaming test with Hong Kong's PCCW CSL
- Introduced seamless DualBand GSM network
- APRIL** • Launched one of the world's first mobile phone CashCard top-up services
- Awarded Facilities-Based Operator (FBO) licence by IDA
- JUNE** • Started 3G trials with Nokia
- Named Best New Operator in Asia-Pacific and Best Mobile Operator in Singapore by Tele.com and CNET respectively
- JULY** • Started world's first WAP roaming service with Hong Kong's PCCW CSL
- AUGUST** • Launched International Direct Dial (IDD) service to M1 customers
- NOVEMBER** • Launched GPRS with pilot service for corporate customers

2001

- FEBRUARY** • Introduced Singapore's first international roaming pre-paid card
- 'Everywhere Under the Sun' campaign won a Gold medallion in the telecoms category of the New York Festivals' Advertising/Marketing Effectiveness International Awards
- APRIL** • Awarded 3G licence
- Launched IDD service to non-M1 mobile and fixed-line customers
- SEPTEMBER** • Migrated CDMA customers to the GSM network
- OCTOBER** • Set up M1's Application Developers Community (ADC) to promote the development of innovative 2.5G and 3G wireless applications
- Appointed Pilot And Trial Hotspots (PATH) Assessment Centre by IDA
- NOVEMBER** • Won Best Call Centre Award for centres with more than 50 staff by the Call Centre Council



Winning the New York Festivals' Advertising/Marketing Effectiveness International Award was a feather in M1's cap.

Highlights of 2002

February

M1 introduced Singapore's first flexible mobile plan, OK21 FLEX. This plan allows customers to use their free bundled value in different value combinations of talktime and SMS, unlike other mobile plans which set limits on the amount of SMS or talktime offered free. OK21 FLEX thus has the unique ability to adapt to the individual's needs, optimising the value of the mobile plan to the customer.

March

M1 celebrated its 5th anniversary with one million customers. M1 achieved this significant customer milestone on the back of a set of stellar financial results for the year 2001. Despite keen competition and a weak economic environment overshadowing the mobile market, M1 chalked up a pre-tax profit of S\$131 million in 2001, an increase of 64% over the previous year's profit of S\$80 million. Operating revenue increased by 13%, from S\$568 million in 2000 to S\$639 million in 2001.

To mark its fifth anniversary and to thank all its 1 million customers for their support, M1 offered all post-paid customers a very special airtime flat rate of 5 cents a minute for outgoing calls throughout the day for five days between April 1 and 5, while pre-paid customers enjoyed 50% discount off their outgoing calls for the same period.

April

M1's Application Developers Community (ADC) attracted over 60 developers just six months after its formation. Most are local companies providing telecom solutions, platforms and applications for location-based services, m-commerce, entertainment, games, Java and video streaming. More than 20 ideas for wireless applications have been proposed by ADC members thus far, the majority of which are in the areas of MMS, wireless games and entertainment, and wireless Java.



June

M1 made Singapore's first packet data call over commercial 3G network infrastructure. M1's Chief Executive Officer, Mr. Neil Montefiore, made the 3G data call at the official opening of the Nokia Connection, a showcase of next generation technology presented by the world leader in mobile communications. It marked a significant phase of the roll-out programme for the WCDMA network that M1 started about a year ago.

August

M1 was Singapore's first operator to launch MMS. Customers can now snap a picture, add text and voice as desired, and send it to friends on their mobile phones, or directly to their email accounts. Recipients without MMS phones are prompted to view their MMS messages on the Internet. The service was initially offered free, to help M1 customers get acquainted with the exciting new mobile experience of enriched messages that can comprise text, photographs, animation, voice and music.

M1 also announced its intention to seek an Initial Public Offering (IPO) of its shares on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

October

M1 became the first mobile operator in the world to receive COPC-2000 certification for its customer contact centre. COPC, the world's leading authority on customer contact centre operations, awarded M1 the prestigious certification after a rigorous audit of its customer service systems and procedures. The COPC-2000 Standard covers all strategic, tactical and operational elements of a customer contact centre. Key elements include management, processes, recruitment and training of staff, quality and service benchmarks. The attainment of the COPC-2000 certification is a further boost to the culture of service excellence at M1.



MMS, SMS, Group SMS, even Chat SMS – just some of the ways M1 customers can use to communicate.



For every customer at an M1 Shop, a big bright smile.

November

M1's Chief Executive Officer, Mr. Neil Montefiore, won the 'Innovator of the Year' award at the Asia Business Leader Awards 2002. Organised by business information provider CNBC and logistics solutions firm TNT, the awards recognise the achievements and dynamic leadership of the region's business leaders. Specifically, the 'Innovator of the Year' award rewards inventive thinking in business, and is based on achievements in new product development and ground-breaking business processes, business models and strategies. The awards committee highlighted that under Mr. Montefiore's leadership, M1 has achieved substantial market share with its innovative marketing campaigns and service offerings. Also, it is an early adopter of new technology.

M1, SingTel and StarHub jointly launched inter-operator MMS for their customers. The initiative marks a world's first in achieving nationwide MMS inter-operability. The service will enable subscribers of the three operators to exchange MMS across their mobile networks, receiving MMS directly on their own MMS-enabled handsets. Previously, these customers could only retrieve cross-network MMS via the respective operator's website.

December

M1 became a public listed company on 4th December 2002. Listed on the Main Board of the SGX-ST, M1's IPO was the largest in 3 years and also represented the 3rd largest in the history of the SGX. The IPO was in respect of 600.5 million existing ordinary shares (with an over-allotment option of 90.1 million shares) from M1's founding shareholders (Keppel Telecoms Pte Ltd, SPH Multimedia Private Limited and Great Eastern Telecommunications Ltd).



'Innovator of the Year' award



A momentous occasion – M1's IPO opens for trading on the SGX.



Products and Services

Mobile Services

M1 provides a wide range of mobile voice and data communications services to both post-paid and pre-paid customers over its seamless DualBand GSM900/1800 MHz network that has 100.0% coverage of Singapore,* a call success rate of 99.72%* and an average drop-call rate of 0.14%.* M1 believes in providing a quality network and its GSM network infrastructure has succeeded in exceeding the network performance requirements of IDA.

M1 is among the leaders in Asia in providing innovative voice and non-voice services, and offers its customers a suite of mobile information and entertainment services with multi-channel access, via the web, WAP and SMS to meet their varying lifestyle needs.

Key data services comprise those using SMS, SIM Tool Kits (STK), GPRS and Unstructured Supplementary Services Data (USSD) platforms. They include:

Information Services

- MiWorld portal, accessible by the Internet or WAP, offers a wide range of wireless Internet information services and applications
- M1 Xplorer, embedded as a 32K SIM Card function, features services such as lottery results, email, games, stock quotes and promotions

Messaging Services

- MMS for sending multimedia messages incorporating text, images, animation, voice and music
- M1 Chat for customers to connect with others in a chat room via SMS or WAP
- Email, Global or Group SMS for customers to send and receive SMS in various manners

Fun and Entertainment Services

- FunBox for downloads of mobile ringtones, games, icons and MMS content
- Mobile games using SMS, WAP or Java

M1 aims to encourage higher usage per customer and promote loyalty by creating and delivering services that are useful, interesting and personally relevant to its customers. To this end, M1 will continue to work closely with its third party application developers and content providers to develop services that meet customers' needs.

As at 31 December 2002, M1's Application Developers Community (ADC) had 156 members. Besides providing developers a test facility for their wireless applications, ADC also provides an important channel for developers to foster closer business relationships with M1 and the telecommunications industry. More than 70 ideas for wireless applications have been proposed by ADC members to date, the majority in the areas of MMS, wireless games, information, entertainment and wireless Java.

Appointed a PATH Assessment Centre by IDA, M1 evaluates wireless application trial proposals submitted by developers and service providers, against IDA guidelines. PATH is part of IDA's 'Wired With Wireless' programme that aims to position Singapore as a living laboratory and business catalyst for wireless development in Asia.

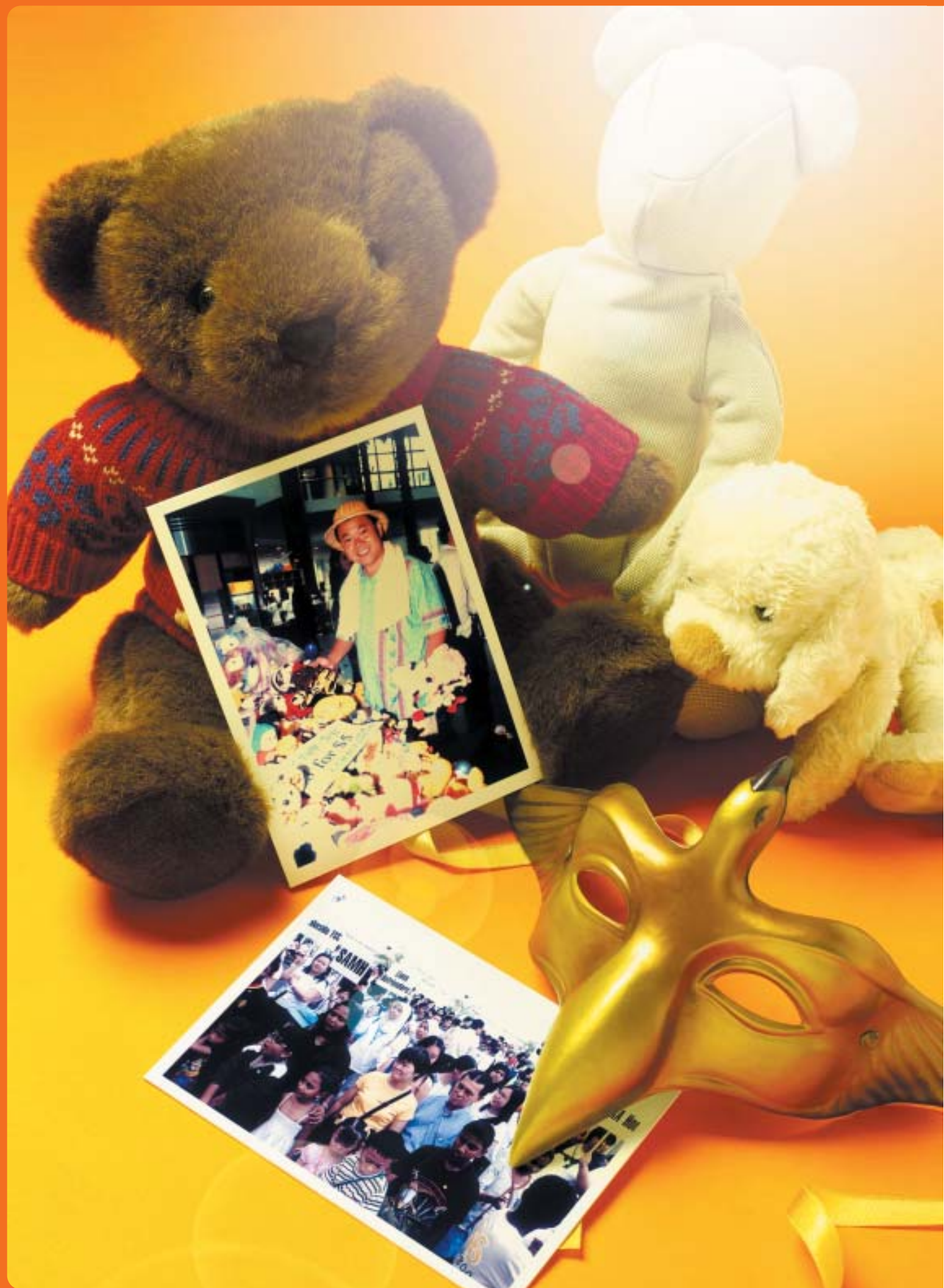
International Call Services

M1 offers international call services to M1 mobile, non-M1 mobile and fixed-line customers, through the premium '002', Value Call '021' and pre-paid '1818' International Calling Card services. Having captured a significant share of the IDD traffic from its own mobile customers, M1's strategy is to target corporate customers, increase usage by its mobile customers and extend its wholesale offering to services-based operators.

* Based on IDA quarterly network test results for the period July to September 2002.



• A world's first for M1 and Singapore: nationwide MMS inter-operability.



Community Relations

An avid supporter of and contributor to the arts in Singapore, M1 was conferred the Patron of the Arts award in 2000 and Distinguished Patron of the Arts award in 2001 and 2002.

The events and activities that M1 supports are generally those with broad appeal, such as theatre and music. M1 Youth Connection by The Necessary Stage, Singapore Repertory Theatre and Cirque du Soleil are some of M1's major sponsorships over the years. Since 1999, M1 has partnered the National Arts Council to present an annual series of free concerts at the Botanic Gardens.

In the sporting arena, M1 has actively sponsored the M1 National Rugby Championship from 1997 – 2001, and the M1 Schools Rugby Series in 2002, to promote interest in rugby among students. M1 is also involved in other sports such as ice hockey and squash.

Seriously ill children, the hearing-impaired, physically disabled and underprivileged, as well as the elderly, have also benefitted from M1's various community projects.

M1 funded Camp Sunshine from 1999 – 2001, a holiday camp organised for seriously ill children. In the recent President's Challenge 2002, M1 teamed up with IT partners in exciting fund-raising activities called 'Sharkathon!' to raise funds for various charities.

And as part of its 5th anniversary celebration in April 2002, M1 invited more than 2,000 disadvantaged children and adults to a delightful afternoon under the Big Top with Cirque du Soleil's Alegria.



¹⁰ In exercising its role as corporate citizen, M1 actively supports the arts, sports, and various community organisations.

Management's Discussion and Analysis

1 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Year ended 31 December				
	2002		2001		YOY Change %
	S\$m	%	S\$m	%	
Revenues					
Operating revenues					
Cellular and paging services	545.8	78.1	489.7	76.6	11.5
International call services	83.1	11.9	57.8	9.1	43.8
Total service revenue	628.9	90.0	547.5	85.7	14.9
Equipment sales & repair	69.9	10.0	91.6	14.3	-23.7
Total	698.8	100.0	639.1	100.0	9.3

	As at and for the year ended 31 December		
	2002	2001	YOY Change %
Key Drivers			
Number of mobile customers (in thousands)			
Post-paid	766	746	2.7
Pre-paid	283	236	19.9
	1,049	982	6.8
Market Share*			
Post-paid	31.9%	34.3%	-
Pre-paid	33.7%	34.5%	-
Overall	32.3%	34.3%	-
Mobile Penetration Rate*	78%	69%	-
ARPU (per month)			
Post-paid	S\$62.5	S\$61.8	1.1
Pre-paid	S\$17.5	S\$15.6	11.7
Non-voice services as contribution to post-paid ARPU	13%	10%	-
Monthly minutes of use per active customer			
Post-paid	286	286	-
Pre-paid	47	41	14.6
Total number of outgoing IDD minutes (in millions)	139	100	39.0
Average monthly churn rate	2.2%	2.3%	-
Average acquisition cost per gross connection	S\$183	S\$107	-71.0

* Based on published statistics available at the time of submission.

1.1 OPERATING REVENUES

Total operating revenues grew by 9.3% to S\$698.8 million for 2002.

Cellular and international call services put up strong performances in 2002. Cellular services grew by 11.9% to S\$542.1 million while international call services increased by 43.8% to S\$83.1 million.

	Year ended 31 December				
	2002		2001		YOY Change %
	S\$m	%	S\$m	%	
Cellular and paging revenues					
Post-paid cellular	506.4	92.8	459.7	93.9	10.2
Pre-paid cellular	35.7	6.5	24.7	5.0	44.5
Total Cellular	542.1	99.3	484.4	98.9	11.9
Paging	3.6	0.7	5.3	1.1	-32.1
Total	545.8	100.0	489.7	100.0	11.5

1.1.1 Cellular and Paging Services

Post-paid cellular revenues rose by 10.2% to S\$506.4 million for 2002. Increases in our post-paid customer base and reduced churn rate contributed to the improvement in post-paid cellular revenues.

Post-paid ARPU improved from S\$61.8 for 2001 to S\$62.5 for 2002. Non-voice services as a percentage of post-paid ARPU grew from 10% for 2001 to 13% for 2002.

Average monthly churn rate fell from 2.3% for 2001 to 2.2% for 2002. Our loyalty programmes reward customers based on usage and tenure and have assisted in retention, particularly with our high-usage customers.

Pre-paid revenue grew by 44.5% to S\$35.7 million for 2002. Average minutes of use per active pre-paid customer increased by 14.6% to 47 minutes per month.

1.1.2 International Call Services

The year 2002 saw a strong growth in the international call services revenues, of 43.8%, from S\$57.8 million for 2001 to S\$83.1 million for 2002. International call services accounted for 11.9% of total operating revenues for 2002 compared to 9.1% for 2001. Total outgoing IDD minutes rose from 100 million in 2001 to 139 million in 2002.

1.1.3 Equipment Sales & Repair

Revenue from equipment sales & repair dropped by 23.7% to S\$69.9 million for 2002 and accounted for 10.0% of total operating revenues for 2002 compared to 14.3% for 2001, mainly from the sale of handsets. The decline in equipment sales revenue was due to lower volume as well as more competitive pricing for handsets. Handset sales have not historically contributed to profit, they are a necessary adjunct to our cellular services for customer acquisition and retention.

1.2 COMPONENTS OF OUR OPERATING EXPENSES

	Year ended 31 December				
	2002		2001		YOY Change %
	S\$m	%	S\$m	%	
Cost of sales	231.6	44.0	228.7	45.7	-1.3
Other operating expenses	295.3	56.0	272.1	54.3	-8.5
Total	526.9	100.0	500.8	100.0	-5.3

1.2.1 Cost of Sales

Our cost of sales has increased marginally by 1.3% from S\$228.7 million for 2001 to S\$231.6 million for 2002. The increase was attributable to increases in interconnection fees because of higher international traffic.

The increase was offset by the decline in handset costs and connection incentives because of lower sales volumes and decrease in leased circuit costs because of lower cost and volume discounts.

1.2.2 Other operating expenses

Other operating expenses increased by 8.5% from S\$272.1 million for 2001 to S\$295.3 million for 2002 mainly due to:

Staff Costs

Staff costs increased by 2.3% from S\$85.6 million for 2001 to S\$87.6 million for 2002. The increase in headcount of 0.6% compared favourably with the customer growth rate of 6.8% because of our emphasis on staff efficiency and productivity.

Depreciation and Amortisation

Depreciation and amortisation expenses increased by 16.2% from S\$84.4 million for 2001 to S\$98.1 million for 2002, reflecting capital expenditure incurred for expansion of our GSM network and initial 3G roll-out costs.

Provision for Doubtful Debts

Provision for doubtful debts increased by 25.9% from S\$17.4 million for 2001 to S\$21.9 million for 2002, reflecting higher accounts receivable from increased billing while provision for doubtful debts as a percentage of revenue remained relatively stable.

Other General and Administrative Expenses

Other general and administrative expenses increased by 20.0% from S\$45.9 million for 2001 to S\$55.1 million for 2002. The increase was due primarily to higher repair and maintenance costs for expanded IT network infrastructure.

The increase was offset by:

Advertising and Promotion Expenses

Advertising and promotion expenses decreased by 15.7% from S\$38.8 million for 2001 to S\$32.7 million for 2002. The decline was principally attributable to lower media advertising expenses.

1.2.3 Finance Costs

Finance costs increased by 59.7% from S\$7.2 million for 2001 to S\$11.5 million for 2002. The increase was due mainly to the drawdown of a S\$250 million syndicated loan facility in May 2002, of which S\$174 million was used to repay interest-free shareholders' loans.

1.3 TAXATION

	Year ended 31 December		YOY Change %
	2002 S\$m	2001 S\$m	
Taxation (Deferred tax)	33.3	30.8	-8.1

Deferred taxation estimated and provided for 2002 amounted to S\$33.3 million. The increase of 8.1% was mainly due to higher profit before tax. No current taxation was provided for due to the utilisation of capital allowances.

1.4 NET PROFIT

	Year ended 31 December		YOY Change %
	2002 S\$m	2001 S\$m	
Net Profit	128.4	100.5	27.8
Net Profit Margin (service revenue basis)	20.4%	18.4%	-

We recorded a net profit of S\$128.4 million for 2002 as compared to S\$100.5 million for 2001, an increase of 27.8%. Net profit margin improved to 20.4% for 2002, from 18.4% for 2001.

1.5 EBITDA

	Year ended 31 December		YOY Change %
	2002 S\$m	2001 S\$m	
EBITDA	270.9	222.9	21.5
EBITDA Margin (service revenue basis)	43.1%	40.7%	-

EBITDA increased by 21.5% from S\$222.9 million for 2001 to S\$270.9 million for 2002. EBITDA margin increased from 40.7% for 2001 to 43.1% for 2002.

1.6 CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure has been financed by funds generated from our operations. In 2002, total capital expenditure amounted to S\$134.0 million, of which S\$80.8 million was spent on network systems.

As at 31 December 2002, we had commitments for capital expenditure of S\$67 million, a substantial proportion of which relates to expanding our existing network and initial 3G network systems.

1.7 LIQUIDITY AND CAPITAL RESOURCES

The following table summarises our statements of cash flows for the periods presented:

	Year ended 31 December		
	2002 S\$m	2001 S\$m	YOY Change %
Profit before tax	161.3	131.1	23.0
Net decrease (increase) in working capital	(31.8)	(6.5)	@
Other adjustments for non-cash items	109.6	91.7	19.5
Net cash provided by (used in) operating activities	239.1	216.3	10.6
Net cash provided by (used in) investing activities	(133.5)	(254.5)	47.5
Net cash provided by (used in) financing activities	(106.5)	37.3	@
Net increase (decrease) in cash and cash equivalents	(0.9)	(0.9)	-
Cash and cash equivalents at beginning of financial period	0.1	1.0	-90.0
Cash and cash equivalents at end of financial period	(0.8)	0.1	@
Free cashflow ⁽¹⁾	105.4	(38.4)	@

@ denotes more than +/-300%

⁽¹⁾ Free cashflow refers to cash provided by operating activities less cash capex

Operating cash flow grew from S\$216.3 million in 2001 to S\$239.1 million in 2002 due to higher profit before tax. Free cash flow turned positive in 2002 compared to 2001 when S\$100 million was paid for our 3G licence and spectrum right. In addition, there was no cash tax requirement in 2002.

Cash used in investing activities has been used primarily to meet capital expenditure as described in paragraph 1.6.

1.8 GEARING

Our net debt over equity ratio improved from 1.2x in 2001 to 0.6x in 2002 due to lower debt.

Corporate Governance

MobileOne Ltd (“the Company”) was listed on the Singapore Exchange on 4 December 2002. In keeping with this new status as a public company, the Company is committed to maintaining a high standard of corporate governance within the Group and to putting in place effective self-regulatory corporate practices to protect the interests of its shareholders and enhance 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 in April 2001.

1 BOARD OF DIRECTORS

(Code of Corporate Governance Principles 1, 2, 6, 7, 10 & 11)

The Board of Directors is accountable to the shareholders and is responsible for maintaining a high standard of corporate governance and promoting on-going improvements in Board effectiveness. The Group’s standards of corporate governance are consistent with the Code of Corporate Governance.

The Board comprises eleven Directors, all of whom save for the Chief Executive Officer are non-executive and four of whom are independent. The Board consists of respected individuals from different backgrounds in the public and/or private sector, 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 40 to 46 of the Annual Report.

The Board has tasked the Nominating Committee to review the size of the Board with a view to increasing the number of independent Directors balanced against the consideration of the impact of the number upon the effectiveness of the Board.

The Board oversees the management of the business and affairs of the Group; approves the Group’s corporate and strategic directions, appointment of Board Directors and key managerial personnel, annual budgets, major funding and investment proposals; and reviews the financial performance of the Group. Material transactions that require Board approval are capital expenditure in excess of S\$5 million and operating expenditure in excess of S\$3 million. 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 are set out below:

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

N : Non-independent

I : Independent

1 BOARD OF DIRECTORS (continued)

Each Director will receive appropriate training when he is first appointed to the Board, including an orientation-training programme to ensure that he is familiar with the Group's business and governance practices. The Directors will receive further relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings the management provides the Board with management reports containing complete, adequate and timely information, 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 performance against budget as well as comparisons with previous year's results 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 the Singapore Exchange Securities Trading Limited (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 will be borne by the Company.

The Board holds meetings at least 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 is as follows:

Director	Number of meetings held in 2002	
	since individual member's appointment	Number of meetings attended
Lim Chee Onn	7	6
Neil Montefiore	2	2
Roger John Barlow	7	7
Low Huan Ping	7	7
Hsuan Owyang	2	2
Arthur Seet Keong Hoe	7	6
Rolf-Kristian Berndtson Soderstrom	7	6
Teo Soon Hoe	7	7
Reggie Thein	2	2
Thio Su Mien	2	2
Patrick Yeoh Khwai Hoh	2	2

2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Code of Corporate Governance Principle 3)

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

3 NOMINATING COMMITTEE ("NC")

(Code of Corporate Governance Principles 4 & 5)

The NC comprises Dr. Thio Su Mien as Chairman and Mr. Reggie Thein and Mr. Patrick Yeoh as members, all of whom, including the Chairman, are independent Directors.

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 appointments or re-appointments, 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 NC will be recommending to the Board the size and composition of the Board, and the processes and performance criteria by which the effectiveness of the Board as a whole and the contribution of individual Directors will be assessed.

4 REMUNERATION COMMITTEE ("RC")

(Code of Corporate Governance Principles 7 & 8)

The RC comprises Mr. Hsuan Owyang, Mr. Low Huan Ping, Mr. Rolf Soderstrom and Mr. Teo Soon Hoe, all of whom are Non-executive Directors and independent of management and free from any business or other relationships which may materially interfere with the exercise of their independent judgement. The RC is chaired by Mr. Owyang who is an independent Director and the RC has access to expert advice inside and outside the Company.

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 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.

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.

There are performance-related elements of remuneration that form a significant proportion of the total remuneration package of the Company's CEO and Executive Director, in order to align his interests with those of shareholders and link rewards to corporate and individual performance. For Non-executive Directors, the remuneration packages take into account the level of contribution and responsibilities of the Directors. Non-executive Directors are not over-compensated to the extent that their independence may be compromised. The remuneration of Directors is approved at the Annual General Meeting.

The annual remuneration report for Directors for 2002 is as follows:

Name	Below \$250,000	\$1,250,001 - \$1,500,000
Non-executive Director*		
Lim Chee Onn	X	
Roger John Barlow	X	
Low Huan Ping	X	
Hsuan Owyang	X	
Arthur Seet Keong Hoe	X	
Rolf-Kristian Berndtson Soderstrom	X	
Teo Soon Hoe	X	
Reggie Thein	X	
Thio Su Mein	X	
Patrick Yeoh Khwai Hoh	X	
Executive Director*		
Neil Montefiore		X
Past Non-executive Director*		
William Cheung	X	
Ng Eng Ho	X	
Dominic James Platt	X	
Tan Teck Huat	X	
Tjong Yik Min	X	
Warren Gordon Tucker	X	
	16	1

* Each Director's compensation (save for that of Mr. Neil Montefiore and the independent Directors) was paid to the relevant shareholder that nominated him.

5 DISCLOSURE ON REMUNERATION (continued)

Each Non-executive Director's remuneration was in the form of a fixed fee. Mr. Neil Montefiore's remuneration comprised 34% as fixed salary, 37% as bonuses, 8% as retirement contribution and 21% as benefits-in-kind (excluding share options which are disclosed in the Directors' Report).

The annual remuneration report for senior management for 2002 is as follows:

Name	\$250,001 - \$500,000	\$500,001 - \$750,000
Senior management		
Karen Kooi Lee Wah	X	
Patrick Michael Scodeller		X
Terence Teo Hoon Beng	X	
Chin Ming Lek	X	
Steven Chan Siew Key	X	
	4	1

Details of the Company's Share Option Scheme can be found on page 52 of the Directors' report.

6 AUDIT COMMITTEE ("AC")

(Code of Corporate Governance Principles 9, 11, 12 & 13)

The AC comprises Mr. Reggie Thein as Chairman, and Mr. Arthur Seet, Dr. Thio Su Mien and Mr. Patrick Yeoh 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, half-year and annual financial statements before submission to the Board for its approval;
- Review the assistance given by management to external auditors;
- Review the independence and objectivity of external auditors;
- Review the nature and extent of non-audit services performed by external auditors;
- Examine the scope of internal audit procedures and the results of the internal audit;
- 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;
- Meet with the external and internal auditors without the presence of management at least annually;
- Ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- Investigate any matters within the AC's term of reference, having full access to and co-operation by management and full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

6 AUDIT COMMITTEE (“AC”) (continued)

- (k) Review interested persons transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- (l) Consider 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 as to enable the AC to clearly define its oversight responsibilities and review the process available to manage these risks.

The AC will review the quarterly financial statements before their announcement. The committee meets on a quarterly basis and the first AC meeting was held on 9 January 2003.

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

7 RISK MANAGEMENT

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

The Company has implemented a Business Continuity Plan (BCP) with the assistance of consultants. The BCP is managed by the Risk Management Office under the Chief Technical Officer, supported by the other departments in the on-going maintenance of the BCP. The BCP includes Business Impact Analysis, Recovery Strategy, and Disaster Recovery Plan for Engineering, Finance, IT and all other critical operations, as well as a Maintenance Programme for these processes. In addition, a crisis management team, led by the CEO, has been established with a designated command centre with a back-up at an alternative site.

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 that was in place throughout the year and up to and as at 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.

The AC reviews, on an annual basis, the adequacy of the internal audit functions. 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 Principles 10, 14 & 15)

The Group believes that a high standard of disclosure is key to raising the level of corporate governance. Accordingly, the Group releases information on the Group's quarterly and full-year results within four weeks from the close of the relevant period in the form of financial statements, management's discussion and analysis, and a presentation containing highlights and trend analysis which are published through the MASNET, news release and the Group's website. Information on major new initiatives by the Group is also disseminated via MASNET, news release as well as made available on the Group's website.

The Group does not practise selective disclosure. Price-sensitive information is publicly released, and results and annual reports are announced or issued within the mandatory period and are available on the Group's website. All shareholders of the Group receive the Annual Report and notice of Annual General Meeting. The Company will be having its first Annual General Meeting as a public listed company in 2003. At the Annual General Meetings, shareholders will be given opportunity to voice their views and to direct questions regarding the Group to senior management or Directors, including the chairpersons of each of the Board committees.

11 SECURITIES TRANSACTIONS

[Listing Manual Rule 710(2)(b)]

The Group has adopted the SGX-ST Best Practices Guide with respect to dealings in securities for the guidance of Directors and officers. In line with the guidelines, Directors, management and officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Group's annual or quarterly results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

12 MATERIAL CONTRACTS

[Listing Manual Rule 1207(8)]

There are no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO or any Director.

Directors' and Senior Management's Particulars

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 (as at 28 February 2003)	Title	Company
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Lim Chee Onn, 59

Bachelor of Science 1st class Hons, University of Glasgow	01.11.1999	Present Appointments	Executive Chairman	Keppel Corporation Ltd
			Chairman	Keppel Land Ltd
			Director	Keppital Holdings Pte Ltd
			Chairman & Chairman Exco	Singapore-Suzhou Township Development Pte Ltd
Master in Public Administration, Kennedy School of Government, Harvard University			Director	Keppel Telecoms Pte Ltd
			Director	Parkville Development Pte Ltd
			Director	Keppel Harbour Redevelopment Ltd
			Director	Temasek Holdings (Pte) Ltd
			Director	k1 Ventures Ltd
Member of Wharton Society of Fellows, University of Pennsylvania		Past Appointments	Chairman & Director	China-Singapore Suzhou Industrial Park Development Co Limited
			Director	Glory Central Holdings Ltd
Honorary Doctor of Engineering, Glasgow University			Director	K Investment Holdings Ltd
			Chairman	k1 eBiz Holdings Pte Ltd
			Director	Keppel Asia Ltd
			Chairman & Director	Keppel Capital Holdings Ltd
			Director	Keppel Power Systems Pte Ltd
			Chairman & Director	Keppel TatLee Bank Ltd
			Director	Myanmar Investment Fund (S) Pte Ltd
			Chairman	National Heritage Board
			Director	NatSteel Ltd
			Director	PT Nongsa Point Marina
			Director	Singapore Airlines Ltd

Neil Montefiore, 49

Bachelor of Science (Electrical & Electronic Engineering) Upper 2nd class Hons, University of Portsmouth	08.11.2002	Present Appointments	Director	DataOne (Asia) Pte Ltd
			Director	M1 Capital Ltd
			Director	M1 Shop Pte Ltd
			Director	Wireless Intellect Labs Pte Ltd
Fellow, Institution of Electrical Engineers				
Fellow, Chartered Institute of Marketing (CIM)				

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 (as at 28 February 2003) Title Company
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Roger John Barlow, 53

Bachelor of Science (Economics), University of London	22.05.2002	Present Appointments	
		Director	Great Eastern Telecommunications Ltd
Master of Arts, University of Essex		Director	M1 Capital Ltd
		Director	M1 Shop Pte Ltd
		Director	Pacific Link Communications Limited
		Director	Pacific Link Communications Services Limited
		Director	Personal Communications Limited
		Alternate Director	Reach Ltd
		Past Appointments	
		Alternate Director	Bestclass Holdings Limited
		Director	Cable & Wireless (Vietnam) Limited
		Director	Cable & Wireless Network Services (Singapore) Pte Limited
		Director	Compunet Corporation Limited
		Alternate Director	Hong Kong CSL Limited
		Alternate Director	Joint Venture (Bermuda) No 2 Limited
		Director	Reach Global Networks Limited
		Director	Reach Networks (Thailand) Limited
		Director	Reach Web Holdings Limited
		Alternate Director	RWC, HK Limited

Low Huan Ping, 46

Bachelor of Arts (Hons), Master of Arts, Cambridge University	01.09.1994	Present Appointments	
		Director	SPH Multimedia Private Limited
Master of Science, National University of Singapore		Director	BuzzCity Pte Ltd
		Director	SPH AsiaOne Ltd
Advanced Management Program, Harvard University		Director	Zaobao.com Ltd
		Director	American Bourses Corporation Pte Ltd
		Director	FantasticOne (Asia-Pacific) Pte Ltd (in liquidation)
		Director	Mantown Enterprises Ltd (Hongkong) (in liquidation)
		Director	Solar River Investments Limited (Hongkong) (in liquidation)
		Director	Video Post Ltd (Hongkong) (in liquidation)
		Past Appointments	
		Director	Singapore Cable Vision Limited

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 (as at 28 February 2003) Title Company
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Hsuan Owyang, 74

Master of Business Administration, Harvard University	08.11.2002	Present Appointments	
		Chairman	The Institute of Policy Studies
		Director	General Securities Trading Pte Ltd
		Chairman	East Asian Institute
		Chairman	N.M. Rothschild & Sons (Singapore) Limited
		Chairman	Ayala International Holdings Ltd
		Deputy Chairman	CapitaLand Limited
		Chairman	CapitaMall Trust Management Ltd
		Director	N.M. Rothschild China Holding AG
		Director	Franke Singapore Pte Ltd
		Past Appointments	
		Chairman	CapitaLand Residential Ltd
		Chairman	Transpac Capital Pte Ltd
		Chairman	Transtech Venture Management Pte Ltd
		Chairman	Transpac Industrial Holdings Ltd
		Chairman	Urban Management Co (1987) Pte Ltd
		Chairman	Transpac Ventures I Ltd
		Chairman	Asia Venture Fund Ltd
		Director	Keppel TatLee Finance Limited
		Chairman	DBS Land Ltd
		Chairman	TLB Land Ltd (formerly Pan Malayan Holdings Ltd)
		Chairman	Transtech Capital Investments I Ltd
		Chairman	Transtech Capital Investments II Ltd

Arthur Seet Keong Hoe, 56

Fellow, Chartered Association of Certified Accountants (Singapore)	16.01.1998	Present Appointments	
		Director	Lianhe Investments Pte Ltd
		Director	Vickers Ballas Philippines Fund Ltd
		Director	SPH Asset Management Ltd (in liquidation)
		Director	Orchard 300 Ltd (in liquidation)
		Director	Orchard 290 Ltd
		Director	SPH Data Services Pte Ltd
		Director	Times Properties Pte Ltd
		Director	M1 Shop Pte Ltd
		Director	M1 Capital Ltd
		Director	Asia Magazines Ltd
		Director	StarEastWorks Management Ltd
		Director	StarEastWorks Ltd
		Past Appointments	
		Director	SPH Stop Press Pte Ltd
		Director	Singapore Cable Vision Limited

Rolf-Kristian Berndtson
Soderstrom, 37

Member, Institute of
Chartered Accountants of
England and Wales

Bachelor of Business
Administration,
University of Singapore

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 (as at 28 February 2003)
Title Company

Teo Soon Hoe

Present Appointments

Executive Director	Keppel Corporation Limited
Director	Keppel Offshore & Marine Ltd
Director	Keppel First Eastern Holdings Limited
Director	Keppel Global Investors Pte Ltd
Director	Keppel Shipyard Limited (formerly Keppel Hitachi Zosen Limited)
Director	Keppel Harbour Redevelopment Ltd
Director	Keppel Industries (Hong Kong) Limited
Director	Keppel Infrastructure Pte Ltd
Director	Keppel Investment Limited
Director	Keppel Investment Hong Kong Limited
Chairman	Keppel IM Investments Inc
Director	Keppel Kunming Resort Limited
Director	Keppel Land Limited
Director	Keppel Markem Limited
Chairman	Keppel Bank Philippines Inc
Chairman	Keppel Philippines Holdings Inc
Director	Keppel Point Pte Ltd
Director	Keppel Power Systems Pte Ltd
Director	Keppel Regional Infrastructure Pte Ltd
Director	Keppel Shing Loong Investments Pte Ltd
Director	Keppel Tuas Pte Ltd
Chairman	Keppel Securities Philippines Inc
Director	Keppel Telecoms Pte Ltd
Chairman	Keppel Telecommunications & Transportation Ltd
President	Keppel (USA) Inc
Director	Keppel Vietnam Investment Pte Ltd
Director	Petro Tower Ltd
Director	Primero Investments Pte Ltd (formerly Keppel Harbour Bay View Pte Ltd)
Director	Singapore Petroleum Company Limited
Alternate Director	Singapore-Suzhou Township Development Pte Ltd
Director	Southern Bank Berhad
Director	Steamers Containerships Holdings Pte Ltd
Director	Steamers Future Shipping Pte Ltd
Director	Steamers Rajah Brooke Shipping Pte Ltd
Director	The Vietnam Investment Fund (Singapore) Ltd
Director	TradeOne Asia Pte Ltd
Director	TradeOne Asia Holdings Pte Ltd
Director	Travelmore Pte Ltd
Director	Virginia Developments Pte Ltd
Director	Waterfront Development Consultants Pte Ltd

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 (as at 28 February 2003)
Title Company

Teo Soon Hoe

Past Appointments

Director	Apsilon Technologies Pte Ltd
Director	Asia Commercial Enterprises Pte Ltd
Chairman & Director	DataOne Corporation Pte Ltd
Director	Indotel Limited
Director	K Investment Holdings Pte Ltd
Chairman	KAC Holdings Limited
Director	Keppel Bullion & Futures Pte Ltd
Director	Keppel Capital Holdings Ltd
Director	Keppel Development Pte Ltd (now Echo Broadband (Singapore) Pte Ltd)
Director	Keppel Factors Pte Ltd
Director	Keppel Finance Nominees (S) Pte Ltd
Chairman & Director	Keppel Insurance Pte Ltd
Director	Keppel Philippines Marine, Inc.
Director	Keppel Realty Pte Ltd
Director	Keppel-SPH Investment Pte Ltd (previously known as Keppel-SPH Telecom Pte Ltd)
Director	Keppel TatLee Bank Limited
Chairman	Keppel TatLee Finance Limited
Chairman	KF Limited
Director	Myanmar Investment Fund (S) Ltd
Director	Sintong Transport Pte Ltd
Director	Southern Finance Company Bhd
Director	Steamers Fortune Shipping Pte Ltd
Director	Steamers Kimanis Shipping Pte Ltd
Director	Steamers Perak Shipping Pte Ltd
Director	TLF Limited

Reggie Thein, 61

Fellow, Institute of Chartered
Accountants of England and
Wales

08.11.2002

Member, Institute of Certified
Public Accountants
(Singapore)

Present Appointments

Director	Brierly Investments Ltd
Director	Central Properties Ltd
Director	FJ Benjamin Holdings Ltd
Director	GB Holdings Limited
Director	Goodwood Park Hotel Limited
Director	GuocoLand Ltd (formerly FCC Holdings Ltd)
Director	Hotel Malaysia Limited
Director	Haw Par Healthcare Ltd
Director	MFS Technology Ltd

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 (as at 28 February 2003) Title Company
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Thio Su Mien, 64

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	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)
		Director	Seiko Instruments Singapore Pte Ltd
		Senior Executive Director	TSMP Law Corporation
		Past Appointments	
		Director	Goodpack Limited
		Director	Vickers Capital Ltd
		Judge Member	The World Bank Administrative Tribunal Asian Development Bank Administrative Tribunal

Patrick Yeoh Khwai Hoh, 64

Bachelor of Science (Hons) University of Malaya, Singapore	08.11.2002	Present Appointments	
		Director	Oversea-Chinese Banking Corporation Limited
		Director	Singapore Aerospace Manufacturing Pte Ltd
		Director	Singapore Food Industries Ltd
		Director	Times Publishing Ltd
		Chairman	Tuan Sing Holdings Ltd
		Director	Shanghai GT Courtyard Cultural Investments Co., Ltd
		Advisor	Nuri Holdings (S) Pte Ltd
		Member	Economic Development Board (EDB)'s Entrepreneur Development Fund Loans Committee
		Advisor	The EDB Society
		Past Appointments	
		Director	Gul Technologies Singapore Ltd
		Director	Keppel Capital Holdings Ltd
		Director	Keppel TatLee Bank Ltd
		Director	Laguna National Golf & Country Club Ltd
		Director	Raffles Holdings Limited
		Director	Inchcape Motors Limited

Name of Senior Management	Directorships or Chairmanships in other listed companies & other major appointments, both present and held over the preceding 3 years (as at 28 February 2003)	
	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 Institute of Internal Auditors IS Oil Pte Ltd Triventure Holdings Pte Ltd	Information Systems Audit & Control Association JDW Consulting Pte Ltd
Chua Swee Kiat	None	None

Directors' and Senior Management's Declaration

None of M1's Directors or senior management:

- 1 has had in the last ten years:
 - (i) any petition under any bankruptcy laws in any jurisdiction filed against him; or
 - (ii) been a partner of any partnership involved in any petition under any bankruptcy laws in any jurisdiction filed against such partnership while he was such a partner; or
 - (iii) been a Director or an Executive Officer of any corporation involved in any petition under any bankruptcy laws in any jurisdiction filed against such corporation while he was such a Director or Executive Officer;
- 2 has any unsatisfied judgments outstanding against him;
- 3 has been convicted of any offence, in Singapore or elsewhere:
 - (i) involving fraud or dishonesty which is punishable with imprisonment for 3 months or more or charged for violation of any securities laws, or is the subject of any such pending criminal proceedings; or
 - (ii) involving a breach of any securities or financial market laws, rules or regulations; or
 - (iii) in connection with the formation or management of any corporation;
- 4 has had at any time during the last ten years judgment entered against him in any civil proceedings in Singapore or elsewhere involving fraud, misrepresentation or dishonesty, or is the subject of any such pending civil proceedings;
- 5 has been disqualified from acting as a Director of any corporation, or from taking part in any way directly or indirectly in the management of any corporation;
- 6 has been the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity; and
- 7 to his knowledge, has, in Singapore or elsewhere, been concerned with the management or conduct of affairs of any corporation or partnership which has been investigated by an inspector appointed under the provisions of the Companies Act (Chapter 50) of Singapore, or other securities enactments or by any other regulatory body in connection with any matter involving the corporation or partnership occurring or arising during the period when he was so concerned with the corporation or partnership.

Financial Statements

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Directors' Report

The Directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

1 DIRECTORS

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

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

2 CONVERSION TO PUBLIC COMPANY

On 8 November 2002, the Company was converted from a private company into a public company and changed its name from MobileOne (Asia) Pte Ltd to MobileOne Ltd.

The Company was admitted to the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 December 2002.

3 PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of voice and data communications services, including cellular mobile, paging and international call services, mobile retail sales, after-sales support, customer services and investment holding.

4 RESULTS FOR THE FINANCIAL YEAR

	Group S\$'000	Company S\$'000
Profit after taxation and minority interest	128,370	128,619

5 UNUSUAL ITEMS

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

6 TRANSFERS TO OR FROM RESERVES AND PROVISIONS

During the financial year, the Company capitalised S\$70,000,049.80 from retained profits for a bonus issue of 350,000,249 fully paid-up ordinary shares of S\$0.20 each to its three founding shareholders.

There were no other material transfers to or from provisions during the financial year other than normal provision for doubtful debts, inventory obsolescence and deferred tax liabilities, depreciation of fixed assets and amortisation of licence fees as disclosed in the financial statements.

7 DIVIDENDS PAID AND PROPOSED

No dividend was declared or paid during the year in respect of the previous year.

The Directors propose that a final tax exempt dividend of 7.30 cents per ordinary share amounting to S\$76,650,055 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.

8 ISSUE OF SHARES AND DEBENTURES

The Company

On 8 November 2002, the Company carried out a capital restructuring exercise as follows:

- (a) increased its authorised share capital from S\$200,000,000 to S\$600,000,000, comprising of 600,000,000 ordinary shares of S\$1 each;
- (b) sub-divided each ordinary share of S\$1 in the existing authorised and issued and paid-up share capital of the Company into 3,000,000,000 and 700,000,500 ordinary shares respectively of S\$0.20 each; and
- (c) capitalised S\$70,000,049.80 from retained profits for a bonus issue of 350,000,249 fully-paid ordinary shares of S\$0.20 each to the existing shareholders.

Subsidiary

During the financial year, Wireless Intellect Labs Pte Ltd issued 400,000 ordinary shares of S\$1 each at par for cash to provide for additional working capital.

The Company and its subsidiaries did not issue any debenture during the financial year.

9 OPTIONS

On 8 November 2002, the Company adopted the MobileOne Share Option Scheme (the “Share Option Scheme”). The employees (including Executive Directors) and Non-executive Directors of the Company and its subsidiaries shall, subject to certain conditions, be eligible to participate in the Share Option Scheme.

The total number of ordinary shares over which the Company may grant options under the Share Option Scheme shall not exceed 10% of its issued share capital on the day preceding the relevant date of grant.

Under the Share Option Scheme, the Company has granted to its employees options to subscribe for an aggregate of 10,582,000 of its ordinary shares at S\$1.25. Such option will vest over a period of three years from the date of grant and will 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 the grant.

As at 31 December 2002, the number of options outstanding is 10,582,000.

10 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

No subsidiary was acquired or disposed of during the financial year.

11 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholding required to be kept under Section 164 of the Singapore Companies Act, the following Directors, who held office at end of financial year, had an interest in the shares of the Company and related corporations as stated below:

Ordinary shares of S\$0.20 each Held in the name of Directors			
Name of Director	At beginning of financial year/date of appointment	At end of financial year	As at 21 January 2003
MobileOne Ltd			
Lim Chee Onn	-	50,000	50,000
Neil Montefiore	-	80,000	80,000
Roger John Barlow	-	-	-
Low Huan Ping	-	-	-
Hsuan Owyang	-	-	-
Arthur Seet Keong Hoe	-	-	-
Rolf-Kristian Berndtson Soderstrom	-	-	-
Teo Soon Hoe	-	50,000	50,000
Reggie Thein	-	30,000	30,000
Thio Su Mien	-	50,000	50,000
Patrick Yeoh Khwai Hoh	-	5,000	5,000

Deemed Interest			
Name of Director	At beginning of financial year/date of appointment	At end of financial year	As at 21 January 2003
MobileOne Ltd			
Lim Chee Onn	-	-	-
Neil Montefiore	-	-	-
Roger John Barlow	-	-	-
Low Huan Ping	-	-	-
Hsuan Owyang	-	-	-
Arthur Seet Keong Hoe	-	-	-
Rolf-Kristian Berndtson Soderstrom	-	-	-
Teo Soon Hoe	-	-	-
Reggie Thein	-	-	-
Thio Su Mien	-	-	-
Patrick Yeoh Khwai Hoh	-	-	-

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/date of appointment	At end of financial year	As at 21 January 2003
MobileOne Ltd			
Lim Chee Onn	-	-	-
Neil Montefiore	-	3,000,000	3,000,000
Roger John Barlow	-	-	-
Low Huan Ping	-	-	-
Hsuan Owyang	-	-	-
Arthur Seet Keong Hoe	-	-	-
Rolf-Kristian Berndtson Soderstrom	-	-	-
Teo Soon Hoe	-	-	-
Reggie Thein	-	-	-
Thio Su Mien	-	-	-
Patrick Yeoh Khwai Hoh	-	-	-

12 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Singapore Companies Act except for Directors' remuneration as disclosed in note 18 to the financial statements.

13 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph 8 above, 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.

14 CURRENT ASSETS

Before the profit and loss statement and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the diminution in the value of such current assets.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

15 BAD AND DOUBTFUL DEBTS

Before the profit and loss statement and the balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and providing for doubtful debts, and have satisfied themselves that all known bad debts if any had been written off and that where necessary adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts in the financial statements of the Group inadequate to any substantial extent.

16 CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or of the Group has arisen which secures the liability of any other person and no contingent liability has arisen.

17 ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Company or of the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

18 OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the consolidated financial statements which would render any amount stated in the financial statements of the Company and consolidated financial statements misleading.

19 UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

20 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


5 February 2003
Singapore

Statement By Directors

In the opinion of the Directors, the accompanying balance sheets, profit and loss statements, statements 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 2002, and of the results and changes in shareholders' equity of the Company and of the Group 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.

The Board of Directors authorised these financial statements for issue on 5 February 2003.

On behalf of the Board of Directors



Lim Chee Onn
Chairman



Neil Montefiore
Chief Executive Officer

5 February 2003
Singapore

Auditors' Report to the Members of MobileOne Ltd

We have audited the financial statements of MobileOne Ltd and the consolidated financial statements of the Group set out on pages 58 to 83. The financial statements comprise the balance sheets of the Company and the Group as at 31 December 2002, and the profit and loss statements of the Company and the Group and the statements of changes in shareholders' equity and cash flow of the Group for the year ended 31 December 2002, and notes thereto. 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. These 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 financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group as at 31 December 2002, and of the results and changes in shareholders' equity of the Company and of the Group and cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and its subsidiaries which are incorporated in Singapore and of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

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

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



ERNST & YOUNG
Certified Public Accountants

5 February 2003
Singapore

Balance Sheets

AS AT 31 DECEMBER

		Group		Company	
	Note	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Non-current assets:					
Fixed assets	3	743,439	707,722	741,511	704,973
Licences and spectrum rights	4	97,953	98,054	97,953	98,054
Staff loans	5	882	1,388	882	1,388
Interests in subsidiaries	6	-	-	2,475	2,275
Current assets:					
Inventories	7	11,974	2,287	861	1,461
Trade debtors	8	68,219	60,885	67,944	59,106
Other debtors	9	18,301	11,617	15,223	9,790
Due from related parties	10	78	96	6,768	97
Cash and bank balances	11	626	948	484	409
		99,198	75,833	91,280	70,863
Current liabilities:					
Creditors	12	(156,110)	(152,057)	(148,359)	(141,804)
Due to related parties	10	(2,692)	(3,297)	(2,721)	(8,236)
Short-term borrowings	13	(21,200)	(131,360)	(21,200)	(131,360)
Bank overdrafts (unsecured)	11	(1,385)	(843)	(1,385)	(786)
		(181,387)	(287,557)	(173,665)	(282,186)
Net current liabilities		(82,189)	(211,724)	(82,385)	(211,323)
Non-current liabilities:					
Long-term borrowings	13	(250,000)	(72,850)	(250,000)	(72,850)
Shareholders' loans	14	-	(174,000)	-	(174,000)
Deferred tax liabilities	15	(64,000)	(30,700)	(63,800)	(30,500)
Net assets		446,085	317,890	446,636	318,017
Represented by:					
Issued share capital	16	210,000	140,000	210,000	140,000
Retained profits		236,070	177,700	236,636	178,017
		446,070	317,700	446,636	318,017
Minority interest	15		190	-	-
Total shareholders' equity		446,085	317,890	446,636	318,017

The accounting policies and explanatory notes on pages 62 to 83 form an integral part of the consolidated financial statements.

Profit and Loss Statements

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER

		Group		Company	
	Note	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Operating revenue	17	698,823	639,081	628,880	547,498
Operating expenses	18	(526,936)	(500,772)	(457,885)	(409,378)
Other revenue	19	937	128	2,452	285
Operating profit		172,824	138,437	173,447	138,405
Finance costs	20	(11,529)	(7,256)	(11,528)	(7,254)
Profit before tax		161,295	131,181	161,919	131,151
Taxation	15	(33,300)	(30,762)	(33,300)	(30,562)
Net profit before minority interest		127,995	100,419	128,619	100,589
Minority interest		375	59	-	-
Net profit after minority interest		128,370	100,478	128,619	100,589
Earnings per share (cents)	21				
Basic		12.2	9.6	12.2	9.6
Diluted		12.2	9.6	12.2	9.6
EBITDA	22	270,918	222,884	270,698	221,909

The accounting policies and explanatory notes on pages 62 to 83 form an integral part of the consolidated financial statements.

Statements of Changes in Shareholders' Equity

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER

		Group		Company	
	Note	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Issued share capital	16				
Balance at beginning of financial year		140,000	140,000	140,000	140,000
Sub-division of ordinary shares of S\$1 into 5 ordinary shares of S\$0.20 each		-	-	-	-
Bonus issue of ordinary shares before initial public offering		70,000	-	70,000	-
Balance at end of financial year		210,000	140,000	210,000	140,000
Retained profits:					
Balance at beginning of financial year		177,700	77,222	178,017	77,428
Bonus issue by capitalisation of retained profits		(70,000)	-	(70,000)	-
Net profit after minority interest		128,370	100,478	128,619	100,589
Balance at end of financial year		236,070	177,700	236,636	178,017
Total shareholders' equity		446,070	317,700	446,636	318,017

The accounting policies and explanatory notes on pages 62 to 83 form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statements

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER

	Note	2002 S\$'000	2001 S\$'000
Cash flows from operating activities:			
Profit before tax		161,295	131,181
Adjustments for:			
Depreciation of fixed assets		97,993	84,347
Amortisation of licences/spectrum rights		101	100
Interest on bank overdrafts		19	41
Interest on bank loans		11,510	7,215
Operating profit before working capital changes		270,918	222,884
Changes in:			
Inventories		(9,687)	6,623
Trade debtors		(7,334)	(9,074)
Other debtors		(6,684)	6,745
Creditors		7,020	(2,702)
Related parties		(587)	(810)
Payment of tax		-	(62)
Interest paid		(14,496)	(7,256)
Net cash flow from operating activities		239,150	216,348
Cash flows from investing activities:			
Purchase of fixed assets		(133,710)	(157,669)
Acquisition of licences/spectrum rights		-	(97,087)
Proceeds from issue of shares by a subsidiary to minority shareholder		200	249
Net cash flow used in investing activities		(133,510)	(254,507)
Cash flows from financing activities:			
Decrease in non-current staff loans		506	115
Proceeds from/(repayment of)			
- shareholders' loans		(174,000)	-
- term loans		66,990	37,140
Net cash flow (used in)/from financing activities		(106,504)	37,255
Net changes in cash and cash equivalents		(864)	(904)
Cash and cash equivalents at beginning of financial year	11	105	1,009
Cash and cash equivalents at end of financial year	11	(759)	105

The accounting policies and explanatory notes on pages 62 to 83 form an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

1 CORPORATE INFORMATION

The consolidated financial statements of MobileOne Ltd (the “Company”) for the year ended 31 December 2002 were authorised for issue in accordance with a resolution of the Directors on 5 February 2003.

On 8 November 2002, the Company was converted from a private company into a public company and changed its name from MobileOne (Asia) Pte Ltd to MobileOne Ltd.

The Company was admitted to the official list of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 4 December 2002.

The principal place of business of the Company is at 10 International Business Park, Singapore 609928.

The principal activities of the Group are the provision of voice and data communications services, including cellular mobile, paging and international call services, mobile retail sales, after-sales support, customer services and investment holding.

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

The Group operates in Singapore. As at 31 December 2002, the Group had 1,453 employees (2001: 1,445).

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis and in accordance with Singapore Statements of Accounting Standard and applicable disclosure requirements of the Singapore Companies Act.

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

The consolidated financial statements are presented in Singapore Dollars (\$\$).

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its controlled subsidiaries made up to the end of the financial year presented in the financial statements, after the elimination of all material intercompany transactions. The results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition or to the date of disposal.

The Company holds 50% of the issued share capital of Wireless Intellect Labs Pte Ltd (“WIL”) which is deemed to be a subsidiary of the Company by reason of the Company’s right to appoint a majority of WIL’s Directors.

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

(c) Subsidiaries

Investments in subsidiaries are stated in the financial statements of the Company at cost. Provision is made for impairment in value.

(d) Fixed assets

Fixed assets are stated at cost or valuation 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 account 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 commencing from the date of commercial launch of services. No depreciation is provided on capital work-in-progress.

An assessment of the carrying value of fixed assets is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist, in which case, the estimated economic useful life would be revised accordingly.

Depreciation is calculated on a straight-line basis.

The estimated useful lives have been taken 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

(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 thirteen to seventeen years commencing from the date of commercial launch of services. Where the services which the licence or rights is granted have yet to commence, no amortisation is made. Licences and spectrum rights are stated at costs less accumulated amortisation and any impairment.

The carrying values of licences and spectrum rights are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(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 stated in the balance sheets 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. Provision for obsolescence is made for slow-moving, obsolete inventories and trade-in inventories.

(h) Trade and other debtors

Trade debtors are recognised and carried at original invoiced amount less an allowance 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.

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

(i) Cash and cash equivalents

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

For purpose of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts.

(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.

Amounts 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.

(l) Employee benefits

Defined contribution plan

As required by Singapore law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employees' entitlement to annual leave is recognised when it accrues to the employees. A provision is made for the estimated liability of unconsumed leave as a result of services rendered by employees up to the balance sheet date.

Employee share incentive

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

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

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 assets and unused tax losses can be utilised.

(o) Impairment of assets

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

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(p) Revenue recognition

Revenue of the Group comprises fees earned from telecommunication services rendered and equipment sales and repairs. 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.
- Revenue from sale of pre-paid cards but for which services have not been rendered is deferred on the balance sheet. Upon termination of the pre-paid cards, any unutilised value of the pre-paid cards will be taken to the profit and loss statement.
- Revenue from sale of equipment is recognised upon the passing of title to the customer which generally coincides with delivery and acceptance of the equipment sold.

(q) Customer acquisition costs

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

(r) Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased terms are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss statements 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 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

Monetary assets and liabilities denominated in foreign currencies are translated into Singapore Dollars at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Singapore Dollars at the exchange rates prevailing at transaction dates. Transactions in foreign currencies during the financial year are converted into Singapore Dollars at the exchange rates prevailing at transaction dates. All exchange differences are recognised in the profit and loss statements.

(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 voice and data communications services including cellular, paging and international direct dial services, mobile retail sales, after-sales support and customer services.

3 FIXED ASSETS

	Leasehold Buildings S\$'000	Networks & 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
Group							
Cost:							
Balance at beginning of year	46,473	728,178	113,484	1,720	12,059	27,742	929,656
Additions/(transfers upon completion)	29,303	92,729	23,010	645	280	(11,965)	134,002
Disposals	-	-	(186)	(886)	(802)	-	(1,874)
Balance at end of year	75,776	820,907	136,308	1,479	11,537	15,777	1,061,784
Accumulated depreciation:							
Balance at beginning of year	7,322	148,804	58,879	1,337	5,592	-	221,934
Charge for the year	3,700	73,559	18,835	238	1,661	-	97,993
Disposals	-	-	(182)	(871)	(529)	-	(1,582)
Balance at end of year	11,022	222,363	77,532	704	6,724	-	318,345
Charge for 2001	2,598	56,942	22,750	384	1,673	-	84,347
Net book value:							
At end of year	64,754	598,544	58,776	775	4,813	15,777	743,439
At beginning of year	39,151	579,374	54,605	383	6,467	27,742	707,722
Company							
Cost:							
Balance at beginning of year	46,473	728,178	111,668	1,678	7,417	27,742	923,156
Additions/(transfers upon completion)	29,304	92,729	22,903	647	86	(11,965)	133,704
Disposals	-	-	-	(886)	(2)	-	(888)
Balance at end of year	75,777	820,907	134,571	1,439	7,501	15,777	1,055,972
Accumulated depreciation:							
Balance at beginning of year	7,322	148,804	57,362	1,310	3,385	-	218,183
Charge for the year	3,700	73,559	18,645	229	1,017	-	97,150
Disposals	-	-	-	(871)	(1)	-	(872)
Balance at end of year	11,022	222,363	76,007	668	4,401	-	314,461
Charge for 2001	2,598	56,942	22,481	374	1,009	-	83,404
Net book value:							
At end of year	64,755	598,544	58,564	771	3,100	15,777	741,511
At beginning of year	39,151	579,374	54,306	368	4,032	27,742	704,973

4 LICENCES AND SPECTRUM RIGHTS

	Group and Company	
	2002	2001
	S\$'000	S\$'000
Cost:		
Balance at beginning of year	98,347	1,260
Acquisition of licences/spectrum rights	-	97,087
Balance at end of year	98,347	98,347
Accumulated amortisation:		
Balance at beginning of year	293	193
Amortisation	101	100
Balance at end of year	394	293
Net book value		
At end of year	97,953	98,054
At beginning of year	98,054	1,067

5 STAFF LOANS

	Group and Company	
	2002	2001
	S\$'000	S\$'000
- Repayable within one year (included in Note 9)	351	472
- Repayable after one year	882	1,388
	1,233	1,860

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% (2001: 2%) per annum.

6 INTERESTS IN SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2002 are as follows:

Name of company	Date and country of incorporation	Effective interest of the Company		Cost of investment		Principal activities (place of business)
		2002 %	2001 %	2002 S\$'000	2001 S\$'000	
M1 Shop Pte Ltd	21 March 1996 Singapore	100	100	2,000	2,000	Sale, servicing and repair of telecommunication equipment (Singapore)
M1 Capital Ltd	27 June 1996 Singapore	100	100	25	25	Special purpose finance vehicle – inactive (Singapore)
Wireless Intellect Labs Pte Ltd	20 June 2001 Singapore	50	50	450	250	Research and development (Singapore)
				2,475	2,275	

The subsidiaries are audited by Ernst & Young, Singapore.

7 INVENTORIES

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Handsets and pagers	15,743	4,303	-	-
Accessories	1,334	2,288	861	1,461
	17,077	6,591	861	1,461
Less:				
Provision for inventory obsolescence	(5,103)	(4,304)	-	-
	11,974	2,287	861	1,461

Handset inventories costing S\$15,699,000 (2001: S\$4,017,000) have net realisable value of S\$10,982,000 (2001: S\$336,000)

Movement in provision for inventory obsolescence was as follows:

	Group	
	2002	2001
	S\$'000	S\$'000
Balance at beginning of year	4,304	7,040
Provision/(write back) for the year	800	(2,509)
Inventories written-off	(1)	(227)
Balance at end of year	5,103	4,304

8 TRADE DEBTORS

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Trade debtors are stated after deducting provision for doubtful debts	22,335	22,071	22,020	21,756

Movement in provision for doubtful debts was as follows:

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of year	22,071	27,565	21,756	27,250
Charge to profit and loss statements	21,864	17,326	21,864	17,326
Bad debts written off	(21,600)	(22,820)	(21,600)	(22,820)
Balance at end of year	22,335	22,071	22,020	21,756

9 OTHER DEBTORS

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits	3,373	4,592	2,451	3,690
Staff loans (Note 5)	351	472	351	472
Prepayments	9,397	4,830	9,107	4,608
Sundry debtors	5,180	1,723	3,314	1,020
	18,301	11,617	15,223	9,790

10 DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Due from subsidiaries, trade	-	-	6,768	97
Due from other related parties	78	96	-	-
	78	96	6,768	97
Due to subsidiaries, trade	-	-	(33)	(4,946)
Due to other related parties	(2,692)	(3,297)	(2,688)	(3,290)
	(2,692)	(3,297)	(2,721)	(8,236)

The amounts due from/(to) related parties are unsecured, interest-free and are not expected to be repaid after one year.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Cash and bank balances	626	948	484	409
Bank overdrafts (unsecured)	(1,385)	(843)	(1,385)	(786)
	(759)	105	(901)	(377)

12 CREDITORS

	Group		Company	
	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Trade creditors	22,295	25,090	19,183	21,329
Accrued operating expenses	66,648	59,711	62,033	53,316
Accrued capital expenditure	45,111	47,420	45,111	47,396
Unearned revenue	20,301	15,064	20,301	15,044
Interest payable	1,080	4,047	1,080	4,047
Directors' fee payable	186	122	186	122
Other creditors	489	603	465	550
	156,110	152,057	148,359	141,804

13 BORROWINGS

	Group and Company	
	2002 S\$'000	2001 S\$'000
Unsecured bank loans		
Repayable within one year	21,200	131,360
Repayable after one year	250,000	72,850
	271,200	204,210

The loans bear interest at 1.40% to 4.26% (2001: 2.55% to 5.02%) per annum during the financial year.

During the year, the Group obtained S\$250 million of unsecured loan facilities from a syndicate of financial institutions. As at 31 December 2002, the full amount of S\$250 million had been drawn down. The loan is repayable in full in 2007.

The interest rate of the unsecured syndicated loan is based on the variable Singapore Dollar Swap Offer Rate, payable semi-annually every November and May.

The Group has exchanged the variable Singapore Dollar Swap Offer Rate with a fixed interest rate by entering into an interest rate swap agreement with a financial institution whereby it receives interest at the variable Singapore Dollar Swap Offer Rate and pays interest at a fixed Singapore Dollar rate of 4.255% 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 SHAREHOLDERS' LOANS

The shareholders' loans were unsecured, interest free, had no fixed term of repayment and had been repaid fully during the year.

15 TAXATION

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

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred taxation	33,300	30,700	33,300	30,500
Underprovision of current taxation in prior years	-	62	-	62
	33,300	30,762	33,300	30,562

A reconciliation of the statutory tax rates with the effective tax rates applicable to profit from operations of the Group for the financial years ended 31 December 2002 and 2001 was as follows :

	Group		Company	
	2002	2001	2002	2001
	%	%	%	%
Statutory rate	22.0	24.5	22.0	24.5
Effect of reduction in tax rate	(1.9)	-	(1.9)	-
Effect of non-deductible expenses	0.5	0.4	0.5	0.4
Others	0.2	(1.5)	-	(1.6)
Effective tax rate	20.8	23.4	20.6	23.3

Analysis of deferred tax liabilities:

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of year	30,700	-	30,500	-
Provision for the year	33,300	30,700	33,300	30,500
Balance at end of year	64,000	30,700	63,800	30,500

15 TAXATION (continued)

Deferred income tax assets and liabilities

Deferred taxes at 31 December related to the following:

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liability				
Difference in depreciation	77,035	46,385	76,704	45,856
Deferred tax assets				
Provision for inventory obsolescence and doubtful debts and unconsumed annual leave	(1,700)	(2,911)	(1,569)	(2,733)
Unutilised tax losses	-	(80)	-	-
Unutilised investment allowances	(11,335)	(12,623)	(11,335)	(12,623)
Unabsorbed capital allowances	-	(71)	-	-
	(13,035)	(15,685)	(12,904)	(15,356)
Net deferred tax liability	64,000	30,700	63,800	30,500

16 SHARE CAPITAL

	Group and Company	
	2002	2001
	S\$'000	S\$'000
Authorised:		
Balance at beginning of year		
200,000,000 (2001: 200,000,000) ordinary shares of S\$1 each	200,000	200,000
Increased during the year		
400,000,000 (2001: Nil) ordinary shares of S\$1 each	400,000	-
	600,000	200,000
Sub-division of 600,000,000 ordinary shares of S\$1 each into 3,000,000,000 ordinary shares of S\$0.20 each	-	-
Balance at end of year		
3,000,000,000 ordinary shares of S\$0.20 each (2001: 200,000,000 ordinary shares of S\$1 each)	600,000	200,000

16 SHARE CAPITAL (continued)

	Group and Company	
	2002 S\$'000	2001 S\$'000
Issued and fully paid:		
Balance at beginning of year		
140,000,100 (2001: 140,000,100) ordinary shares of S\$1 each	140,000	140,000
Movement during the year		
Sub-division of 1 ordinary share of S\$1 each into 5 ordinary shares of S\$0.20 each	-	-
Bonus issue of 350,000,249 (2001: Nil) ordinary shares of S\$0.20 each	70,000	-
Balance at end of year		
1,050,000,749 ordinary shares of S\$0.20 each (2001: 140,000,100 ordinary shares of S\$1 each)	210,000	140,000

17 OPERATING REVENUE

	Group		Company	
	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Cellular and paging	545,771	489,687	545,771	489,687
International call service	83,109	57,811	83,109	57,811
Equipment sales & repair	69,943	91,583	-	-
	698,823	639,081	628,880	547,498

18 OPERATING EXPENSES

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Cost of sales	231,557	228,693	184,088	161,398
Staff costs	87,648	85,637	76,643	73,653
Advertising and promotion expenses	32,688	38,792	29,203	34,273
Depreciation and amortisation	98,094	84,447	97,251	83,504
Provision for doubtful debts	21,864	17,326	21,864	17,326
General and administrative expenses	55,085	45,877	48,836	39,224
	526,936	500,772	457,885	409,378

Total operating expenses included the following:

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Auditors' remuneration				
Statutory audit	100	93	83	76
Other services	63	4	61	3
CPF contributions	9,990	9,663	9,240	8,080
Directors' remuneration	420	122	420	122
Foreign exchange loss/(gain), net	17	(399)	19	(346)
Provision for/(write back of)				
inventory obsolescence	800	(2,509)	-	-

19 OTHER REVENUE

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
(Loss)/gain on disposal of fixed assets	(33)	34	242	34
Government grant	668	-	668	-
Others	302	94	1,542	251
	937	128	2,452	285

20 FINANCE COSTS

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on bank overdrafts	19	41	18	39
Interest on bank loans	11,510	7,215	11,510	7,215
	11,529	7,256	11,528	7,254

21 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary 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 ordinary 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 2002 and 2001:

	Group	
	2002	2001
	S\$'000	S\$'000
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	128,370	100,478
Weighted average of ordinary shares on issue applicable to basic earnings per share	1,050,000,749	1,050,000,749
Effect of dilutive securities:		
Share Option	-	-
Adjusted weighted average of ordinary shares on issue applicable to diluted earnings per share	1,050,000,749	1,050,000,749

There is no dilution of earnings as the average market price of ordinary shares was lower than the exercise price of the share option from the date of the launch of Initial Public Offering on 4 December 2002 to 31 December 2002.

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

EBITDA is defined as follows:

	Group		Company	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before tax	161,295	131,181	161,919	131,151
Adjustment for:				
Amortisation of licences/spectrum rights	101	100	101	100
Depreciation of fixed assets	97,993	84,347	97,150	83,404
Interest on bank overdrafts	19	41	18	39
Interest on bank loans	11,510	7,215	11,510	7,215
EBITDA	270,918	222,884	270,698	221,909

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following are transactions entered into by the Group with related parties at market rates:

	Group	
	2002	2001
	S\$'000	S\$'000
Purchases from related parties	31,150	25,711
Sales to related parties	(25)	(107)

24 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	
	2002	2001
	S\$'000	S\$'000
Authorised and contracted for	66,955	108,715

24 COMMITMENTS (continued)

Operating lease commitments

Rental expense (principally for land, offices, retail outlets and service centres) were S\$6,437,000 and S\$10,650,000 for the financial years ended 31 December 2002 and 2001 respectively.

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

	Group		Company	
	2002 S\$'000	2001 S\$'000	2002 S\$'000	2001 S\$'000
Within one year	10,503	11,495	7,180	7,847
After one financial year but not more than five financial years	9,390	10,267	7,886	8,349
More than five financial years	37,438	9,485	37,438	9,485
	57,331	31,247	52,504	25,681

25 EMPLOYEE SHARE INCENTIVE

On 8 November 2002, the Company adopted the MobileOne Share Option Scheme (the "Share Option Scheme"). The employees (including Executive Directors) and Non-executive Directors of the Company and its subsidiaries shall, subject to certain conditions, be eligible to participate in the Share Option Scheme.

The total number of ordinary shares over which the Company may grant option under the Share Option Scheme shall not exceed 10% of its issued share capital on the day preceding the relevant date of grant.

Under the Share Option Scheme, the Company has granted to its employees option to subscribe for an aggregate of 10,582,000 of its ordinary shares at S\$1.25. Such option will vest over a period of three years from the date of grant and will 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 the grant.

As at 31 December 2002, the number of options outstanding was 10,582,000.

26 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.

26 FINANCIAL INSTRUMENTS (continued)

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 2002, after taking into account the effect of interest rate swap, all the Group's borrowings were at fixed rate of interest.

Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore Dollars. 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.

Fair values

Financial assets and liabilities

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

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

	Carrying amount		Fair value	
	2002	2001	2002	2001
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured bank loans	271,200	204,210	271,200	204,905

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.

26 FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

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

No comparative information for the previous years is presented as the Group only entered into interest rate swap agreement during the year.

Exchange rate exposure

As of 31 December 2002, the Group has a number of foreign exchange contracts outstanding as of 31 December 2002 that have been entered into as a hedge of payment for services received denominated in United States Dollars. The foreign exchange contracts provide for the Group to buy United States Dollars at a predetermined forward rate with delivery dates that range from one to two months. As of 31 December 2002, the unrealised gain or loss on these forward contracts is not material as they were contracted in December 2002 and have short maturity period between one to two months.

Credit risk exposure

The Group's maximum exposure to credit risk in the event the counter-parties fail to perform their obligations as of 31 December 2002 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.

27 DIVIDEND PROPOSED

The Directors propose that a final tax exempt dividend of 7.30 cents per ordinary share amounting to S\$76,650,055 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.

28 COMPARATIVES

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

Additional Information

List of Major Properties

Name/Use	Address	Floor Area (sq m)	Date of Purchase	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*
Main Operations Centre II (MOC II) - 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 years.

Interested Person Transactions

Interested person transactions carried out during the financial year by the Group are as follows:

	Aggregate value of all transactions (excluding transactions less than S\$100,000)*
	2002
	S\$'000

Transactions for the Purchase of Goods and Services

Keppel Communications Pte Ltd	23,898
Travelmore Pte Ltd	265
Keppel FMO Pte Ltd	120
Keppel Logistics Pte Ltd	960
Keppel Insurance Pte Ltd	218
Affinity Communications Pte Ltd	640
Radiance Communications Pte Ltd	143
Reach International Telecom (Singapore) Pte Ltd	250
Cable & Wireless plc	3,442
Singapore Press Holdings Limited	6,374
SPH MediaWorks Ltd	1,098
Reach Global Services Limited	2,841
EM Services Pte Ltd	125

The companies referred to above have, since the Initial Public Offering of the Company on 4 December 2002, ceased to be “interested persons” as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

* The Company does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Corporate Information

Board of Directors

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

Audit Committee

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

Remuneration Committee

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

Nominating Committee

Thio Su Mien	Chairman
Patrick Yeoh Khwai Hoh	
Reggie Thein	

Company Secretaries

Eunice Phua Ling
Lawrence Chan Kong Meng

Registered Address

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

Registrar

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

Auditors

Ernst & Young
Certified Public Accountants
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315
Partner-in charge (since 1993): Tan Wee Khim

Principal Bankers

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

Shareholding Information

AS AT 3 MARCH 2003

Authorised share capital:	S\$600,000,000
Class of shares:	Ordinary shares of S\$0.20 each
Issued and fully paid up capital:	S\$210,000,150
Voting rights:	One vote per share

Distribution of Shareholdings

Size of Holdings	Shareholders	%	No. of Shares	%
1 - 999	2	0.01	580	0.00
1,000 - 10,000	14,667	97.59	22,185,000	2.11
10,001 - 1,000,000	348	2.32	11,302,000	1.08
1,000,001 and above	12	0.08	1,016,513,169	96.81
Total	15,029	100.00	1,050,000,749	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	DBS Nominees Pte Ltd	174,315,100	16.60
2	Raffles Nominees Pte Ltd	170,487,800	16.24
3	Keppel Telecoms Pte Ltd	148,689,362	14.16
4	SPH Multimedia Pte Ltd	148,689,362	14.16
5	Great Eastern Telecommunications Limited	127,448,025	12.14
6	HSBC (Singapore) Nominees Pte Ltd	87,884,232	8.37
7	Citibank Nominees Singapore Pte Ltd	60,645,888	5.78
8	United Overseas Bank Nominees Pte Ltd	40,952,200	3.90
9	DB Nominees (S) Pte Ltd	33,789,000	3.22
10	Morgan Stanley Asia (Singapore) Securities Pte Ltd	20,468,200	1.95
11	Oversea-Chinese Bank Nominees Pte Ltd	1,972,000	0.19
12	UOB Kay Hian Pte Ltd	1,172,000	0.11
13	BNP Paribas Nominees Singapore Pte Ltd	750,000	0.07
14	ABN Amro Nominees Singapore Pte Ltd	675,000	0.06
15	The Asia Life Assurance Society Ltd - S'pore Life Fund	550,000	0.05
16	G K Goh Stockbrokers Pte Ltd	290,000	0.03
17	Tan Seng @ Tan Hun Seng	250,000	0.02
18	Chou Li Chen	240,000	0.02
19	Ang Kong Hua	235,000	0.02
20	Kwek Sian Shit	150,000	0.01
Total		1,019,653,169	97.10

Substantial Shareholders

(as shown in the Register of Substantial Shareholders)

Name	No. of Shares			
	Direct Interest	Deemed Interest	Total Interest	%
Temasek Holdings (Private) Limited	-	148,898,362 ⁽¹⁾	148,898,362	14.18
Keppel Telecoms Pte Ltd	148,689,362	-	148,689,362	14.16
Keppel Telecommunications & Transportation Ltd	-	148,689,362 ⁽²⁾	148,689,362	14.16
Keppel Corporation Limited	-	148,689,362 ⁽²⁾	148,689,362	14.16
SPH Multimedia Private Limited	148,689,362	-	148,689,362	14.16
Singapore Press Holdings Limited	-	148,689,362 ⁽³⁾	148,689,362	14.16
Great Eastern Telecommunications Ltd	127,448,025	-	127,448,025	12.14
Cable & Wireless plc	-	127,448,025 ⁽⁴⁾	127,448,025	12.14
PCCW-HKT Limited	-	127,448,025 ⁽⁴⁾	127,448,025	12.14

Notes:

- (1) Temasek Holdings (Private) Limited is deemed to be interested in the 148,898,362 shares held by Keppel group of companies and HSBC (S) Nominees Pte Ltd.
- (2) Keppel Telecommunications & Transportation Ltd and Keppel Corporation Limited are deemed to be interested in the 148,689,362 shares held by Keppel Telecoms Pte Ltd.
- (3) Singapore Press Holdings Limited is deemed to be interested in the 148,689,362 shares held by SPH Multimedia Private Limited.
- (4) Cable & Wireless plc and PCCW-HKT Limited are deemed to be interested in the 127,448,025 shares held by Great Eastern Telecommunications Ltd.

Free Float

As at 3 March 2003, approximately 59.5% 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 1st Annual General Meeting of the ordinary shareholders of the Company will be held at Sheraton Towers, Level 2, Ballroom 2, 39 Scotts Road, Singapore 228230 on 14 April 2003 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 2002. | Resolution 1 |
| 2 | To declare a final tax exempt dividend of 7.30 cents per share comprising normal tax exempt dividend of 5.85 cents per share and tax exempt (1-tier) dividend of 1.45 cents per share for the year ended 31 December 2002. | 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. | 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. Lim Chee Onn | Resolution 4 |
| (ii) | Mr. Low Huan Ping | Resolution 5 |
| (iii) | Mr. Arthur Seet Keong Hoe (see Note 2) | Resolution 6 |
| (iv) | Mr. Teo Soon Hoe | Resolution 7 |
| 5 | To re-elect the following Directors who, being appointed by the Board of Directors after the last Annual General Meeting, retire in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offer themselves for re-election: | |
| (i) | Mr. Neil Montefiore | Resolution 8 |
| (ii) | Mr. Reggie Thein (see Note 3) | Resolution 9 |
| (iii) | Dr. Thio Su Mien (see Note 4) | Resolution 10 |
| (iv) | Mr. Patrick Yeoh Khwai Hoh (see Note 5) | Resolution 11 |
| 6 | To approve Directors' fees of S\$187,170 for the year ended 31 December 2002 (see Note 6). | Resolution 12 |
| 7 | To re-appoint Auditors and authorise the Directors to fix their remuneration. | Resolution 13 |

AS SPECIAL BUSINESS

- | | | |
|-----|---|---------------|
| 8 | To consider and if thought fit, approving, with or without modifications, Resolution 14, which will be proposed as an Ordinary Resolution: | |
| 8.1 | That pursuant to Section 161 of the Companies Act (Chapter 50) and Article 8B of the Company's Articles of Association, authority be and is hereby given to the Directors of the Company to:- | Resolution 14 |
| (a) | (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or, | |

AS SPECIAL BUSINESS (continued)

- (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 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 that the authority so 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 the authority was in force, provided that:-

- (i) 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 thereto and any adjustments effected under any relevant Instrument), does not exceed 50 per cent of the issued share capital of the Company (as calculated in accordance with paragraph (ii) 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 and any adjustments effected under any relevant Instrument) does not exceed 20 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be calculated based on the maximum potential issued share capital of the Company as at the date of the passing of this Resolution after adjusting for:-
 - (1) new Shares arising from the conversion or exercise of convertible securities or employee share options issued pursuant to any previous shareholder approval, and which are outstanding as at the date of the passing of this Resolution; and
 - (2) any subsequent consolidation or sub-division of shares;
- (iii) in exercising the power to make or grant Instruments (including the making of any adjustments under any relevant Instrument), the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited (“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
- (iv) (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 is required by law to be held, whichever is the earlier (see Note 7).

9 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 24 April 2003 to 25 April 2003 (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 23 April 2003 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 12 May 2003.

BY ORDER OF THE BOARD



Eunice Phua/Lawrence Chan
Company Secretaries

Singapore, 28 March 2003

Notes:

- 1 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.
- 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 Mr. Reggie Thein will upon re-election continue to serve as Chairman of the Audit Committee. Mr. Thein is considered an independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- 4 Dr. Thio Su Mien will upon re-election continue to serve as Member on the Audit Committee. Dr. Thio is considered an independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- 5 Mr. Patrick Yeoh will upon re-election continue to serve as Member on the Audit Committee. Mr. Yeoh is considered an independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.
- 6 Directors' fees payable to Messrs. Lim Chee Onn, Roger Barlow, Low Huan Ping, Arthur Seet Keong Hoe, Rolf-Kristian Soderstrom and Teo Soon Hoe will be paid to the relevant shareholder (namely; Great Eastern Telecommunications Ltd, Keppel Telecoms Pte Ltd or SPH Multimedia Private Limited, as appropriate) that nominated each of them.
- 7 Ordinary Resolution 14 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.

Proxy Form



IMPORTANT:

- 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.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

MobileOne Ltd

(Incorporated in the Republic of Singapore)

Annual General Meeting

I/We, _____ (Name)

of _____ (Address)

being a Member/Members of MobileOne Ltd, hereby appoint:-

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			Number of Shares	%
_____	_____	_____	_____	_____

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			Number of Shares	%
_____	_____	_____	_____	_____

as my/our proxy/proxies to attend vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Monday, 14 April 2003 at 10.00 a.m., and at Sheraton Towers, Level 2, Ballroom 2, 39 Scotts Road, Singapore 228230 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

Resolutions	To be used on a show of hands		To be used in the event of a poll	
	For *	Against*	No. of Votes For**	No. of Votes Against**
Ordinary Business				
1 Adoption of Directors' Report and Accounts	_____	_____	_____	_____
2 Declaration of Dividends	_____	_____	_____	_____
3 To re-appoint Mr. Hsuan Owyang as Director pursuant to Section 153(6) of the Companies Act, Cap. 50	_____	_____	_____	_____
4 To re-elect Mr. Lim Chee Onn as Director	_____	_____	_____	_____
5 To re-elect Mr. Low Huan Ping as Director	_____	_____	_____	_____
6 To re-elect Mr. Arthur Seet Keong Hoe as Director	_____	_____	_____	_____
7 To re-elect Mr. Teo Soon Hoe as Director	_____	_____	_____	_____
8 To re-elect Mr. Neil Montefiore as Director	_____	_____	_____	_____
9 To re-elect Mr. Reggie Thein as Director	_____	_____	_____	_____
10 To re-elect Dr. Thio Su Mien as Director	_____	_____	_____	_____
11 To re-elect Mr. Patrick Yeoh Khwai Hoh as Director	_____	_____	_____	_____
12 Approval of Directors' fees	_____	_____	_____	_____
13 Re-appointment of Auditors	_____	_____	_____	_____
Special Business				
14 Issue of additional shares pursuant to Section 161 of the Companies Act, Cap. 50	_____	_____	_____	_____

* 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 _____ 2003

Total Number of Shares held

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

Notes:-

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

[Fold along this line(1)]

Affix Postage Stamp

The Company Secretary
MobileOne Ltd
10 International Business Park
Singapore 609928

[Fold along this line(2)]

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