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Caitlin Chau
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MACQUARIE
BANK

Dear Caitlin

Endowment Warrants – SGT Capital Reduction Adjustments

Endowment Warrants
Macquarie Bank Limited has issued Endowment Warrants over shares in Singapore Telecommunications Limited ("SGT") under an Offering Circular dated 18 November 1998 (ASX code SGTEMG).

Offer Details
On 4 May 2004, SGT announced a proposed Capital Reduction and Cash Distribution involving the cancellation of 1 share for every 14 shares held. SGT Shareholders will receive a Cash Distribution of S$2.36 for each share cancelled.

The Capital Reduction received share holder approval in July 2004 and the approval of the High Court of Singapore in August 2004.

SGT will trade ex the Capital Reduction on ASX on 30 August 2004.

SGTEMG Endowment Warrant Adjustments
Clause 6.4 of the Terms of Issue of the Endowment Warrants states that if there is a capital return that involves the cancellation of shares, the number of shares constituting an Underlying Parcel is reduced in accordance with the number of shares cancelled.

This will result in the Underlying Parcel for the SGTEMG Endowment Warrant being reduced from 1.66 SGT CUFS before the cancellation to 1.541 SGT CUFS afterwards.

Under clause 4.1 of the Terms of Issue of the Endowment Warrants, the Cash Distribution is a Reduction Amount, and will be subtracted from the Outstanding

Amount. The Reckoning Day will be the payment date of the Cash Distribution, as defined in section 4.1 of the Terms of Issue, expected to be 24 September 2004.

The Underlying Parcel for the SGTEMG Endowment Warrant currently contains 1.66 SGT CUFS. SGT is going to cancel 1 share in 14 and give shareholders S$2.36 per share cancelled (the same adjustment applies to CUFS). The cash amount relating to the Underlying Parcel is therefore S$0.2798 (calculated as S$2.36/14 x 1.66).

SGT will pay the A$ value of the Cash Distribution to holders of CUFS on 24 September 2004. The Reduction Amount that will apply to the Outstanding Amount of the SGTEMG Endowment Warrant will be the A$ value of the S$2.36 Cash Distribution divided by 14 and multiplied by 1.66.

Macquarie proposes that the changes to the SGTEMG Endowment Warrant Underlying Parcel outlined above will become effective from 30 August 2004, the first trading day on which SGT trades on an ex Capital Reduction basis, and the Outstanding Amount will be reduced on the Reckoning Date as defined in the Terms of Issue, 24 September 2004.

If you wish to discuss any aspects of the above, please call me 8232 4042.

Yours sincerely,

Richard Dixon
Associate Director
Equity Markets Group
Macquarie Bank Limited