

NOTICE TO HOLDERS OF THE OUTSTANDING
SOMERSET GLOBAL CORPORATION LIMITED
S\$1,562,500,000 Zero Coupon
Guaranteed Exchangeable Notes due 2009 (the "Notes")
Exchangeable into Ordinary Shares of
Singapore Telecommunications Limited

Common Code: 018372568

ISIN: XS0183725687

Terms defined in the Notes shall have the same meanings when used in this Notice

Background: Singapore Telecommunications Limited (the "**Company**") has implemented a capital reduction effective 3 September 2004 under section 73 of the Companies Act of Singapore pursuant to which the Company cancelled, subject to rounding-up, one Company Share for every 14 Company Shares held by shareholders as at 3 September 2004 (the "**Capital Reduction**"). The Company is expected to make a cash distribution of S\$2.36 for each Company Share so cancelled by 24 September 2004 (the "**Cash Distribution**").

Impact of Capital Reduction and Cash Distribution: Under the terms of the Notes, the Capital Reduction and the Cash Distribution constitute a "**Capital Distribution**" and require an adjustment to be made to the Exchange Property pursuant to Condition 6(h)(2) of the Notes. This adjustment is effected by:

- (A) Including in the Exchange Property, the cash amount attributable to the Capital Distribution in excess of the Reference Amount ("**Cash Exchange Property**"). This results in an aggregate of S\$55,622,458.76 being added to the Exchange Property.
- (B) Reducing the number of Company Shares comprising the Exchange Property to 576,781,110 pursuant to the cancellation of 44,367,767 Company Shares comprised in the initial Exchange Property based on the prescribed 1:14 ratio and the methodology set out by the Company in its announcement dated 6 May 2004 and circular to shareholders dated 29 June 2004.

Adjustment to the Exchange Property: Accordingly, with effect from 3 September 2004 the Exchange Property comprises (1) 576,781,110 Company Shares and (2) the right to receive from the Company a sum of S\$55,622,458.76, representing the Cash Exchange Property. Upon payment of the Cash Distribution, the Cash Exchange Property shall form part of the Exchange Property.

On the exercise of Exchange Rights after 3 September 2004, Noteholders will be entitled to receive 92,284.9776 Company Shares and S\$8,899.5934¹ for each S\$250,000 principal amount of Notes.

TABLE 1: Company Shares in Exchange Property Adjustment

(Adjusted in accordance with the Company's notice dated 6 May 2004 and the circular to shareholders of the Company dated 29 June 2004)

(A) Initial number of Company Shares in Exchange Property	621,148,877
(B) Number of Company Shares in Exchange Property cancelled pursuant to 1:14 ratio, subject to the rounding up methodology prescribed by the Company	44,367,767
(C) Remaining Company Shares in Exchange Property, rounded up to nearest 10 shares, after cancellation	576,781,110

TABLE 2: Cash Exchange Property Adjustment

(Numbers below are shown to 10 decimal places (except for (K))

<u>Distributions:</u>	
Cash Distribution for number of Company Shares in Exchange Property cancelled shown under (B) above:	
- (D) on aggregated basis (S\$2.36 x (B))	S\$104,707,930.1200000000
- (E) on a per Company Share in Exchange Property basis ((D) ÷ (A))	S\$0.1685713908
(F) Dividend per Company Share in Exchange Property	S\$0.0640000000
(G) Total distribution per Company Share in Exchange Property ((E) + (F))	S\$0.2325713908
<u>Reference Amount:</u>	
(H) Volume Weighted Average Company Share Price ("VWAP") for 10 consecutive trading days from 22 April 2004 to 5 May 2004 prior to the Company's announcement on 6 May 2004 (Source for Company Share prices: SGX-ST)	S\$2.3837280342

¹ After receipt of the Cash Distribution and to the extent that the Cash Distribution is paid in full.

(I) Applicable Reference Amount (6% x (H))	S\$0.1430236821
(J) Cash per Company Share in excess of Reference Amount ((G) – (I))	S\$0.0895477088 ²
(K) Cash Exchange Property ((J) x (A))	S\$55,622,458.76

Pursuant to Clause 14.24 of the Trust Deed, the Trustee is not at any time under any duty or responsibility to any holder of the Notes with respect to the nature or extent of the adjustment which is the subject of this Notice, when made to the Exchange Property, or with respect to the method employed. In addition, the Trustee is not at any time be under any duty or responsibility in respect of the validity or value (or the kind or amount) of the Exchange Property; and it makes no representation with respect thereto.

Notice issued by Somerset Global Corporation Limited

3 September 2004

² The simple calculation of (G) – (I) yields S\$0.0895477087 as a result of rounding of the constituent numbers.