

Let's Talk





CHICAGO

# ÒWe got it. Thank you!Ó



WE'RE GOING TO CHANGE HOW YOU TALK. Why type when you can talk? Free your time with **VoizMail** ðsend voice messages to friends, family or colleagues anytime, any day!



SINGAPORE







PARIS

# We've just closed the biggest deal of the year!



THE OPPORTUNITIES ARE LIMITLESS. With **e-commerce**, there's no limit to what you can achieve. It empowers you to communicate, collaborate and do business in real time, all the time. Explore opportunities never thought possible!



HONG KONG



SYDNEY

# Hey, who's England's most expensive footballer today?



WE'RE BRIDGING DISTANCES. Breaking barriers to communication everyday, bringing you closer than you thought possible. With **ValueFone**, you can make PC-to-Phone calls to anywhere in the world - don't let distance come between you and your answers.



LONDON









NEW YORK

# ÒHappy 50<sup>th</sup> Anniversary, grandpa and grandma!Ó



YOUR PRECIOUS MOMENTS. Cheer that special someone with on-line flowers that sing! Our **VoizCard** not only personalises every occasion, it textures your message with sound! Perfect for that priceless moment.



MILAN

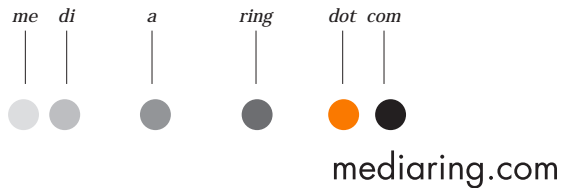




mediaring.com

the voice for the net generation

OUR SYMBOL comprising of 6 dots represents the word, *mediaring.com*. It reflects our reputation of expertise and professionalism while personalising our products.





# contents

- 01 > **OUR VISION** The Voice For The Net Generation
- 02 > **OUR BUSINESS** Advancing The Power Of Speech On The Web
- 04 > **OUR SERVICES** The Power Of The Spoken Word
- 08 > **CHAIRMAN'S MESSAGE** Going Forward With Strategic Partners
- 10 > **ON-LINE CHAT WITH THE CEO** Continuously Developing New Ideas
- 12 > **OUR LEADERSHIP TEAM** Board Of Directors
- 14 > **CORPORATE GOVERNANCE**
- 15 > **CORPORATE INFORMATION**
- 16 > **MANAGEMENT REVIEW** Leadership Position
- 20 > **WHAT'S NEXT IN THE EXPLOSIVE INTERNET SECTOR** Talky Takes You Through
- 23 > **FINANCIAL STATEMENTS**

# Worldwide Communication

## OUR VISION



THE VOICE FOR THE NET GENERATION THE HUMAN VOICE IS A POWERFUL TOOL AND IS THE NEXT NATURAL PROGRESSION IN INTERNET COMMUNICATIONS. ITS IMPACT ON THE INTERNET WILL BE AS PROFOUND AS THE INTRODUCTION OF SOUND TO SILENT FILMS.

MEDIARING.COM IS THE LEADING PROVIDER OF INTEGRATED INTERNET VOICE COMMUNICATION SERVICES ENABLING WORLDWIDE COMMUNICATION, COLLABORATION AND COMMERCE.

WE CAPITALIZE ON INNOVATIVE TECHNOLOGIES AND NURTURE OUR DEDICATED TALENT IN ORDER TO CREATE CUTTING-EDGE, HIGH QUALITY VOICE COMMUNICATION SOLUTIONS.



MEDIARING.COM IS REVOLUTIONIZING THE WAY PEOPLE ARE BEING **HEARD** ON THE INTERNET.



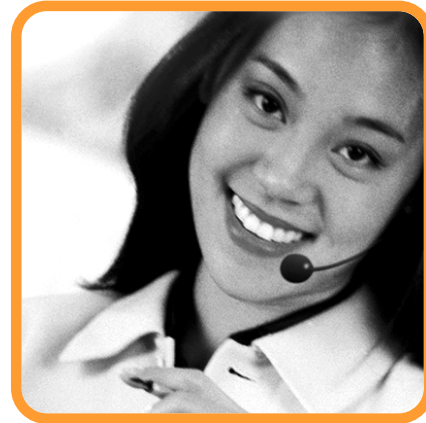
# Advancing The Power Of Speech On The Web



# OUR BUSINESS

## COMPANY HISTORY

We were founded in 1993 as Mediacom Technologies. The company focused on the development of Internet-related applications involving electronic transparency, real-time application and file transfer, for which it currently holds several patents. Since then, we witnessed the explosion of the Internet and recognize the significant role it will play in changing the way people communicate. Renamed in 1999 as MediaRing.com, we shifted our focus and technical expertise to a voice-based communication protocol that will empower people to speak and be heard on the Internet.



Today, MediaRing.com possesses a suite of integrated voice communication services that is fostering a rapidly expanding voice-enabled community of global users and enriching their Internet experience.

Our advanced technology, superior quality services and strategic partnerships have left us well-positioned to evolve our services in accordance with the future needs of this community.

## BUSINESS MODEL

MediaRing.com transcends the simple PC-to-PC phone call. Our unique business model consists of utilizing our high quality services as a platform to build higher traffic amongst Internet voice communities globally. More online traffic will in turn lead to higher online expenditure resulting in multiple revenue sources being generated. We were the first VoIP provider to incorporate and generate revenue from targeted streaming advertisements from the service client (MediaRing Talk).

Other revenue sources include banner advertising, direct marketing with voice newsletters, voice communication service hosting, PC-to-Phone calls (ValueFone), and e-commerce. More revenue streams will evolve, as our voice technology becomes a common voice-enabled platform on the Internet.

Our priority is to grow our user base quickly to reinforce our worldwide market leadership position in providing Web-based voice communication services. We provide most of our software and services free to encourage registration and usage.

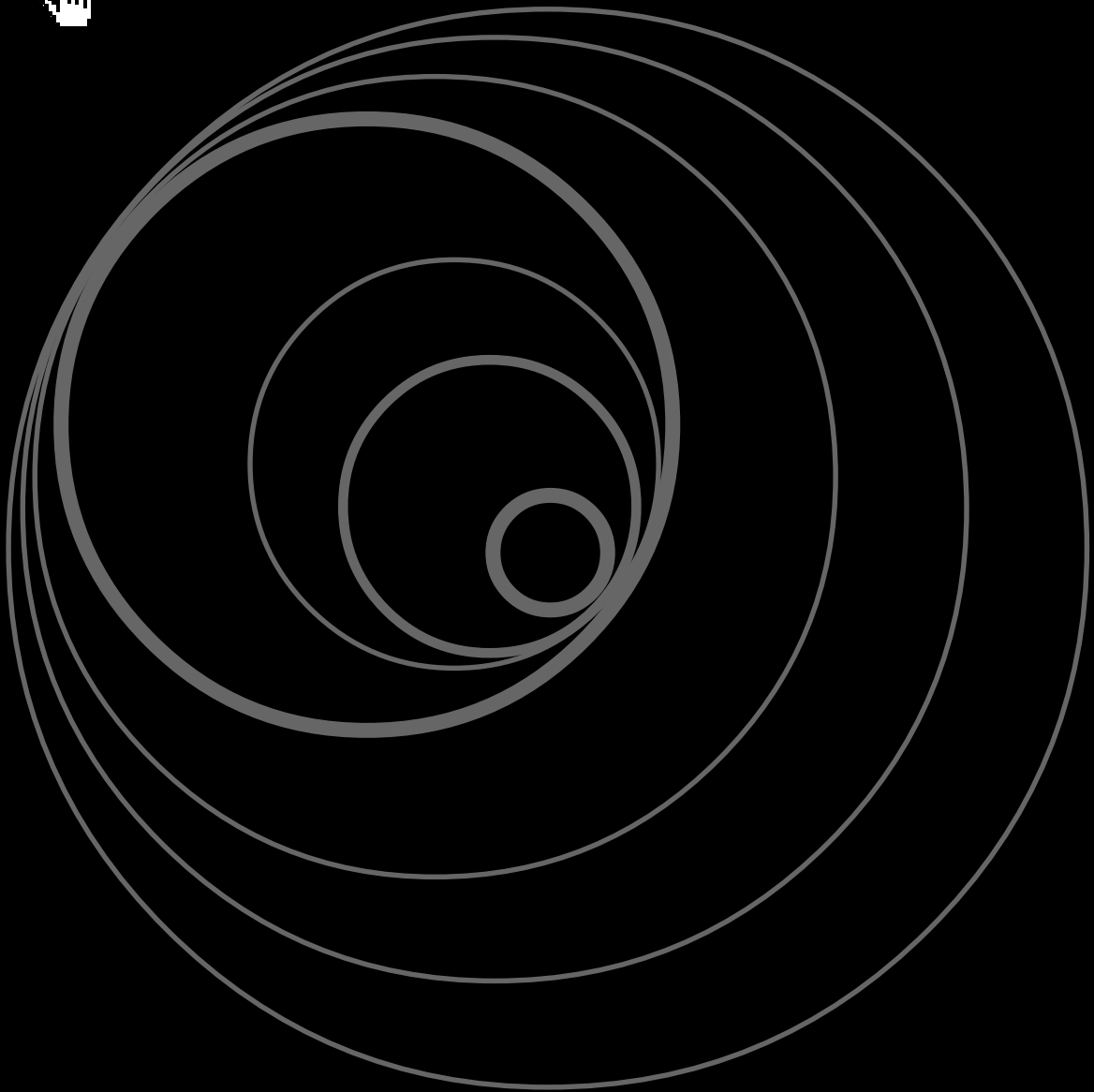
In addition, we will continue to enter into strategic alliances to further propagate our services to consumers and businesses. These alliances also enable MediaRing.com to test new grounds at lower risks, thereby enabling us to integrate our voice technology into every aspect of the Internet. Our alliance with renowned players such as ITXC.com and GTE has provided us with an improved VoIP infrastructure and further boosted the quality of our services.

MediaRing.com's diversified business model, centred on a voice-enabled Internet community, will help ensure that we remain a leader in the industry. 🏆

### DID YOU KNOW

...that Steve Woodmore holds the current WORLD RECORD for the fastest talker? He can speak 637 Words per Minute! That's 10.25 Words per second! You try and talk that fast, it isn't easy!

# The Power Of The Spoken Word



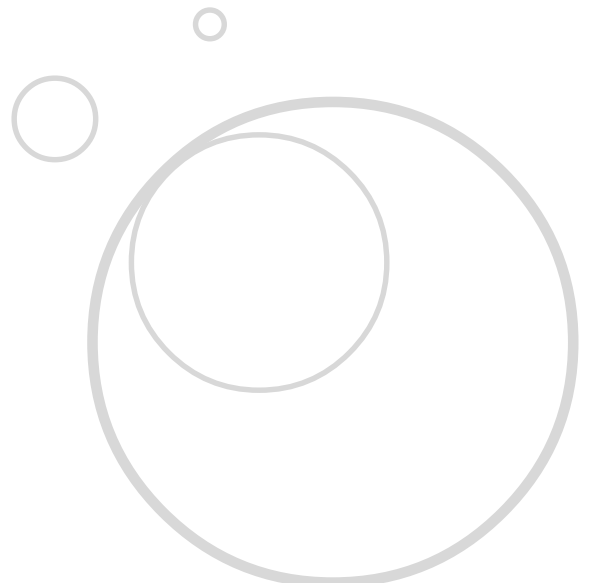
## OUR SERVICES

Our key software, MediaRing Talk, is now available in 10 languages - English, German, French, Italian, Spanish, Chinese, Korean, Japanese, Portuguese and Dutch. It has been an instant success since its launch in November 1998, and is currently being used in over 140 countries around the world. We have since leveraged on our core competencies in Internet voice communication technology to expand our services through the introduction of Web-based services such as TalkZone, MyTalky, VoizMail, VoizCard, RingCast, RingCash and Voice Persona.

### CORE SERVICES

**MediaRing Talk PC-to-PC** MediaRing Talk is a free software that enables users to call each other over the Internet with little compromise on voice quality. There are no time-based international and long distance call charges. In addition, the privacy of the user is protected. Personal details, such as phone numbers and e-mail addresses, are not listed in any public directory.

MediaRing Talk also incorporates our patented "Knocking" technology that automatically prompts for an Internet connection when an incoming call arrives at a PC that is not "online".



**ValueFone** Our ValueFone service enables users to make PC-to-Phone calls at significantly lower rates than those levied by traditional long distance carriers. Users must first purchase pre-paid "calling credits" either on MediaRing.com's web site or from resellers. The "calling credits" are sub-sequently debited based on charges in US dollars per minute of use, depending on the destination of the calls. Calls are routed through the private networks of China Netcom Corporation, Delta Three, ITXC and GTE, who own extensive dedicated Internet protocol networks that enable high quality voice transmission.

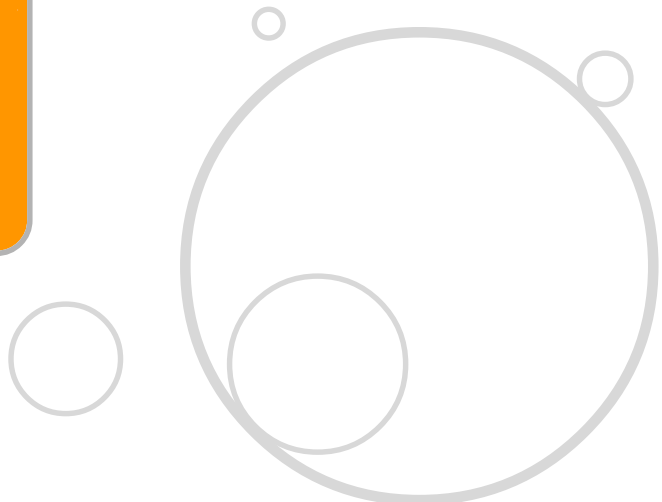
**OTHER SERVICES**

**VoizMail** The world's foremost Web-based voice messaging service, VoizMail allows users to record and send voice messages to any e-mail address at the click of a button.

The service, easily accessible via the Web, does not require a download. Voice messages are stored in MediaRing.com's servers, freeing a user's hard disk space for other usage.

**TalkZone** Our TalkZone service allows users to personalize their online experience and chat with others with similar interests. Comprising a series of chat rooms and directories, the TalkZone Web page enables users to chat verbally and anonymously, if desired.

**MyTalky** MyTalky is a personalized animated character to add interactive fun to any Internet Web site. Once installed, MyTalky creates an icon where visitors may leave VoizMail messages for owners of Web sites. It allows greater interaction between them and the Web site, and at the same time protects their privacy since these users are not obliged to provide e-mail addresses.





**RingCast** A powerful advertising medium, RingCast provides targeted, interactive advertising to Internet users. It combines the power of continuous broadcast advertising with the advantage of profile-based targeting. While users are talking online, a patent-pending technique streams a series of advertisements and e-coupons through the users' ad windows. With this unique technique, there is absolutely no loss in voice quality.

Users can visit targeted advertisers' sites simply by clicking the desired, streamed advertisement.

**RingCash** RingCash provides users with immediate opportunities to take advantage of exclusive offers through e-coupons. While chatting over the Internet, users are informed of the best deals in town and can redeem these coupons by clicking on the RingCash e-coupon.

**Voice Persona** Voice Persona utilizes Creative's Environmental Audio technology to bring a whole new dimension to Internet voice communications. It allows users to apply sound effects like Chipmunk, Male-to-Female or Female-to-Male to their voice during a conversation. Voice Persona also allows users to use these effects when sending VoizMail messages. 🌟



DID YOU KNOW

...that most people speak at about 60 words per minute, which is about a word a second, and if you get really excited you might get to 120/150 words per minute?

Source: 1999 Guinness Book of World records

# Going Forward with Strategic Partners



MR WALTER SOUSA

## CHAIRMAN'S MESSAGE

We are pleased to present our very first Annual Report since listing on the Mainboard of the Singapore Exchange Securities Trading Limited on 19 November 1999. We would like to take this opportunity to share our vision for the Group in the year 2000 and beyond.

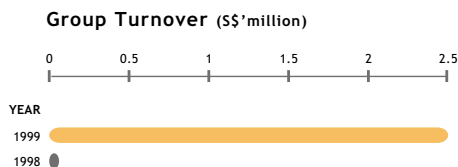
### GROUP PERFORMANCE

The Group reported a growth in turnover of S\$2.5 million from the S\$90,000 recorded in the previous year.

Growth was derived mainly from revenue generated from advertising contracts and our ValueFone service. Advertising continued to be the largest contributor to the Group's revenue, accounting for a total of 77 percent, while our ValueFone service generated another 22 percent of revenue. It is important to note that the revenue was only generated after the commencement of our advertising contracts and ValueFone service in July 1999.

Asia remained the Group's major market, contributing approximately S\$2 million or 83 percent of its turnover, followed by S\$428,000 from America. Boosted by the mild recovery in the worldwide economies, we saw a sales increase of 2,308 percent for Asia and a 10,600 percent surge in turnover for America.

In order to expand our user base, we invested in marketing activities, as well as in research and development, which together constituted 73 percent of the S\$28.3 million in total operating expenses. These activities, while costly, are strategic investments necessary to position us for the future and seal our leadership position in the worldwide voice communications arena.



**LOOKING AHEAD**

With the boom in the Internet industry, we foresee tremendous growth in the use of voice as a means of communication over the Web.

To capitalize on this potential growth, we are actively pursuing a strategy of acquiring companies that will offer value-added services and viable e-commerce opportunities to support plans to increase traffic and rapidly grow our user base. We recently acquired a 15% stake in CE-Infocom Network Technology ("CNT"), the exclusive distributor of phone services for China Network Corporation, one of the 3 telecommunications players in China. This will provide us with an established local brand name and a well-developed distribution network in the fast growing Chinese market which offers huge growth potential.

We will continue to commit significant resources to research and development with the objective of maintaining our competitive advantage and keeping abreast of technological changes. We will also focus on developing and enhancing our services through the innovation of new technologies in Internet voice communication. This development will not only add value to our customers' online experience, but will also provide us with opportunities to develop new revenue platforms.

The volume of sales and marketing activities will continue to accelerate rapidly to enhance our corporate branding and positioning; to develop new and more cost-effective channels to build up our global user base.

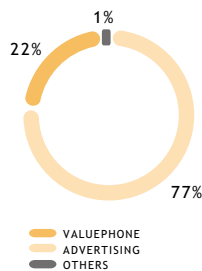
> 09

Moving forward, we are confident of our growth potential in the Internet voice communication community and take great pride in our services and technology.

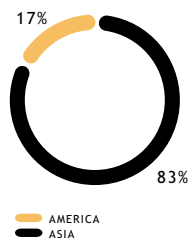
**APPRECIATION**

On behalf of the Board, I would like to thank all my colleagues for their contribution and devotion. I would also like to express my gratitude and appreciation to all our shareholders for their faith in us and their continued understanding and support. 🏆

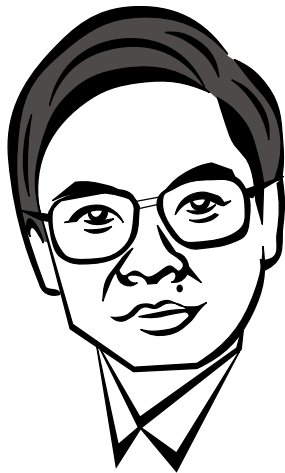
1999 Group Turnover By Business Segments



1999 Group Turnover By Region



# Continuously developing new ideas



MR NG EDE PHANG

## ON-LINE CHAT WITH THE CEO

*Q1: How will the liberalization of the telecommunications industry affect MediaRing.com? Will the entrance of other players into the VoIP market affect your business?*

**A1:** Liberalization of the telecommunication industry will bring about lower prices among existing telco players. As competition intensifies, the telco players will also have to deliver better quality services to win their customers over. MediaRing.com partners with various telcos to terminate calls at a charge. With keen competition, MediaRing.com will be able to enjoy a higher or equivalent quality of service at a lower charge. This will in turn benefit our customers.

MediaRing.com enjoys a good track record of partnerships with telco companies, having entered into strategic links with GTE, ITXC.net, Delta Three and CNC. MediaRing.com operates in a totally different market space from the telco players. Their focus is on offering telephone calls whilst we are marketing a suite of voice communication services over the Internet. ValueFone service is not meant to be a cheap replacement of making IDD calls, but amongst one of the numerous voice communication services that we offer to our valued customers. Besides making phone calls, users can leave voice messages, chat with like-minded people within the same community and so on.

*Q2: How would you differentiate yourself from the other Internet VoIP companies?*

**A2:** Many VoIP companies have positioned themselves as a phone substitute company. We do not see ourselves competing directly against them, as MediaRing.com is not just an Internet telephony company. We are operating in a different market space.

Our strength in developing software for Internet voice communication allows us to package solutions and integrates with partners who need voice technology over the Net. A good example is the alliance with Seednet, one of the largest private ISPs in Taiwan, to allow the Taiwanese Presidential candidates to address their supporters through the Net and enable voters to leave voice messages for the candidates.

*Q3: With the volatility of the Nasdaq, are you concerned about the value of your company?*

**A3:** At MediaRing.com, we are concerned about building a company that provides the best service with the most innovative technology. The volatility of the Nasdaq simply proves that investors are becoming more discerning and starting to distinguish the good companies from the bad. I believe that as long as we continue to grow



rapidly, and have a sound strategy on how to achieve profitability, investors will award us the right valuation.

*Q4: Please elaborate on your revenue model as I see that you are not just an Internet Telephony company.*

**A4:** As MediaRing's voice technology becomes a common voice-enabled platform for communication over the Internet, we expect more revenue models to evolve.

Currently we generate revenue from our "ValueFone" service where we charge users for making PC-to-Phone calls based on the minutes used and the destination of the calls. This is just one of our revenue sources.

Another source of revenue comes from advertising contracts linked to the sale of advertising slots on our "RingCast" window, "VoizMail" service and e-commerce platforms. Advertisements will be streamed to users of any of our services and we charge advertisers based on advertisements served.

Our Talking newsletter has proven to be successful. Our customers have accomplished astonishing results that reinforce the powerful direct marketing tool that the Talking newsletter represents.

The Licensing agreement is becoming a clear trend that is evolving in the Internet arena. Here, our partners prefer to license our technology to voice-enable their applications.

Our hosting voice services are targeted at another pool of interested users keen to deploy this to stream specific voice applications to their Web sites.

*Q5: Please comment on the loss situation. How long do you expect this to go on?*

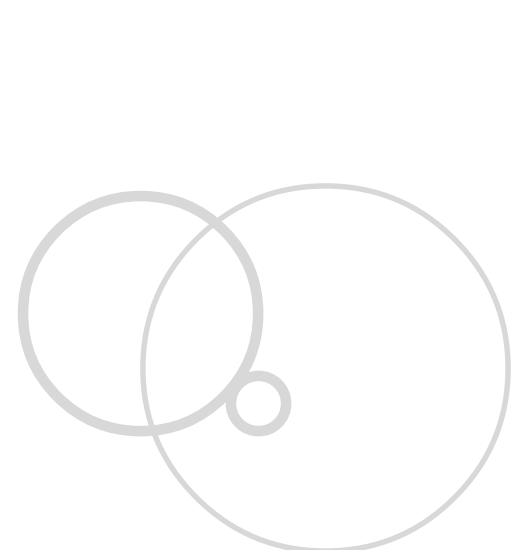
**A5:** As mentioned in the prospectus, we do not expect to be profitable in the infancy stage. If MediaRing.com so chooses to be profitable this year, we can be profitable this year. However, it would be a disservice to our shareholders, especially in the Internet market, which is growing so strongly at 120 percent. MediaRing.com continues to be at the forefront of the VoIP business, and we are recognized as the leader in this market. We are still in our initial stages of build-up, and we need to continue to invest in R&D and marketing to keep ahead of competition. As with all Internet companies, we need to establish

a strong branding too. It is only when we have gained a significant market share that we will eventually reap profits. That is the reason for adopting such aggressive user acquisition strategies and investing in R&D. I would like to call this a planned investment that enables us to create higher shareholder value.

*Q6: We are increasingly seeing top-notch executives leaving their jobs to join dot.com companies. Have you seen such trend in MediaRing.com?*

**A6:** There seems to be such a trend. However, we believe that the best talents are attracted to dot.com companies that have strong fundamentals for success. They must be convinced that the model that we have adopted is of business sense and not hype, and is tied to marketable revenue platforms.

Dr Hwang Kuo-Wei joined us as our new CTO. He brings with him more than 10 years of IT experience from industry leaders including IBM and AT&T Bell Laboratories. Similarly, we are glad to have Mr Edward Brynes join us as VP of Ad Sales. Edward was with the highly acclaimed companies like Talkway and The Weather Station in the US. Both joined MediaRing.com because of their belief in MediaRing.com's model for success. There are many dot.coms and both left their senior positions, as they know that they can achieve a lot more in MediaRing.com. 🏆



# Our Leadership Team - Board Of Directors



Walter Sousa

CHAIRMAN

Mr Sousa was appointed non-executive Chairman in October 1999. Previously the Chairman and Chief Operating officer of AT&T Asia, Mr Sousa had also been involved in private equity investments. Prior to the appointment at AT&T Asia, he was the Chief Operating Officer of Astec (BSR) plc. listed on the London Stock Exchange, where he was responsible for its worldwide operations. Mr Sousa was the President of Hewlett Packard Far East in Hong Kong from 1985 to 1991. He holds a Master degree in Public Administration from American University.

12 <



Ng Ede Phang

CHIEF EXECUTIVE OFFICER

Mr Ng is the Managing Director/Chief Executive Officer of the Company. Together with Mr Chua Kee Lock, he oversees the Group's business development and strategic planning. Mr Ng was the Regional Director of Ingram Micro, Inc. from 1996 to 1997 where he was responsible for its strategic acquisitions and operations in the Greater China and South-East Asia region. He was also involved in direct investments in telecommunications companies during his tenure in Transpac Capital as Vice-President. Mr Ng has a Master in Business Administration degree from the University of Chicago.



Chua Kee Lock

PRESIDENT

President of the Company, Mr Chua, together with Mr Ng Ede Phang, oversees the Group's marketing and business development portfolio, including strategic planning. Prior to this, he was the Executive Vice-President of Natsteel Ltd involved in strategic investments for the commercial division. He was previously the General Manager and Chief Operating Officer of Beaver Computer Corporation and worked as Vice-President of Transpac Capital from 1988 to 1991. Mr Chua holds a Master of Science degree from Stanford University.



#### Koh Boon Hwee

A non-executive Director since April 1998, Mr Koh is the Executive Chairman of the Wuthelam Group and the Chairman of Singapore Telecommunications Ltd. He also sits on the board of several statutory and public bodies. Mr Koh holds a Master in Business Administration degree (with Distinction) from Harvard Business School.



#### Sim Wong Hoo

A non-executive Director since September 1999, Mr Sim is one of the co-founders and Chief Executive Officer of Creative Technology Ltd, listed on both the SGX and NASDAQ. Mr Sim holds a Diploma in Electronics and Electrical Engineering from Ngee Ann Polytechnic in Singapore.



#### Pol Lucien Corneel Hauspie

Appointed as non-executive Director in January 1999, Mr Hauspie is currently the Managing Director, President and Co-Chairman of L&H Investment Co. N.V. He is the co-founder and the present Co-Chairman of Lernout & Hauspie Speech Products N.V. Mr Hauspie has an Accountancy degree from Ehsal, St Aloysius University, Brussels.



#### Thomas Denys

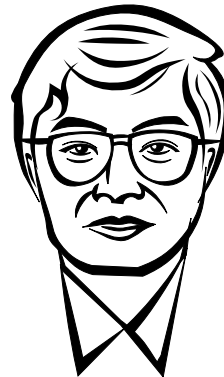
Alternate Director to Mr Pol Lucien Corneel Hauspie since August 1999, Mr Denys is currently the Managing Director of L&H Investment Co. N.V. Prior to that, he was a practising lawyer with Loeffl Claeys Verbeke and an assistant professor in Financial Law at the Catholic University of Leuven. Mr Denys holds a Master degree in German Law from Deutscher Akademischer Austauschdienst as well as a postgraduate degree in Finance from the Catholic University of Leuven.

> 13



#### Tan Lip-Bu

A non-executive Director since January 1999, Mr Tan is the founder and chairman of the Walden International Investment Group, an international venture capital group with operations in the US, Asia, Israel and Australia. Mr Tan holds a Master of Science degree from the Massachusetts Institute of Technology and a Master in Business Administration degree from the University of San Francisco.



#### Ng Kai Wa

A non-executive Director of the Group since February 1998, Mr Ng is the founder and the President and Chief Executive Officer of Innomedia Pte Ltd. He was formerly the Chief Technical Officer and co-founder of Creative Technology Ltd. Mr Ng holds a Master in Business Administration degree from the National University of Singapore.



#### Thomas Kalon Ng

Appointed as a non-executive Director in July 1998, Mr Ng has been the Managing Director of TDF Management Pte Ltd since 1995. Before that, he was the Managing Director of Genelabs Diagnostics Pte Ltd, which he established in 1993. Mr Ng holds a Bachelor of Science degree in Bacteriology, a Master of Science degree in Biochemistry and Bacteriology and is a Doctor of Philosophy in Biochemistry and Bacteriology from the University of Wisconsin at Madison.



#### Richard Li Tzar Kai

A non-executive Director since October 1999, Mr Li is the Deputy Chairman of Hutchison Whampoa Limited, Chairman and Chief Executive of the Pacific Century Group, Chairman of Pacific Century Regional Developments Limited and the Executive Chairman of Pacific Century CyberWorks Limited. Mr Li founded and subsequently directed the operation and growth of STAR TV. He was selected as one of the Global 100, TIME magazine's roster of leaders in December 1994. Mr Li graduated with a Bachelor of Science degree in Electrical Engineering from Stanford University.

# Corporate Governance

*This portion is in compliance with the "Listing Manual", Clause 912 (4), to provide sufficient disclosure of the Company's corporate governance processes and activities in its Annual Report.*

The Directors and Management are committed to high standards of corporate governance. We adopt the best practices set out under the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited to protect the interests of our employees, customers and shareholders. To this end, we have set out the following self-regulatory corporate practices and monitoring mechanisms:

## BOARD OF DIRECTORS

The Board consists of 10 members and an alternate director to one of the members. The CEO/Managing Director Ng Ede Phang and the President Chua Kee Lock are the Executive Directors of the Board. All the other members are non executive directors comprising mainly representatives from our major shareholders and two independent directors Walter Sousa and Koh Boon Hwee. Their vast experience in the fields of technology, telecommunications, venture investments and the Internet enable them to provide an independent perspective on strategic issues affecting the Group.

The Board supervises the management of the business and affairs of the Group. Apart from its statutory responsibilities, the Board approves the Group's strategic plans, key operational initiatives, major investments and funding decisions, reviews the financial performance of the Group and evaluates the performance and compensation of senior management personnel. These functions are carried out either directly or through Board committees like the Audit Committee, Compensation Committee and the Executive Committee as well as by means of a system of Corporate Authorization to management personnel in various companies of the Group.

## AUDIT COMMITTEE

The Audit Committee comprises two independent directors, Walter Sousa and Koh Boon Hwee, as well as Chua Kee Lock. Walter Sousa is Chairman of the Audit Committee.

The overall objective of the Audit Committee, which was created in October 1999, is to ensure that Management has created and maintained an effective control environment in the Company, and that Management demonstrates and stimulates the necessary respect of the internal control structure among all parties.

The role of the Audit Committee is to assist the Board with discharging its responsibility to:

- safeguard the Company's assets;
- maintain adequate accounting records, and
- develop and maintain effective systems of internal control.

The Audit Committee meets periodically to discuss and review

- (1) with the external auditors, the audit plan, their evaluation of the system of internal accounting controls and the audit report;
- (2) the assistance to be given by the Group's officers to the external auditors;
- (3) the financial statements of the Company and the consolidated accounts of the Group;
- (4) the nomination of the external auditors for their reappointment; and
- (5) interested party transactions.

The Audit Committee is also charged with the responsibility of commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operations results and/or financial position.

## COMPENSATION COMMITTEE

The Compensation Committee of the Board comprises Koh Boon Hwee, Sim Wong Hoo and Tan Lip-Bu, who are all non-executive directors.

The Chairman of the Compensation Committee is Koh Boon Hwee.

The Compensation Committee was created in January 1999 and mandated with the responsibility to oversee the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and directors through competitive compensation and progressive policies. In particular, the Compensation Committee is responsible for approving and overseeing share incentives, including the employee share option schemes.

## EXECUTIVE COMMITTEE

The Executive Committee (EXCO) comprises five members, with two independent directors, two executive directors and one other director from the Board.

The EXCO acts for the Board in supervising the management of the Group's business and affairs within limits of authority delegated by the Board.

The delegation of authority by the Board to the EXCO and other management personnel enables the Board to achieve operational efficiency by empowering them to decide on matters within certain limits of authority and yet maintain control over major policies and decisions of the Group.

## MANAGEMENT

The day-to-day operations of the Group are entrusted to the following Executive Officers:

- (a) Mr. Ng Ede Phang, Chief Executive Officer;
- (b) Mr. Chua Kee Lock, President;
- (c) Mr. Pek Yew Chai, Chief Operating Officer; and
- (d) Mr. Hwang Kuo Wei, Chief Technology Officer.

## INTERESTED PARTY TRANSACTIONS

The Company has established a procedure for recording and reporting interested person transactions, which are reported by the external auditors directly to the Audit Committee.

## DEALING IN SECURITIES – BEST PRACTICES

The Company has adopted a comprehensive system of controls in monitoring dealings in the securities of the Company and to handle potential interests and insider trading situations in compliance with the Securities Industry Act and the disclosure requirements of the Singapore Exchange Securities Trading Limited.

The Company directors and its key officers are prohibited from dealing in the Company's shares at least 4 weeks before the announcement of the Company's full-year or half-year results or 3 days before the announcement of price-sensitive information. Directors and key officers are expected not to deal in the Company's Securities on short-term considerations. Besides directors, key officers are required to notify the Company of their dealings within 2 days after transaction. All employees and directors of the Company and its subsidiaries are required to observe the insider trading laws under the Securities Industry Act at all times.

## Y2K COMPLIANCE

The Group had completed its Y2K rollover on 9 September 1999, 1 January 2000 and 29 February 2000 during which test and actual runs on all critical systems were successful. 🍀

# Corporate Information

## BOARD OF DIRECTORS

Walter Sousa  
*Chairman*

Ng Ede Phang  
*Managing Director / Chief Executive Officer*

Chua Kee Lock  
*President*

Koh Boon Hwee  
Sim Wong Hoo  
Tan Lip-Bu  
Pol Lucien Corneel Hauspie  
Thomas Denys  
*(alternate to Pol Lucien Corneel Hauspie)*  
Ng Kai Wa  
Thomas Kalon Ng  
Richard Li Tzar Kai

## AUDIT COMMITTEE

Walter Sousa  
*Chairman*

Koh Boon Hwee  
Chua Kee Lock

## COMPENSATION COMMITTEE

Koh Boon Hwee  
*Chairman*

Sim Wong Hoo  
Tan Lip-Bu

## EXECUTIVE COMMITTEE

Walter Sousa  
*Chairman*

Sim Wong Hoo  
Koh Boon Hwee  
Chua Kee Lock  
Ng Ede Phang

## COMPANY SECRETARY

Chua Yang Joo

## REGISTERED OFFICE

10 Eunos Road 8, #12-01  
Singapore Post Centre  
Singapore 408600

## SHARE REGISTRAR

**Lim Associates (Pte) Ltd**  
10 Collyer Quay, #19-08  
Ocean Building  
Singapore 049315

## BANKER

**Citibank N.A., Singapore**  
3 Shenton Way, #01-06  
Shenton House  
Singapore 068805

## AUDITORS

**Arthur Andersen**  
**Certified Public Accountants**  
10 Hoe Chiang Road, #18-00  
Keppel Towers  
Singapore 089315  
*Partner-in-charge: Max Loh Khum Whai*

## LEGAL ADVISORS

**Allen & Glenhill**  
36 Robinson Road, #18-01  
City House  
Singapore 068877

## Fenwick & West LLP

Two Palo Alto Square  
Palo Alto, CA 94306  
United States of America

## Harry Elias Partnership

9 Raffles Place, #12-01  
Republic Plaza  
Singapore 048819

## Rajah & Tann

4 Battery Road, #26-01  
Bank of China Building  
Singapore 049908

# Leadership Position

WE'VE SEEN A NUMBER OF MILESTONES THIS YEAR. THEY SERVE AS AN INDICATOR THAT WE ARE FULFILLING OUR MISSION OF BECOMING THE LEADING INTEGRATED INTERNET VOICE COMMUNICATIONS SERVICE PROVIDER IN THE WORLD.

THESE MILESTONES INCLUDE THE GROUP'S INITIAL PUBLIC OFFERING IN SINGAPORE IN NOVEMBER 1999. WE ARE PROUD OF THE FACT THAT MEDIARING.COM IS THE FIRST GLOBAL INTERNET COMPANY TO BE LISTED ON THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED. SINGAPORE'S "TECHNOPRENUER" INITIATIVES, WHICH FOSTER THE CREATION OF TECHNOLOGY COMPANIES, COUPLED WITH THE GROUP'S SOUND BUSINESS STRATEGIES AND VISION, RESULTED IN ONE OF THE MOST SUCCESSFUL INITIAL PUBLIC OFFERINGS IN RECENT SINGAPORE EXCHANGE HISTORY.

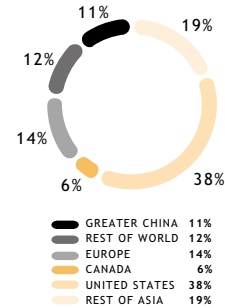
## MANAGEMENT REVIEW

We achieved our aim of expanding our global voice community within the Internet arena since the launch of our flagship software, MediaRing Talk, and succeeded in staying ahead in technological, innovation and development of other value-added products and services.

### CAPTIVE USER BASE

Within the span of three months, our cumulative number of registered users increased 45 percent from 1.6 million to 2.3 million. Of greater significance, however, is our user base in China, which represented over 9% of the new users acquired in the 4th quarter.

4th Quarter Of 1999  
Registered Users By Country



At MediaRing.com, we are constantly pursuing and developing high quality voice communication services not merely to meet but exceed the demands of the rapidly growing Internet market.

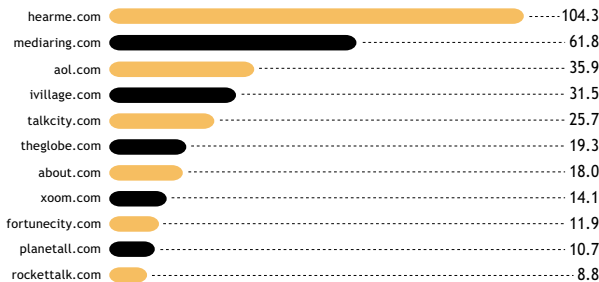
### INTERNET VOICE COMMUNICATION SERVICES

We estimated that approximately 2.24 million PC-to-PC calls were made using our MediaRing Talk software in the fourth quarter of 1999. This amounted to a total usage of 59.7 million minutes, a growth of 4 percent over the previous quarter. The number of ValueFone calls also grew 144 percent quarter-on-quarter, while total usage minutes almost doubled to 1.7 million. The number of VoizMail messages sent also grew 60 percent to 736,000.

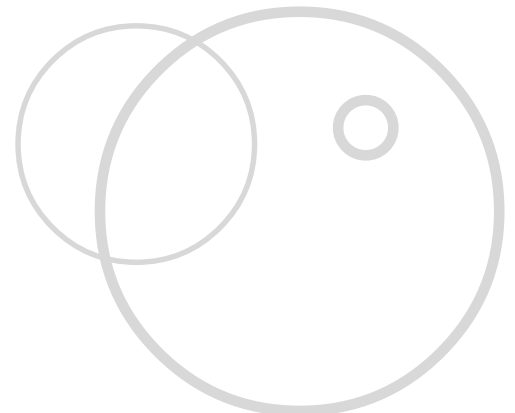
With Internet users constantly exploring new forms of voice communication services over the Web, we have received strong response to the introduction of our Web service, MyTalky. Over 100,000 new users registered with us over a 5-week public trial launched in December 1999. The introduction of our other Web-based services such as VoizMail and VoizCard has further improved our position and provides alternative avenues for the use of our VoizMail service.

We will continue to revolutionize the way people communicate over the Web through technological innovations and the development of other Internet voice communication products and services.

### Stickiness



Mediaring PC-PC Total Usage Per Active Caller Per Month vs. Comparative data from PC Data Online (December 1999)



# Revolutionalizing The Way People Communicate Over The Net

18 <





#### CORPORATE DEVELOPMENTS

Since the launch of our IPO in November 1999, we have entered into numerous strategic alliances through distribution and bundling partnerships with Internet communities, telecommunication companies as well as other industry participants. These include:

- a 3-year multimedia agreement with China Netcom Corporation Ltd to deploy MediaRing's web-based VoizMail, MediaRing Talk and ValueFone services to users in China;
- an alliance with ITXC.net to offer ValueFone service to the US;
- a partnership with IBM to offer VoizMail service in its Owner Privileges Program's newsletter for Aptiva PC and ThinkPad i Series owners;-
- an arrangement with Seednet to package VoizMail service as a tool to support candidates running in the Taiwan Presidential Elections; and
- a tie-up with Australian LookSmart to enable the sending and receiving of voice messages via e-mail through the use of MediaRing.com's VoizMail service.

Our bundling alliances include:

- bundling MediaRing Talk software into Gigabyte, a world class motherboard manufacturer;
- packaging MediaRing Talk, VoizMail and Internet instant messaging service (OICQ) with Shenzhen Tencent Computer System Co Ltd; and
- pre-loading MediaRing Talk in HP Pavilion home PCs throughout the Asia Pacific.

This is part of our strategy to extend our regional presence and increase our penetration into new market segments. 🏆

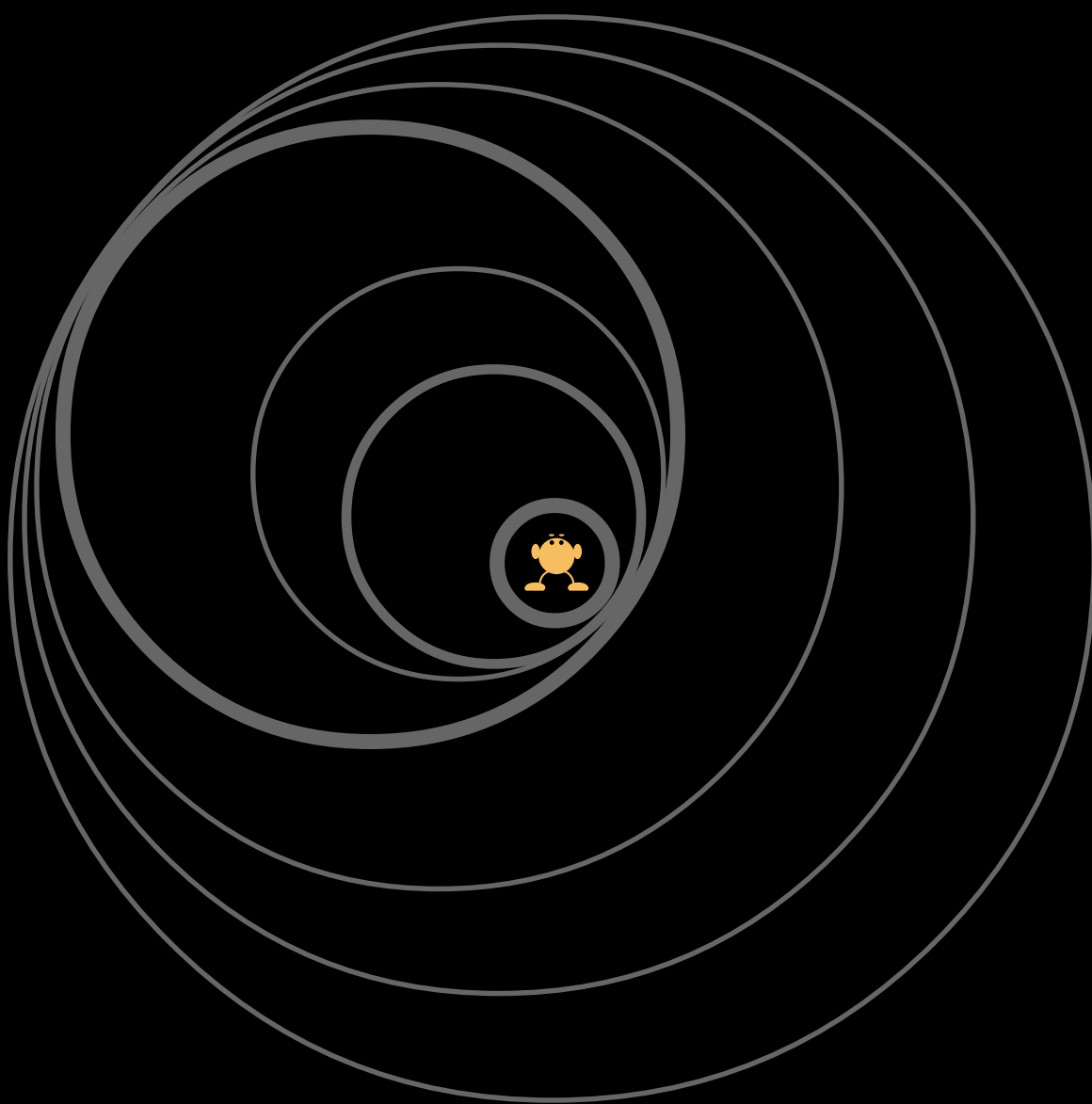
TALK BACK

The voice of the customer guides world-class leaders' every action and decision.

- Chang, Labowitz and Rosansky

# What's Next In The Explosive Internet Sector

20 <



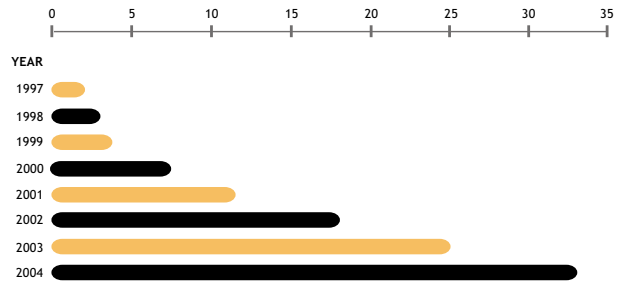
# TALKY TAKES YOU THROUGH

## WORLDWIDE GROWTH OF THE INTERNET

People who have been on the World Wide Web are witnesses to the ever-improving convenience and speed of interaction over the Internet. China, in particular, is on its way to becoming the largest Internet market in the Asia Pacific region. Given its low PC and Internet penetration rates of just 2 percent and 0.2 percent respectively, Internet users in China are expected to hit 33 million by 2004, a significant increase from 3.8 million in 1999.



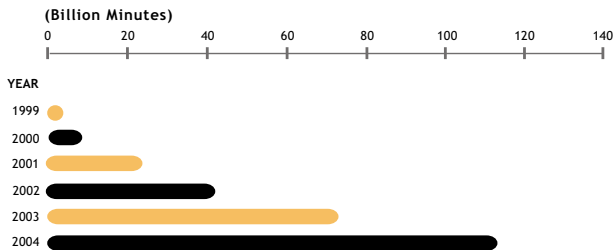
China Internet Users (Million)



## THE POWER OF INTERNET VOICE COMMUNICATION

Apart from the traditional function of providing information, the Internet is increasingly used as a means of communication. Internet telephony usage is projected to explode, growing from 300 million minutes in 1998 to 115 billion minutes in 2004. Voice communication draws people closer by offering that extra personal touch.

Worldwide IP Telephony Minutes Of Use (Source:IDC)

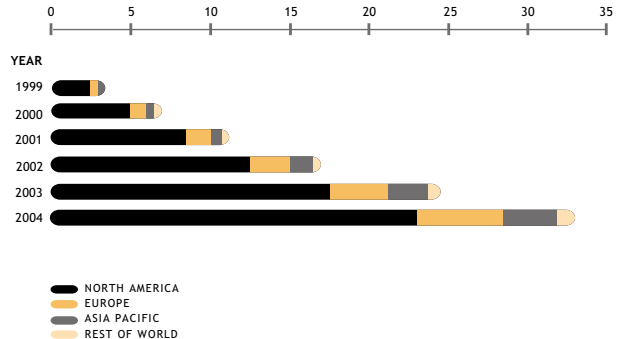


> 21

## ADVERTISING OVER THE INTERNET

With the Internet gaining worldwide acceptance, businesses have found it to be an effective alternative medium to reach out to potential customers. According to Forester Research, Inc., by 2004, global Internet advertising spending will increase by 10 fold to US\$33.0 billion from US\$3.3 billion in 1999.

Worldwide Internet Ad Spending (Source:Forester)  
(US\$billion)



NORTH AMERICA  
 EUROPE  
 ASIA PACIFIC  
 REST OF WORLD



#### OVERVIEW

The Internet is rapidly becoming the “town square” of the 21st Century. It is a place where people gather to exchange opinions, tell stories, meet new people and transact. Regardless of intent, people use the Internet as a common medium to communicate.

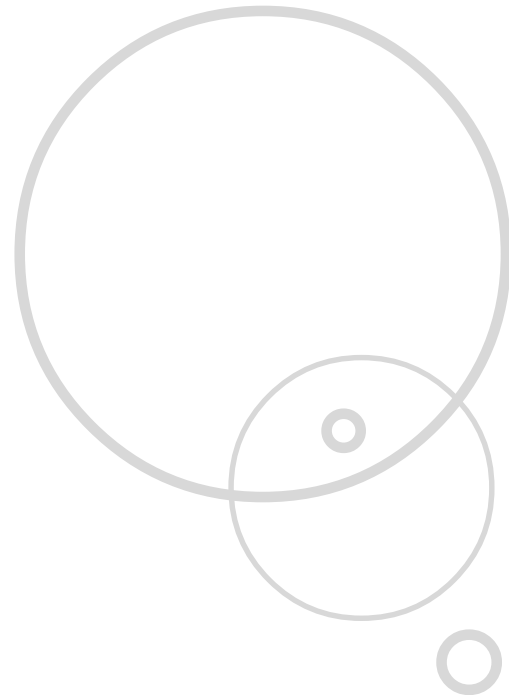
Our voice is the first and most natural way in which we communicate. Our voice is a powerful delivery mechanism - one spoken word can elicit a thousand emotions.

MediaRing.com understands that the typewritten word is not the most effective way to communicate in the “town square”. We are committed to equipping people with the tools to effectively use their voice on the Internet. We are committed to equipping people to be HEARD.

MediaRing.com and its large global user base are at the forefront of this communication revolution on the Internet. We will remain leaders in creating and using integrated voice communications solutions.

MediaRing.com has worldwide presence, strong ties in Asia, solid partnership and revenue models, superior technology and a team of talented employees. Our company and our large global user base will remain at the forefront of the Internet communications revolution.

We invite you to join us and share your voice... 🗣️



TALK BACK

There is only one  
valid definition of  
business purpose -  
to create a customer.

- Peter Drucker

# financial statements

24 > AUDITORS' REPORT

26 > DIRECTORS' REPORT

38 > BALANCE SHEETS

39 > STATEMENTS OF PROFIT AND LOSS

40 > CONSOLIDATED STATEMENT OF CASH FLOWS

42 > NOTES TO THE FINANCIAL STATEMENTS

57 > STATEMENT BY DIRECTORS

# Auditors' Report

TO THE MEMBERS OF MEDIARING.COM LTD (FORMERLY KNOWN AS MEDIACOM TECHNOLOGIES PTE LTD)

We have audited the financial statements of the Company and the consolidated financial statements of the Group set out on pages 38 to 56. These financial statements comprise the balance sheets of the Company and the Group as at 31 December 1999, the statements of profit and loss of the Company and the Group and the statement of cash flows of the Group for the year then ended. 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 Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- 24 <
- MEDIARING.COM
- (a) the accompanying financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard in Singapore 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 1999 and of the results of the Company and of the Group and cash flows of the Group for the year then ended; 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 subsidiary incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' report of the subsidiary of which we have not acted as auditors and the financial statements of subsidiaries which are not required to present audited financial statements under the laws of their countries of incorporation, being financial statements included in the consolidated financial statements. The names of these subsidiaries are indicated in Note 7 to the financial statements.

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 in respect of the subsidiary incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

**ARTHUR ANDERSEN**  
*Certified Public Accountants*

Singapore  
24 MARCH 2000

# Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 1999 (CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

The directors hereby 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 1999.

## DIRECTORS

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

Ng Ede Phang	
Chua Kee Lock	
Ng Kai Wa	
Koh Boon Hwee	
Thomas Kalon Ng	
Pol Lucien Corneel Hauspie	(appointed on 4 January 1999)
Tan Lip-Bu	(appointed on 4 January 1999)
Thomas Denys	(appointed on 16 July 1999 and alternate director to Pol Lucien Corneel Hauspie)
Sim Wong Hoo	(appointed on 26 October 1999)
Walter Sousa	(appointed on 26 October 1999)
Richard Li Tzar Kai	(appointed on 28 October 1999)

## PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 15 July 1993 as a private company limited by shares under the name of Mediacom Technologies Pte Ltd. On 25 October 1999, the Company's name was changed to MediaRing.com Ltd in connection with the Company's conversion to a public company limited by shares. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 November 1999.

The Company's principal activities are the research and development, design and marketing of telecommunications software. During the financial year, the Company expanded its activities to include those relating to the provision of Internet voice communication services, solutions provider to individuals and businesses worldwide and Internet retailing, offering computers and related products on its website.

The principal activities of the subsidiaries are those relating to marketing and the sale of products of the Company in their respective countries of incorporation.



RESULTS FOR THE FINANCIAL YEAR

	Group	Company
	\$	\$
Loss after taxation	25,854,522	11,671,838
Accumulated losses, brought forward	10,064,366	8,980,643
Accumulated losses, carried forward	35,918,888	20,652,481

TRANSFERS TO OR FROM RESERVES AND PROVISIONS

Material transfers to/from reserves during the year were as follows:

	Group and Company
	\$
<u>Share premium account</u>	
Premium arising from the issue of 4,730,000 Preference "D" shares of \$0.01 each at \$1.27 per share	5,959,800
Premium arising from the issue of 15,000,000 Preference "D" shares of \$0.01 each at \$1.40 per share	20,850,000
Premium arising from the issue of 63,000 ordinary shares of \$1 each at \$1.82 per share	51,660
Premium arising from the issue of 8,132,678 Preference "D" shares of \$0.01 each at \$3.57 per share	28,952,333
Premium arising from the issue of 200,000 Preference "D" shares of \$0.01 each at \$1.27 per share	252,000
Premium arising from the issue of 36,429 ordinary shares of \$1 each at \$1.20 per share	7,286
Conversion of 2,032,000 Preference "C" shares of \$0.01 each to ordinary shares of \$1 each via capitalisation of share premium	(2,011,680)
Conversion of 41,749,343 Preference "D" shares of \$0.01 each to ordinary shares of \$1 each via capitalisation of share premium	(41,331,850)
Premium arising from the issue of 170,431,000 ordinary shares of \$0.10 each at \$0.53 per share, in connection with the initial public offering of the Company and exercise of over-allotment option	73,285,330
Less: initial public offering expenses	(4,947,921)
	81,066,958

## Directors' Report (con't)

### TRANSFERS TO OR FROM RESERVES AND PROVISIONS (con't)

	Group
	\$
<u>Translation reserve</u>	
Net movement in translation reserve	194,713

There were no other material transfers to or from reserves during the financial year, apart from the transfer of loss after taxation for the financial year to accumulated losses and the net movement in translation reserve and share premium account, referred to in the preceding paragraphs.

There were no material transfers to or from provisions during the financial year except for normal amounts set aside for such items as depreciation of fixed assets and amortisation of intangible assets as disclosed in the accompanying financial statements.

### ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The following subsidiaries were incorporated during the financial year:

Name of subsidiary	Country of incorporation	Principal activity	Company's shareholdings	Issued and paid up capital
MediaRing.com Europe Limited	United Kingdom	To market and sell products of holding company	100%	£400,000
MediaRing.com (Hong Kong) Limited	Hong Kong	To market and sell products of holding company	90%	HK\$3,890,000

During the financial year, a wholly-owned subsidiary of the Company, Pacific Mediacom, Inc was de-registered.

There were no acquisitions or disposals of subsidiaries during the financial year.

### ISSUE OF SHARES AND DEBENTURES

#### *The Company*

During the financial year, the Company increased its authorised share capital from \$3,559,900 to \$100,000,000 via the creation of:

- (a) an additional 96,170,100 ordinary shares of \$1 each; and
- (b) an additional 27,000,000 Preference "D" shares of \$0.01 each.

The Company issued the following shares during the financial year:

Shares issued	Purpose
<b>Ordinary shares of \$1 each</b>	
(a) 50,000 ordinary shares of \$1 each at par	As consideration for legal fees billed to the Company
(b) 5,873,652 ordinary shares of \$1 each at par, for cash	For working capital purposes
(c) 35,400 ordinary shares of \$1 each at par, for cash	Exercise of employee share options
(d) 63,000 ordinary shares of \$1 each at \$1.82 per share, for cash	Exercise of employee share options
(e) 36,429 ordinary shares of \$1 each at \$1.20 per share	As consideration for consultancy fees payable to independent consultants
<b>Preference "D" shares of \$0.01 each</b>	
(a) 4,730,000 Preference "D" shares of \$0.01 each at \$1.27 per share, for cash	For working capital purposes
(b) 13,750,000 Preference "D" shares of \$0.01 each at \$1.40 per share, for cash	For working capital purposes
(c) 1,250,000 Preference "D" shares of \$0.01 each at \$1.40 per share pursuant to the conversion of convertible notes of an aggregate principal amount of \$1.75 million	Conversion of convertible notes
(d) 6,902,515 Preference "D" shares of \$0.01 each at \$3.57 per share, for cash	For working capital purposes
(e) 1,230,163 Preference "D" shares of \$0.01 each at \$3.57 per share, for cash	Rights issue to existing shareholders to raise working capital
(f) 200,000 Preference "D" shares of \$0.01 each at \$1.27 per share, for cash, upon the exercise of 200,000 warrants by corporate shareholders	Exercise of warrants

## Directors' Report (con't)

### ISSUE OF SHARES AND DEBENTURES (con't)

At two extraordinary general meetings of the Company held on 25 October 1999, the shareholders of the Company approved, *inter alia* the following:

- (i) the conversion of each issued RCP "A" share of par value \$1 each, each issued Preference "B" share of par value \$1 each, each issued Preference "C" share of par value \$0.01 each and each issued Preference "D" share of par value \$0.01 each in the issued and paid-up capital of the Company into one ordinary share of \$1 each; and
- (ii) the sub-division of each ordinary share of \$1 each in the authorised and issued and paid-up share capital of the Company into 10 ordinary shares of \$0.10 each.

On 19 November 1999, the Company issued 150,000,000 new ordinary shares of \$0.10 each at \$0.53 per share, for cash, in connection with the Company's initial public offering of shares.

On 16 December 1999, the Company further issued 20,431,000 new ordinary shares of \$0.10 each at \$0.53 per share, for cash, pursuant to the exercise of the over-allotment option.

In addition, the Company issued 1,000,000 new shares of \$0.10 each at par pursuant to the exercise of employees' share options.

### The subsidiaries

The subsidiaries issued the following shares during the financial year:

Name of Company	Shares issued and consideration	Purpose
MediaRing.com Europe Limited	5,000 ordinary shares of £1 each at par, for cash	For incorporation
	395,000 ordinary shares of £1 each at par	Capitalisation of loan from holding company
MediaRing.com (Hong Kong) Limited	3,890,000 ordinary shares of HK\$1 each at par, for cash	For incorporation and working capital
MediaRing.com, Inc.	1,199,999,000 common stock of US\$0.01 each at par	Capitalisation of loan from holding company

All newly issued and paid up shares rank *pari passu* in all respects with the existing ordinary shares of the respective companies.

Except as disclosed above, no other shares or debentures of the Company or its subsidiaries were issued during the financial year.

#### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During the financial year ended 31 December 1999, and on that date, the Company was not a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

#### DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings, the interests of the directors holding office at the end of the financial year in the share capital of the Company were as follows:

	Shareholdings registered in the name of the directors			Shareholdings in which directors are deemed to have an interest		
	1 January 1999/date of appointment	31 December 1999	21 January 2000	1 January 1999/date of appointment	31 December 1999	21 January 2000
<u>Ordinary shares of \$1 each</u>						
Ng Ede Phang	—	—	—	50,665	—	—
<u>Preference "D" shares of \$0.01 each</u>						
Chua Kee Lock	58,333	—	—	—	—	—
Koh Boon Hwee	—	—	—	208,333	—	—
Ng Kai Wa	—	—	—	3,333,332	—	—
Pol Lucien Corneel Hauspie	—	—	—	3,840,000	—	—
Thomas Denys	—	—	—	3,840,000	—	—
<u>Ordinary shares of \$0.10 each</u>						
Ng Ede Phang	—	20,819,440	20,819,440	—	—	—
Chua Kee Lock	—	20,819,440	20,819,440	—	—	—
Koh Boon Hwee	—	—	—	—	2,915,190	2,915,190
Ng Kai Wa	—	2,666,340	2,666,340	—	44,399,680	44,399,680
Pol Lucien Corneel Hauspie	—	—	—	—	53,092,270	53,092,270
Thomas Denys	—	—	—	—	53,092,270	53,092,270
Sim Wong Hoo	—	—	—	77,850,240	77,850,240	77,850,240
Richard Li Tzar Kai	—	—	—	28,571,430	28,571,430	28,571,430
<u>Options to subscribe for ordinary shares of \$0.10 each at \$0.10 per share</u>						
Walter Sousa	650,000	650,000	650,000	—	—	—
Koh Boon Hwee	—	1,300,000	1,300,000	—	—	—

## Directors' Report (con't)

### DIRECTORS' INTEREST IN SHARES AND DEBENTURES (con't)

	Shareholdings registered in the name of the directors			Shareholdings in which directors are deemed to have an interest		
	1 January 1999/date of appointment	31 December 1999	21 January 2000	1 January 1999/date of appointment	31 December 1999	21 January 2000

#### Warrants to subscribe for ordinary shares of \$0.10 each at \$0.17 per share

Sim Wong Hoo	—	—	—	31,000,000	31,000,000	31,000,000
--------------	---	---	---	------------	------------	------------

No other directors of the Company had an interest in any shares of the Company or related corporations either at the beginning (or date of appointment, if later) or end of the financial year or on 21 January 2000.

### DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed as directors' remuneration in the accompanying financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

### DIVIDENDS

The directors do not recommend payment of a dividend and no dividend has been paid or declared since the end of the previous financial year.

### BAD AND DOUBTFUL DEBTS

Prior to the preparation of the financial statements, the directors took reasonable steps to ensure that proper action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company, and satisfied themselves that no debts need to be written off as bad and that no provision for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would require any debts to be written off as bad or render the amount of provision for doubtful debts in the consolidated financial statements inadequate to any substantial extent.

#### CURRENT ASSETS

Prior to the preparation of the financial statements, the directors took reasonable steps to ensure that any current assets of the Company which were unlikely to realise their book values in the ordinary course of the business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in values 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.

#### CHARGES AND CONTINGENT LIABILITIES

At the date of this report, no charge on the assets of the Company has arisen which secures the liabilities of any other person and no contingent liability has arisen since the end of the financial year, except as disclosed in Note 23 to the financial statements.

#### ABILITY TO MEET OBLIGATIONS

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

#### OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS

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

#### MATERIAL AND UNUSUAL TRANSACTIONS

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial year ended 31 December 1999 have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### MATERIAL AND UNUSUAL TRANSACTIONS AFTER THE FINANCIAL YEAR

In the opinion of the directors, in the interval between the end of the financial year and the date of this report, no item, transaction or event of a material and unusual nature, likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made, has arisen, except as disclosed in Note 24 to the financial statements.

## Directors' Report (con't)

### OPTIONS AND WARRANTS OF THE COMPANY

The particulars of share options and warrants of the Company are as follows:

#### (a) 1995 Employee Share Option Scheme and 1996 Employee Share Option Scheme

These schemes were adopted in 1995 and 1996, respectively, under the previous management of the Company. Options to subscribe for a total of 2,050,000 ordinary shares of \$0.10 (adjusted for stock split) each were granted under these schemes as follows:

Date of grant	Number of share options			Exercise price	Expiry date
	As at date of grant	Number of options lapsed/exercised	As at 31 December 1999		
27 March 1995	720,000	608,000	112,000	\$0.10	26 March 2000
11 July 1996	1,330,000	1,220,000	110,000	\$0.182	10 July 2001
	<u>2,050,000</u>	<u>1,828,000</u>	<u>222,000</u>		

#### (b) 1999 MediaRing Employees' Share Option Scheme

In September 1999, the Company adopted an employee share option scheme (the "1999 MediaRing Employees' Share Option Scheme") to grant options to subscribe for 65,921,470 ordinary shares of \$0.10 each to employees of the Group.

Options to subscribe for 62,704,930 ordinary shares of \$0.10 each were granted to 179 employees of the Group. Of this amount, 8,892,700 ordinary shares vested on 1 January 2000. The balance of these options will vest over a three to four-year period assuming the employees continue to be employed by the Company.

Options to subscribe for 3,216,540 ordinary shares of \$0.10 each have not been granted and the Company intends to award all remaining options by March 2000.

The scheme is administered by the Compensation Committee. The members of the committee are:

Koh Boon Hwee (Chairman)  
Sim Wong Hoo  
Tan Lip-Bu

None of the directors were granted options under this scheme and no participant received 5% or more of the total number of options available under the scheme.



The details of outstanding options at the end of the year are as follows:

Date of grant	Number of share options			Exercise price	Expiry date
	As at date of grant	Number of options lapsed/exercised	As at 31 December 1999		
30 October 1999	62,704,930	1,835,000	60,869,930	\$0.10	30 October 2009

(c) 1999 MediaRing Employees' Share Option Scheme II

Under this scheme, the Compensation Committee has the ability to grant options to present and future employees of the Group as well as to other persons who are eligible under the scheme at the then prevailing market price of the shares, less a discount to be determined by the Compensation Committee, which shall not exceed 20% of the then prevailing market price.

The scheme will be administered by the Compensation Committee who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the SGX-ST and the imposition of retention periods following the exercise of these options by the employees, if any.

In line with the current rules of the SGX-ST, the total number of shares to be issued under the 1999 MediaRing Employees' Share Option Scheme II will not exceed 15% of the total issued share capital of the Company from time to time.

No share options under this scheme have been granted during the year.

(d) During the financial year,

- (i) two of the directors were granted options to subscribe for up to an aggregate of 1,950,000 ordinary shares of \$0.10 each at an exercise price of \$0.10 each; and
- (ii) a consultant of the Company was granted an option to subscribe for up to 90,000 ordinary shares of \$0.10 each at an exercise price of \$0.10 each.

These options were outstanding as at 31 December 1999.

- (e) The Company entered into a Warrant Agreement with CTI Limited ("CTI") pursuant to which the Company agreed to grant to CTI the right to require the Company to issue and allot up to an aggregate of up to 31,000,000 ordinary shares of \$0.10 each at a price of \$0.17 per share at any time from 3 September 1999 up to 31 December 2001. The warrants are exercisable in tranches so long as CTI fulfils certain conditions precedent for each tranche, such as the shipment by certain specified dates of Creative products bundled with MediaRing Talk or providing revenue to the Company of certain specified amounts. The number of warrants outstanding as at 31 December 1999 was 31,000,000.

## Directors' Report (con't)

### OPTIONS AND WARRANTS OF THE COMPANY (con't)

Except for the above, during the financial year there were:

- no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or any subsidiaries; and
- no shares issued by virtue of any exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of any subsidiaries under option as at the end of the financial year.

### AUDIT COMMITTEE

The members of the Audit Committee are:

Walter Sousa (Chairman)  
Koh Boon Hwee  
Chua Kee Lock

The Audit Committee carried out its functions in accordance with the Companies Act, Cap. 50 and the Singapore Exchange Listing Manual. In performing those functions, the Audit Committee *inter alia* reviewed:

- (a) the audit plan of the Company's auditors and their evaluation of the system of internal accounting controls arising from their audit; and
- (b) the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 1999 before their submission to the Board of Directors and the auditors' report on those financial statements.

The Audit Committee held one meeting up to the date of this report.

The Audit Committee has recommended Arthur Andersen for re-appointment by shareholders as auditors at the forthcoming Annual General Meeting of the Company.

### OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

No material contracts to which the Company or any subsidiary, is a party and which involve directors' interests subsisted at, or have been entered into since the end of the financial year.

**AUDITORS**

Arthur Andersen have expressed their willingness to accept re-appointment.

*On behalf of the Board of Directors*

**CHUA KEE LOCK**

**NG EDE PHANG**

Singapore  
24 MARCH 2000

# Balance Sheets

AS AT 31 DECEMBER 1999 (CURRENCY – SINGAPORE DOLLARS)

	Note	Group		Company	
		1999 \$	1998 \$	1999 \$	1998 \$
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	3	69,075,229	2,249,492	69,075,229	2,249,492
Share premium	4	100,504,916	19,437,958	100,504,916	19,437,958
Accumulated losses		(35,918,888)	(10,064,366)	(20,652,481)	(8,980,643)
Translation reserve		192,952	(1,761)	—	—
		<b>133,854,209</b>	<b>11,621,323</b>	<b>148,927,664</b>	<b>12,706,807</b>
Minority interests		66,016	—	—	—
		<b>133,920,225</b>	<b>11,621,323</b>	<b>148,927,664</b>	<b>12,706,807</b>
Represented by -					
FIXED ASSETS	5	6,201,743	701,641	1,912,145	669,088
INTANGIBLE ASSETS	6	477,613	65,094	477,613	65,094
INVESTMENT IN SUBSIDIARIES	7	—	—	21,921,661	40,044
<b>CURRENT ASSETS</b>					
Stocks	8	54,991	70,001	54,991	70,001
Trade debtors	9	136,023	14,568	34,598	10,564
Other debtors, deposits and prepayments	10	2,110,511	710,669	1,217,147	655,980
Due from a subsidiary (trade)		—	—	—	802,830
Due from subsidiaries (non-trade)	12	—	—	141,697	—
Due from corporate shareholders (trade)		562,940	—	562,940	—
Tax recoverable		—	150,177	—	150,177
Fixed deposits		125,124,193	3,584,170	123,457,693	3,584,170
Cash and bank balances		8,305,048	7,643,494	6,010,198	7,585,594
		<b>136,293,706</b>	<b>12,173,079</b>	<b>131,479,264</b>	<b>12,859,316</b>
Less:					
<b>CURRENT LIABILITIES</b>					
Trade creditors		43,126	788,781	11,574	746,838
Accruals and other creditors	11	9,005,511	529,710	6,218,700	168,663
Due to subsidiaries (non-trade)	12	—	—	632,745	11,234
Provision for taxation		4,200	—	—	—
		<b>9,052,837</b>	<b>1,318,491</b>	<b>6,863,019</b>	<b>926,735</b>
<b>NET CURRENT ASSETS</b>		<b>127,240,869</b>	<b>10,854,588</b>	<b>124,616,245</b>	<b>11,932,581</b>
		<b>133,920,225</b>	<b>11,621,323</b>	<b>148,927,664</b>	<b>12,706,807</b>

The accompanying notes are an integral part of the financial statements.

# Statements Of Profit And Loss

FOR THE YEAR ENDED 31 DECEMBER 1999 (CURRENCY – SINGAPORE DOLLARS)

	Note	Group		Company	
		1999 \$	1998 \$	1999 \$	1998 \$
Turnover	13	2,499,320	90,868	2,071,414	85,768
Loss before taxation	14	25,868,093	5,724,023	11,671,838	4,752,238
Taxation	15	4,200	—	—	—
Loss after taxation		25,872,293	5,724,023	11,671,838	4,752,238
Minority interests		(17,771)	—	—	—
Loss after taxation and minority interests but before extraordinary item		25,854,522	5,724,023	11,671,838	4,752,238
Extraordinary item	16	—	—	—	14,023
Net loss for the year		25,854,522	5,724,023	11,671,838	4,766,261
Accumulated losses, brought forward		10,064,366	4,340,343	8,980,643	4,214,382
Accumulated losses, carried forward	17	35,918,888	10,064,366	20,652,481	8,980,643
Loss per share (cents)					
— basic	18	10.23	7.80		
— diluted	18	10.23	7.80		

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 1999 (CURRENCY – SINGAPORE DOLLARS)

	1999 \$	1998 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	<b>(25,868,093)</b>	(5,724,023)
Adjustment for:		
Provision for stock obsolescence	–	3,280
Provision for doubtful trade debts	–	15,983
Provision for doubtful debts of a subsidiary	–	129,745
Amortisation of intangible assets	<b>98,617</b>	20,020
Depreciation of fixed assets	<b>1,102,695</b>	151,977
Stocks written off	<b>70,001</b>	–
Loss on sale of fixed assets	<b>74,608</b>	–
Interest expense on convertible notes	–	16,000
Interest income from fixed deposits	<b>(645,923)</b>	(85,434)
Goodwill on consolidation written off	–	2,558
Gain arising from non-consolidation of a subsidiary	–	(68,772)
Translation difference	<b>273,093</b>	(27,504)
Operating loss before working capital changes	<b>(24,895,002)</b>	(5,566,170)
Decrease (increase) in:		
– Stocks	<b>(54,991)</b>	(40,688)
– Trade debtors	<b>(366,170)</b>	10,301
– Other debtors, deposits and prepayments	<b>(911,794)</b>	(385,486)
– Due from corporate shareholder, trade	<b>(562,940)</b>	–
Increase (decrease) in:		
– Trade creditors	<b>(745,655)</b>	(85,499)
– Accruals and other creditors	<b>8,233,753</b>	520,582
Cash used in operations	<b>(19,302,799)</b>	(5,546,960)
Income taxes refunded (paid)	<b>150,177</b>	(150,177)
Net cash used in operating activities	<b>(19,152,622)</b>	(5,697,137)

	1999 \$	1998 \$
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional costs incurred in acquiring intangible assets	(511,136)	(53,460)
Purchase of fixed assets	(6,775,202)	(670,421)
Proceeds from sale of fixed assets	19,417	—
Interest income from fixed deposits	402,590	85,434
<b>Net cash used in investing activities</b>	<b>(6,864,331)</b>	<b>(638,447)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of new shares (net)	148,134,743	16,827,199
Proceeds from issue of shares to minority shareholders of a subsidiary	83,787	—
Proceeds from issue of convertible notes	—	618,372
<b>Net cash generated from financing activities</b>	<b>148,218,530</b>	<b>17,445,571</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>122,201,577</b>	<b>11,109,987</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (NOTE A)</b>	<b>11,227,664</b>	<b>117,677</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE A)</b>	<b>133,429,241</b>	<b>11,227,664</b>

#### NOTES TO THE STATEMENT OF CASH FLOWS

##### A. Cash And Cash Equivalents

Cash and cash equivalents consists of cash and bank balances and fixed deposits. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet items:

	Group	
	1999 \$	1998 \$
Fixed deposits	125,124,193	3,584,170
Cash and bank balances	8,305,048	7,643,494
	<b>133,429,241</b>	<b>11,227,664</b>

# Notes To The Financial Statements

31 DECEMBER 1999 (CURRENCY – SINGAPORE DOLLARS)

The following notes are an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. THE COMPANY, ITS SUBSIDIARIES AND THEIR PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 15 July 1993 as a private company limited by shares under the name of Mediacom Technologies Pte Ltd. The Company's name was subsequently changed to MediaRing.com Ltd in connection with the Company's conversion to a public company limited by shares. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 November 1999.

The Company's principal activities are the research and development, design and marketing of telecommunications software. During the financial year, the Company expanded its activities to include those relating to the provision of Internet voice communication services, solutions provider to individuals and businesses worldwide and Internet retailing, offering computers and related products on its website.

The principal activities of the subsidiaries are those relating to marketing and the sale of products of the Company in their respective countries of incorporation.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### *Basis of accounting*

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention and Statements of Accounting Standard in Singapore.

### *Revenue recognition*

Advertising revenue on both banner and sponsorship contracts are recognised rateably over the period in which the advertisement is displayed, provided that no significant Group obligations remain at the end of the period and collection of the resulting receivable is probable. Group obligations for advertising contracts typically include contracted number of "impressions", or times that an advertisement appears in pages viewed by users of the Group's online properties. To the extent these impressions are not served, the Group defers recognition of the corresponding revenues until the remaining impression levels are achieved.

ValueFone or PC-phone revenue is recognised as service is provided. Pre-payment for communication services are deferred and recognised as revenue as and when the communication services are provided.

Unexpired prepayments from customers are included in "other creditors and accruals" in the balance sheet as "unearned revenue".

The Group recognises revenue, net of discounts, from product sales over its websites, when products are shipped to the customers. Outbound shipping and handling charges are included in net sales.



#### *Basis of consolidation*

The Group financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the Group financial statements with effect from the respective dates of acquisition or disposal. Significant intercompany balances and transactions have been eliminated on consolidation. In the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries have been translated from their respective functional currencies to Singapore dollars as follows:

- (a) all assets and liabilities at the rates of exchange ruling at the balance sheet date;
- (b) share capital and reserves at historical rates of exchange; and
- (c) profit and loss items at the average exchange rates for the year.

Foreign currency translation differences are taken directly to translation reserve.

#### *Fixed assets and depreciation*

Fixed assets are stated at cost less accumulated depreciation. Fixed assets are depreciated using the straight-line method to write-off the cost over their estimated useful lives. The estimated useful lives have been taken as follows:

	Years
Furniture, fixtures and fittings	5
Computer equipment	3
Office equipment	3
Motor vehicles	3

#### *Investment in subsidiaries*

Investment in subsidiaries is stated in the financial statements of the Company at cost. Provision is made where there is a decline in value that is other than temporary.

#### *Stocks*

Stocks are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

#### *Research and development costs*

Research and development costs are written off in the year in which they are incurred.

#### *Intangible assets*

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to the profit and loss account over 3 years in equal instalments. The costs of renewing patents and licences are expensed to the profit and loss account.

## Notes To The Financial Statements (con't)

### 2. SIGNIFICANT ACCOUNTING POLICIES (con't)

#### Taxation

Income tax expense is determined on the basis of tax effect accounting, using the liability method and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

#### Government grants

Government grants are recognised on an accrual basis when there is reasonable assurance that the Company has complied with all government rules and regulations attached to them and that there is reasonable certainty that the grants will be received.

The government grants due to the Company are for the development of multimedia products and are disbursed gradually during the course of the project development.

#### Foreign currency transactions and balances

The accounting records of the companies in the Group are maintained in their respective functional currencies. Transactions in foreign currencies during the financial year are recorded in the respective functional currencies using exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at exchange rates approximating those ruling at that date. All resultant exchange differences are dealt with through the profit and loss account.

### 3. SHARE CAPITAL

	Group and Company	
	1999 \$	1998 \$
Authorised		
– 1,000,000,000 (1998: 2,000,000) ordinary shares of \$0.10 (1998: \$1) each	100,000,000	2,000,000
– Nil (1998: 350,000) Redeemable Convertible Preference (“RCP”) “A” shares of \$1 each	—	350,000
– Nil (1998: 1,000,000) Preference “B” shares of \$1 each	—	1,000,000
– Nil (1998: 2,050,000) Preference “C” shares of \$0.01 each	—	20,500
– Nil (1998: 18,940,000) Preference “D” shares of \$0.01 each	—	189,400
	<b>100,000,000</b>	<b>3,559,900</b>
Issued and paid up		
– 690,752,290 (1998: 1,457,900) ordinary shares of \$0.10 (1998: \$1) each	69,075,229	1,457,900
– Nil (1998: 291,068) RCP “A” shares of \$1 each	—	291,068
– Nil (1998: 343,337) Preference “B” shares of \$1 each	—	343,337
– Nil (1998: 2,032,000) Preference “C” shares of \$0.01 each	—	20,320
– Nil (1998: 13,686,665) Preference “D” shares of \$0.01 each	—	136,867
	<b>69,075,229</b>	<b>2,249,492</b>

During the financial year, the Company increased its authorised share capital from \$3,559,900 to \$100,000,000 via the creation of:

- (i) an additional 96,170,100 ordinary shares of \$1 each; and
- (ii) an additional 27,000,000 Preference "D" shares of \$0.01 each.

The Company issued the following shares during the financial year:

Shares Issued	Purpose
<b>Ordinary shares of \$1 each</b>	
(a) 50,000 ordinary shares of \$1 each at par	As consideration for legal fees billed to the Company
(b) 5,873,652 ordinary shares of \$1 each at par, for cash	For working capital purposes
(c) 35,400 ordinary shares of \$1 each at par, for cash	Exercise of employee share options
(d) 63,000 ordinary shares of \$1 each at \$1.82 per share, for cash	Exercise of employee share options
(e) 36,429 ordinary shares of \$1 each at \$1.20 per share	As consideration for consultancy fees payable to independent consultants
<b>Preference "D" shares of \$0.01 each</b>	
(a) 4,730,000 Preference "D" shares of \$0.01 each at \$1.27 per share, for cash	For working capital purposes
(b) 13,750,000 Preference "D" shares of \$0.01 each at \$1.40 per share, for cash	For working capital purposes
(c) 1,250,000 Preference "D" shares of \$0.01 each at \$1.40 per share pursuant to the conversion of convertible notes of an aggregate principal amount of \$1.75 million	Conversion of convertible notes
(d) 6,902,515 Preference "D" shares of \$0.01 each at \$3.57 per share, for cash	For working capital purposes
(e) 1,230,163 Preference "D" shares of \$0.01 each at \$3.57 per share, for cash	Rights issue to existing shareholders to raise working capital
(f) 200,000 Preference "D" shares of \$0.01 each at \$1.27 per share, for cash, upon the exercise of 200,000 warrants by corporate shareholders	Exercise of warrants

## Notes To The Financial Statements (con't)

### 3. SHARE CAPITAL (con't)

At two extraordinary general meetings of the Company held on 25 October 1999, the shareholders of the Company approved, *inter alia* the following:

- (i) the conversion of each issued RCP "A" share of par value \$1 each, each issued Preference "B" share of par value \$1 each, each issued Preference "C" share of par value \$0.01 each and each issued Preference "D" share of par value \$0.01 each in the issued and paid-up capital of the Company into one ordinary share of \$1 each; and
- (ii) the sub-division of each ordinary share of \$1 each in the authorised and issued and paid-up share capital of the Company into 10 ordinary shares of \$0.10 each.

On 19 November 1999, the Company issued 150,000,000 new ordinary shares of \$0.10 each at \$0.53 per share, for cash, in connection with the Company's initial public offering of shares.

On 16 December 1999, the Company further issued 20,431,000 new ordinary shares of \$0.10 each at \$0.53 per share, for cash, pursuant to the exercise of the over-allotment option.

In addition, the Company issued 1,000,000 new shares of \$0.10 each at par pursuant to the exercise of employees' share options.

All newly issued and paid up shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

### 4. SHARE PREMIUM

	Group and Company	
	1999 \$	1998 \$
At beginning of year	19,437,958	1,751,940
Premium arising from the issue of Nil (1998: 2,032,000) Preference "C" shares of \$0.01 each at \$0.50 per share	—	995,680
Premium arising from the issue of Nil (1998: 7,926,665) Preference "D" shares of \$0.01 each at \$1.20 per share	—	9,432,738
Premium arising from the issue of 4,730,000 (1998: 5,760,000) Preference "D" shares of \$0.01 each at \$1.27 per share	5,959,800	7,257,600
Premium arising from the issue of 15,000,000 Preference "D" shares of \$0.01 each at \$1.40 per share	20,850,000	—
Premium arising from the issue of 63,000 ordinary shares of \$1 each at \$1.82 per share	51,660	—
Premium arising from the issue of 8,132,678 Preference "D" shares of \$0.01 each at \$3.57 per share	28,952,333	—
Premium arising from the issue of 200,000 Preference "D" shares of \$0.01 each at \$1.27 per share	252,000	—

	Group and Company	
	1999 \$	1998 \$
Premium arising from the issue of 36,429 ordinary shares of \$1 each at \$1.20 per share	7,286	—
Conversion of 2,032,000 Preference "C" shares of \$0.01 each to ordinary shares of \$1 each via capitalisation of share premium	(2,011,680)	—
Conversion of 41,749,343 Preference "D" shares of \$0.01 each to ordinary shares of \$1 each via capitalisation of share premium	(41,331,850)	—
Premium arising from the issue of 170,431,000 ordinary shares of \$0.10 each at \$0.53 per share, in connection with the initial public offering of the Company	73,285,330	—
Less: initial public offering expenses	(4,947,921)	—
At end of year	100,504,916	19,437,958

## 5. FIXED ASSETS

### (a) Group

	Furniture, fixtures and fittings \$	Computer equipment \$	Office equipment \$	Motor vehicle \$	Total \$
<b>Cost</b>					
As at 1.1.99	153,847	1,061,237	70,014	—	1,285,098
Additions	711,866	5,337,933	580,553	144,850	6,775,202
Disposals	(158,147)	—	(41,458)	—	(199,605)
Translation difference	(463)	(85,261)	(1,642)	(2,645)	(90,011)
As at 31.12.99	707,103	6,313,909	607,467	142,205	7,770,684
<b>Accumulated depreciation</b>					
As at 1.1.99	55,651	497,103	30,703	—	583,457
Charge for the year	52,048	971,405	68,961	10,281	1,102,695
Disposals	(76,491)	—	(29,089)	—	(105,580)
Translation difference	208	(11,284)	(367)	(188)	(11,631)
As at 31.12.99	31,416	1,457,224	70,208	10,093	1,568,941
Charge for 1998	24,361	110,772	16,844	—	151,977
<b>Net book values</b>					
As at 31.12.99	675,687	4,856,685	537,259	132,112	6,201,743
As at 31.12.98	98,196	564,134	39,311	—	701,641

Notes To The Financial Statements (con't)

5. FIXED ASSETS (con't)

(b) Company

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Total
	\$	\$	\$	\$
<b>Cost</b>				
As at 1.1.99	144,383	1,047,718	55,178	1,247,279
Additions	640,895	587,973	529,472	1,758,340
Disposals	(158,147)	—	(41,458)	(199,605)
As at 31.12.99	627,131	1,635,691	543,192	2,806,014
<b>Accumulated depreciation</b>				
As at 1.1.99	54,537	495,918	27,736	578,191
Charge for the year	44,125	315,345	61,788	421,258
Disposals	(76,491)	—	(29,089)	(105,580)
As at 31.12.99	22,171	811,263	60,435	893,869
Charge for 1998	23,727	109,587	13,397	146,711
<b>Net book values</b>				
As at 31.12.99	604,960	824,428	482,757	1,912,145
As at 31.12.98	89,846	551,800	27,442	669,088

6. INTANGIBLE ASSETS

	Group and Company	
	1999	1998
	\$	\$
Cost at beginning of year	100,941	47,481
Additional costs incurred	511,136	53,460
	612,077	100,941
Less accumulated amortisation	(134,464)	(35,847)
	477,613	65,094

Movement in accumulated amortisation during the year is as follows:

At beginning of year	35,847	15,827
Amortisation for the year	98,617	20,020
At end of year	134,464	35,847

## 7. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries comprises:

	Company	
	1999 \$	1998 \$
Unquoted equity shares:		
Cost at beginning of year	54,067	54,063
Additional investment	21,881,617	4
Investment written off	(14,023)	—
	21,921,661	54,067
Less provision for diminution in value of investment	—	(14,023)
	21,921,661	40,044

Movement in provision for diminution in value of investment during the year is as follows:

At beginning of year	14,023	—
Provision for the year	—	14,023
Written off against provision	(14,023)	—
At end of year	—	14,023

As at 31 December 1999, the Company had the following subsidiaries:

Name	Principal Activities	Country of Incorporation and Place of Business	Percentage of equity held by the Company		Cost of investment by the Company	
			1999 %	1998 %	1999 \$	1998 \$
Mediacommunication Nordic AB*	To market and sell products of holding company in Sweden	Sweden	100	100	40,040	40,040
Pacific Mediacom, Inc.	To market and sell products of holding company in USA	USA	—	100	—	14,023
MediaRing.com, Inc. (formerly known as Mediaring, Inc.)#	To market and sell products of holding company in USA	USA	100	100	20,044,154	2
Mediaring Pte Ltd	To market and sell products of holding company (currently dormant)	Singapore	100	100	2	2

Notes To The Financial Statements (con't)

7. INVESTMENT IN SUBSIDIARIES (con't)

Name	Principal Activities	Country of Incorporation and Place of Business	Percentage of equity held by the Company		Cost of investment by the Company	
			1999 %	1998 %	1999 \$	1998 \$
MediaRing.com Europe Limited#	To market and sell products of holding company in Europe	United Kingdom	100	—	1,083,300	—
MediaRing.com (Hong Kong) Limited#	To market and sell products of holding company in Hong Kong	Hong Kong	90	—	754,165	—
					<b>21,921,661</b>	<b>54,067</b>

\* Audited by Ernst & Young, AB, Sweden

# Not required to present audited financial statements under the laws of their countries of incorporation

8. STOCKS

	Group and Company	
	1999 \$	1998 \$
Trading stocks	54,991	73,281
Less provision for stock obsolescence	—	(3,280)
	<b>54,991</b>	<b>70,001</b>

Movement in provision for stock obsolescence during the year is as follows:

At beginning of year	3,280	—
Provision for the year	—	3,280
Written off against provision	(3,280)	—
At end of year	—	3,280



## 9. TRADE DEBTORS

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Trade debtors	136,023	30,551	34,598	26,547
Less provision for doubtful debts	—	(15,983)	—	(15,983)
	<b>136,023</b>	<b>14,568</b>	<b>34,598</b>	<b>10,564</b>

Movement in provision for doubtful debts during the year is as follows:

At beginning of year	15,983	—	15,983	—
Provision for the year	—	15,983	—	15,983
Written off against provision	(15,983)	—	(15,983)	—
At end of year	—	15,983	—	15,983

## 10. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Other debtors	341,146	63,737	266,640	40,840
Government grants receivable	492,602	539,162	492,602	539,162
Deposits	584,073	34,002	208,914	25,937
Prepayments	449,357	73,768	5,658	50,041
Interest receivable	243,333	—	243,333	—
	<b>2,110,511</b>	<b>710,669</b>	<b>1,217,147</b>	<b>655,980</b>

## 11. ACCRUALS AND OTHER CREDITORS

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Accrued operating expenses	2,263,965	514,450	537,471	168,663
Other creditors	6,481,761	15,260	5,421,444	—
Unearned revenue	138,707	—	138,707	—
Deposits received	121,078	—	121,078	—
	<b>9,005,511</b>	<b>529,710</b>	<b>6,218,700</b>	<b>168,663</b>

## Notes To The Financial Statements (con't)

### 12. DUE TO/FROM SUBSIDIARIES (NON-TRADE)

These amounts are unsecured, interest-free and have no fixed terms of repayment.

### 13. TURNOVER

Turnover comprises the following:

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Revenue from advertising				
– cash	772,253	–	603,581	–
– barter	1,135,976	–	898,327	–
Revenue from ValueFone	557,741	–	557,741	–
Other revenue	33,350	90,868	11,765	85,768
	<b>2,499,320</b>	<b>90,868</b>	<b>2,071,414</b>	<b>85,768</b>

### 14. LOSS BEFORE TAXATION

This is determined after charging (crediting) the following:

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Auditors' remuneration	81,149	7,494	40,000	5,000
Amortisation of intangible assets	98,617	20,020	98,617	20,020
Depreciation of fixed assets	131,290	41,205	105,913	37,124
Directors' remuneration	415,778	264,800	415,778	264,800
Government grants	(720,753)	(1,057,264)	(720,753)	(1,057,264)
Interest expense on convertible notes	–	16,000	–	16,000
Stocks written off	70,001	12,703	70,001	12,703
Interest income from fixed deposits	(645,923)	(85,434)	(582,415)	(85,434)
Provision for doubtful debts of a subsidiary	–	129,745	–	129,745
Provision for doubtful trade debts	–	15,983	–	15,983
Provision for stock obsolescence	–	3,280	–	3,280
Exchange loss, net	280,304	42,165	280,242	42,165
Goodwill on consolidation written off	–	2,558	–	–
Research and development costs*	4,827,843	1,568,746	3,217,890	1,568,746
Loss on disposal of fixed assets	74,608	–	74,608	–

\* Included in research and development costs are depreciation charges relating to the Group and Company amounting to \$971,405 (1998:\$110,772) and \$315,345 (1998: \$109,587) respectively.

## 15. TAXATION

### *The Company*

There is no current tax expense as the Company is in a tax loss position.

As at 31 December 1999, the Company had unutilised tax losses of approximately \$16,900,000 (1998: \$7,180,000). These are available for offset against future taxable profits, subject to compliance with the relevant provisions of the Singapore Income Tax Act.

### *The subsidiaries*

The current year tax charge for the Group arises from tax charge in relation to a profitable entity within the Group.

As at 31 December 1999, the other subsidiaries had unutilised tax losses of approximately \$14,000,000 (1998: \$Nil). These are available for offset against future taxable profits, subject to agreement with the Income Tax Authorities and the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The losses of companies within the Group are not available for offset against the profits of profitable companies on a group basis.

The Group's potential deferred tax benefit arising from these unutilised tax losses and capital allowances has not been recognised in the financial statements in accordance with the accounting policy in Note 2 to the financial statements.

## 16. EXTRAORDINARY ITEM

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Provision for diminution in value of investment in a subsidiary	—	—	—	14,023

## 17. ACCUMULATED LOSSES, CARRIED FORWARD

	Group	
	1999 \$	1998 \$
This is retained by:		
The Company	20,652,481	8,980,643
Subsidiaries	15,266,407	1,083,723
	<b>35,918,888</b>	<b>10,064,366</b>

Notes To The Financial Statements (con't)

18. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's net loss for the year of \$25,854,522 (1998: \$5,724,023) by the weighted average number of shares in issue during the year of 252,686,013 (1998: 73,291,928) ordinary shares of \$0.10 each after adjusting for the sub-division of shares.

Diluted loss per share is the same as basic loss per share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted loss per share.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group and Company has significant transactions with related parties on terms agreed between the parties as follows:

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
<b>Revenue</b>				
Advertising revenue from corporate shareholders	592,362	—	592,362	—
<b>Expenses</b>				
Management fees paid/payable to a subsidiary	—	—	393,797	95,072

20. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments in respect of office premises are as follows:

	Group		Company	
	1999 \$	1998 \$	1999 \$	1998 \$
Within one year	2,100,000	213,000	900,000	213,000
Within 2 to 5 years	6,000,000	124,000	1,700,000	124,000
	<b>8,100,000</b>	<b>337,000</b>	<b>2,600,000</b>	<b>337,000</b>

21. GROUP SEGMENTAL REPORTING

(a) By business segments

	Advertising		Value Fone		Other operations		Total	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Revenue	1,908	—	558	—	33	90	2,499	90
Segment results	(16,544)	(4,543)	(5,579)	—	(77)	(185)	(22,200)	(4,728)
Unallocated corporate expenses							(3,650)	(996)
Loss before taxation (after minority interest)							(25,850)	(5,724)
Taxation							(4)	—
Loss after taxation							(25,854)	(5,724)
<b>Other information</b>								
Segment assets	5,786	1,156	1,923	—	69	85	7,778	1,241
Unallocated corporate assets							135,195	11,699
							<u>142,973</u>	<u>12,940</u>

(b) By geographical regions

	Asia		America		Europe		Total	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Revenue	2,071	86	428	4	—	—	2,499	90
Loss before taxation (after minority interest)	(11,460)	(4,771)	(13,273)	(1,043)	(1,117)	90	(25,850)	(5,724)
Taxation							(4)	—
Net loss for the year							(25,854)	(5,724)
<b>Other information</b>								
Segment assets	134,431	12,791	7,990	61	552	88	142,973	12,940

Notes To The Financial Statements (con't)

22. DIRECTORS' REMUNERATION

	Number of directors in remuneration bands		
	Executive Directors	Non-executive Directors	Total
<b>1999</b>			
\$500,000 and above	—	—	—
\$250,000 to \$499,999	—	—	—
Below \$250,000	2	8	10
<b>1998</b>			
\$500,000 and above	—	—	—
\$250,000 to \$499,999	—	—	—
Below \$250,000	2	5	7

23. CONTINGENT LIABILITY, UNSECURED

Subsequent to the year end, the Company's wholly-owned subsidiary in the United States of America, MediaRing.com, Inc., is one of ten defendants whereby the plaintiff is claiming that MediaRing.com, Inc., along with the other nine defendants, is in infringement of patented technology for a product that uses simultaneous voice and data in engaging in telephone calls over telephone lines using Internet Protocol. The Company, its legal counsel, engineers and patent attorneys, are currently assessing the case and as at this date are unable to ascertain the possible outcome of the litigation or potential losses, if any, that may arise therefrom.

24. SUBSEQUENT EVENT

Subsequent to year end, the Company entered into a conditional agreement with W.O.S. World of Sports (S) Pte Ltd ("WOS"), and 4 individual shareholders of WOS to acquire a 5% shareholding in the capital of WOS (the "Investment"). The Investment is expected to be completed only after the completion of a restructuring exercise currently being undertaken by WOS and the receipt of in-principle approval for a listing of the shares of WOS on the SGX-ST pursuant to an application for such a listing intended to be made by WOS. The Company will satisfy the purchase consideration by paying 10% of such consideration in cash and the balance in new shares of the Company to be issued at a price of \$1.56 per share.

25. PRIOR YEAR COMPARATIVES

Certain prior year comparatives have been reclassified to conform with current year's presentation.

# Statement By Directors

In the opinion of the directors, the accompanying financial statements set out on pages 38 to 56 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 1999 and the results of the Company and of the Group and cash flows of the Group for the year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

*On behalf of the Board of Directors*

**CHUA KEE LOCK**

**NG EDE PHANG**

Singapore

24 MARCH 2000

# Statistics Of Shareholdings

AS AT 8 MAY 2000

Authorised share capital : \$100,000,000  
Issued and fully paid-up capital: \$69,655,979  
Class of shares : Shares of 10 cents each with equal voting rights

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 1,000	3,327	19.25	3,324,970	0.48
1,001 – 10,000	11,665	67.49	53,791,360	7.72
10,001 – 1,000,000	2,240	12.96	95,938,090	13.77
1,000,001 and above	52	0.30	543,505,370	78.03
Total	17,284	100.00	696,559,790	100.00

## LOCATION OF SHAREHOLDERS

Location	No. of Shareholders	%	No. of Shares	%
Singapore	16,979	98.23	513,211,380	73.68
Malaysia	160	0.93	1,945,000	0.28
Hong Kong	32	0.18	574,000	0.08
USA	28	0.16	1,138,860	0.16
United Kingdom	3	0.02	12,000	0.00
Europe	1	0.01	10,000	0.00
Australia / New Zealand	9	0.05	123,000	0.02
Others	72	0.42	179,545,550	25.78
Total	17,284	100.00	696,559,790	100.00



**TWENTY LARGEST SHAREHOLDERS**

Name	No. of Shares	%
1 CTI Limited	77,850,240	11.18
2 L&H Investment Company	53,092,270	7.62
3 Innomedia Pte Ltd	44,399,680	6.37
4 Phillip Securities Pte Ltd	35,580,680	5.11
5 Technology Fund II Pte Ltd	35,402,020	5.08
6 Wing Huat Loong (Pte) Ltd	27,560,420	3.96
7 T.H.eVenture Pte Ltd	23,809,520	3.42
8 Chua Kee Lock	20,819,440	2.99
9 Ng Ede Phang	20,819,440	2.99
10 Pacific Century Internet Ventures Limited	19,047,620	2.73
11 United Overseas Bank Nominees Pte Ltd	19,047,320	2.73
12 Vertex Technology Fund Ltd	17,910,910	2.57
13 Sunwise Pte Limited	17,489,600	2.51
14 Wiig Global Ventures Pte Ltd	10,724,500	1.54
15 Advanced Internet Ventures Limited	9,523,810	1.37
16 SIS Netrepreneur Ventures Corp	9,523,810	1.37
17 DBS Nominees Pte Ltd	8,027,910	1.15
18 Infotech Ventures Ltd	7,521,400	1.08
19 Seed Ventures II Limited	7,521,400	1.08
20 Vertex Technology Fund (II) Ltd	6,829,270	0.98
<b>Total</b>	<b>472,501,260</b>	<b>67.83</b>

**SUBSTANTIAL SHAREHOLDERS**

No.	Name	Direct Interest		Deemed Interest		Total Interest	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	CTI Limited	77,850,240	11.18	—	—	77,850,240	11.18
2	Sim Wong Hoo	—	—	77,850,240	11.18	77,850,240	11.18
3	L & H Investment Co. N.V.	53,092,270	7.62	—	—	53,092,270	7.62
4	Pol Lucien Corneel Hauspie	—	—	53,092,270	7.62	53,092,270	7.62
5	Temasek Holdings (Pte) Ltd.	—	—	48,774,700	7.00	48,774,700	7.00
6	Ng Kai Wa	2,666,340	0.38	44,399,680	6.37	47,066,020	6.75
7	Innomedia Pte Ltd.	44,399,680	6.37	—	—	44,399,680	6.37
8	Technology Fund II Pte Ltd	35,402,020	5.08	—	—	35,402,020	5.08

# Notice Of Annual General Meeting

MEDIARING.COM LTD (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MediaRing.com Ltd ("the Company") will be held at the Hullet Room, The Westin Stamford & Westin Plaza, 2 Stamford Road, Singapore 178882, on Thursday, 22 June 2000 at 10 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 1999 together with the Auditors' Report thereon (Resolution 1)
2. To re-elect the following Directors retiring by rotation pursuant to Articles 104 and 108 of the Company's Articles of Association:  
Mr Chua Kee Lock (Retiring under Article 104) (Resolution 2)  
Mr Ng Kai Wa (Retiring under Article 104) (Resolution 3)  
Mr Walter Sousa (Retiring under Article 108) (Resolution 4)  
Mr Sim Wong Hoo (Retiring under Article 108) (Resolution 5)  
Mr Richard Li Tzar Kai (Retiring under Article 108) (Resolution 6)

Mr Chua Kee Lock will, upon re-election as a Director of the Company, remain as member of the Audit Committee and will be considered non-independent for the purposes of Clause 902(4)(a) of the Listing Manual of the Singapore Exchange Limited.

Mr Walter Sousa will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of the Listing Manual of the Singapore Exchange Limited.

3. To re-appoint Arthur Andersen as the Company's Auditors and to authorise the Directors to fix their remuneration (Resolution 7)
4. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 5. Authority to issue and allot new shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Clause 941(3)(b) of the Listing Manual of the Singapore Exchange Limited, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion, deem fit provided that:

- (i) the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company for the time being, and
- (ii) the aggregate number of shares to be issued other than on a pro-rata basis to existing members does not exceed twenty per cent (20%) of the Company's issued share capital for the time being.

Such authority continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next General Meeting is required by law to be held, which ever is earlier, unless previously revoked or varied by the Company. (Resolution 8)

6. **Authority to grant options and issue shares under the 1999 MediaRing Employees' Share Option Scheme**  
That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the MediaRing Employees' Share Option Scheme ("the Scheme") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be issued and allotted pursuant to the Scheme shall not exceed 65,921,470 ordinary shares from time to time. [See Explanatory Note (i)]  
(Resolution 9)
7. **Authority to grant options and issue shares under the 1999 MediaRing Employees' Share Option Scheme II**  
That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the MediaRing Employees' Share Option Scheme II ("the Scheme II") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be issued and allotted pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (ii)]  
(Resolution 10)
- 8 (a) **Approval of Shareholders' Mandate for Interested Persons Transactions**  
That approval be and is hereby given for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Limited, for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions particulars of which are set out on pages 68 to 69 of the Company's Prospectus dated 11 November 1999 ("Prospectus") with the Interested Persons described in the Prospectus and that such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting. [See Explanatory Note (iii)].  
(Resolution 11)
- (b) **Authority to Directors to give effect to Resolution 11**  
That authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to Resolution 11 above as they may think fit. [See Explanatory Note (iv)].  
(Resolution 12)

*By Order of the Board*

**CHUA YANG JOO**  
*Company Secretary*

Singapore  
5 JUNE 2000

## Notice Of Annual General Meeting (con't)

### Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company up to a maximum of 65,921,470 ordinary of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.
- (ii) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme II.
- (iii) The Ordinary Resolution proposed in item 8(a) above, if passed, will authorise the Interested Person Transactions as described in the Prospectus and recurring in the year. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.
- (iv) The Ordinary Resolution proposed in item 8(b) above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting of the Company to do all acts necessary to give effect to the ordinary resolution proposed in item 8(a) above.

### Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Eunos Road 8, #12-01/02, Singapore Post Centre, Singapore 408600 not less than forty-eight hours (48) before the time for holding the meeting.

# Proxy Form

MEDIARING.COM LTD (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of MediaRing.com Ltd (the "Company"), hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or, failing him, \_\_\_\_\_  
of \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 22 June 2000 at 10 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

Resolutions relating to:	For	Against
1 Directors' Report and Accounts for the year ended 31 December 1999.		
2 Re-election of Mr Chua Kee Lock as a Director retiring under Article 104.		
3 Re-election of Mr Ng Kai Wa as a Director retiring under Article 104.		
4 Re-election of Mr Walter Sousa as a Director retiring under Article 108.		
5 Re-election of Mr Sim Wong Hoo as a Director retiring under Article 108.		
6 Re-election of Mr Richard Li Tzar Kai as a Director retiring under Article 108.		
7 Re-appointment of Arthur Andersen as Auditors.		
8 Authority to issue and allot new shares.		
9 Authority to grant options and issue shares under the 1999 MediaRing Employees' Share Option Scheme.		
10 Authority to grant options and issue shares under the 1999 MediaRing Employees' Share Option Scheme II.		
11 Approval of Shareholders' Mandate for Interested Persons Transactions.		
12 Authority given to Directors to give effect to Resolution 11.		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

AFFIX  
POSTAGE  
STAMP

COMPANY SECRETARY  
MEDIARING.COM LTD  
10 EUNOS ROAD 8  
#12-01 SINGAPORE POST CENTRE  
SINGAPORE 408600

*Fold Along Dotted Lines*

*Fold Along Dotted Lines*

**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Eunos Road 8, #12-01/02, Singapore Post Centre, Singapore 408600 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

# Main Business Addresses

## SINGAPORE

### MediaRing.com Ltd

10 Eunos Road 8, #12-01,  
Singapore Post Centre,  
Singapore 408600  
Tel: (65)-846 0990  
Fax: (65)-846 0286

---

## UNITED STATES OF AMERICA

### SAN JOSE

MediaRing.com, Inc.  
99 West Tasman Drive  
Suite 280  
San Jose, CA 95134  
United States of America  
Tel: (01)-408-383 9222  
Fax: (01)-408-383 9223

### NEW YORK (Representative Office)

489 5th Avenue, 12th Floor  
N.Y. 10017  
New York  
United States of America  
Tel: (01)-212-972 2290  
Fax: (01)-212-972 2289

## UNITED KINGDOM

### LONDON

MediaRing.com Europe Limited  
First Floor Office  
25/27 Buckingham Palace Road  
London SW1  
United Kingdom  
Tel: (44)-207-729 7115  
Fax: (44)-207-729 4416

## PEOPLE'S REPUBLIC OF CHINA

### SHANGHAI

MediaRing.com (Shanghai) Limited  
18 F Aetna Tower,  
107 Zun Yi Road,  
Shanghai 200051,  
People's Republic Of China  
Tel: (86)-21-623 75189  
Fax: (86)-21-623 75851

### BEIJING (Representative Office)

30 Hai Dian Nan Lu,  
#1311 Aerospace Great Wall Building,  
Beijing 100080,  
People's Republic Of China  
Tel: (86)-10-82626555  
Fax: (86)-10-68748418

### TAIWAN (Representative Office)

11F 237 No. Sec 4, Cheng De Rd,  
Shihlin Dist, Taipei  
Taiwan, R.O.C.  
Tel: (886)-2-8861 5376  
Fax: (886)-2-8861 5409

### HONG KONG

MediaRing.com (Hong Kong) Limited  
Room 3203, 32/F Sina Plaza  
255-257 Gloucester Road  
Causeway Bay, Hong Kong  
Tel: (852)-2836 6191  
Fax: (852)-2836 6477