EMBRACING THE FUTURE OF COMMUNICATIONS

TELECHOICE INTERNATIONAL LIMITED ANNUAL REPORT 2006

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TeleChoice International Limited
5 Clementi Loop Level 2M
Singapore 129816

www.telechoice.com.sg
Tel : 65 6849 4000
Fax : 65 6849 4012
Company Registration No. 199802072R

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Bertie Cheng
(Chairman)

Yap Boh Pin

Gracy Choo

Stewart Yen Se-Hua

Jackson Tang Yew Kay

Lee Theng Kiat

Sio Tat Hiang

Kwek Buck Chye
(alternate to Lee Theng Kiat)

Clive Lim Chai Hock

COMPANY SECRETARIES

Pek Siok Lan

Hon Wei Seng

REGISTERED OFFICE

51 Cuppage Road #10-11/17
StarHub Centre
Singapore 229469

EXTERNAL AUDITORS

KPMG

Audit Partner: Ang Fung Fung
(Partner since financial year ended 31 December 2005)

DIRECTORY OF SUBSIDIARIES AND JOINT VENTURE COMPANIES

SINGAPORE

Corporate

TeleChoice International Limited
5 Clementi Loop Level 2M
Singapore 129816
Tel : 65 6849 4000
Fax : 65 6849 4012
Website: www.telechoice.com.sg

Distribution Services

TeleChoice International Limited
TeleChoice (Indonesia) Pte Ltd
Planet Telecoms (S) Pte Ltd
5 Clementi Loop Level 2M
Singapore 129816
Tel : 65 6849 4000
Fax : 65 6466 8820
Website: www.telechoice.com.sg

Telecommunications Services

Nexwave Telecoms Pte. Ltd
Nexwave Solutions Pte. Ltd
SunPage Communications Pte Ltd
5 Clementi Loop Level 2M
Singapore 129816
Tel : 65 6481 7666
Fax : 65 6481 0110
Website: www.nexwave.com.sg

Network Engineering Services

NexWave Technologies Pte Ltd
5 Clementi Loop Level 2M
Singapore 129816
Tel : 65 6849 4040
Fax : 65 6849 4037
Website: www.nexwave.com.sg

OVERSEAS OFFICES

INDONESIA

PT TeleChoice Indonesia
Menara Kadin Indonesia Lt 30
Jl H R Rasuna Said Blok X-5 Kav 2-3
Jakarta 12950
Indonesia
Tel : 62 21 5289 1919
Fax : 62 21 5299 4599

PT Sakalaguna Semesta
Komp Ruko Roxy Mas
Blok C2 No. 19
Jakarta 10150
Indonesia
Tel : 62 21 6385 2687
Fax : 62 21 6385 2535

PT NexWave
Jl Radio Dalam Raya No. 2A
Gandaria Utara
Jakarta Selatan 12140
Indonesia
Tel : 62 21 726 4383
Fax : 62 21 726 4382

MALAYSIA

T.Choice (Malaysia) Sdn Bhd
B808 Block B Kelana Square
Jln SS7/26 Kelana Jaya
47301 Petaling Jaya
Selangor Malaysia
Tel : 60 3 7880 9889
Fax : 60 3 7880 0266

N-Wave Telecoms (Malaysia) Sdn. Bhd.
29-5-2 Jalan 3/101C
Cheras Business Centre Cheras
56100 Kuala Lumpur Malaysia
Tel : 60 3 7880 9889
Fax : 60 3 7880 0266

THAILAND

TeleChoice (Thailand) Ltd
3rd Floor Suttawongse Building
37 Petchburin Soi 15 Petchburi Road
Ratchthewee Bangkok 10400
Tel : 66 2 250 0368
Fax : 66 2 250 0368

AUSTRALIA

T.Choice Pty Ltd
P.O. Box 7620
Dandenong VIC 3175
Tel : 61 401 983389

CORPORATE PROFILE

Incorporated in Singapore on 28 April 1998 and listed on the Main-Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 June 2004, TeleChoice International Limited (“TeleChoice”) is a regional diversified provider and enabler of innovative communications. TeleChoice is a subsidiary of Singapore Technologies Telemedia Pte Ltd, a leading info-communications company with operations in Asia-Pacific, the Americas and Europe. DBS Bank Ltd was the manager, underwriter and placement agent for TeleChoice’s initial public offering on the SGX-ST.

TeleChoice offers a comprehensive suite of services and solutions for the telecommunications industry:

Distribution Services:
distribution, retail, fulfillment and supply chain management services relating to mobile handsets and accessories.

Telecommunications Services:
innovative and value-added Voice, Video and Data services such as SunPage iDD, SunPage Budget MobileCall, Super Saver Mobile Call, SunPage Budget Roaming, SunPage Budget CallHome, SunPage Internet Call, PushMail, Location Tracking and Mobile Data Network Services.

Network Engineering Services:
network planning, project and resource management, network implementation and optimisation, network enhancement and managed outsourcing services for telecommunication operators in Singapore and the region.

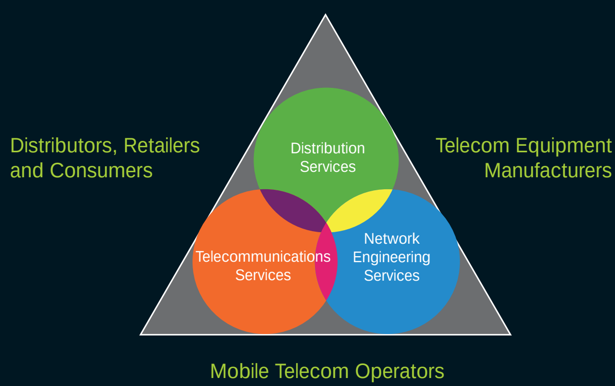
Headquartered in Singapore with a total staff strength of 600, TeleChoice has operations in the Asia-Pacific region, including Indonesia, Malaysia and Thailand. The company has been profitable since its inception and has established a track record for strong cash generation and management.

In recognition of its achievement for continuous and sustained corporate growth, TeleChoice was ranked among the top 30% (revenue) amongst the Singapore 1000 and SME 500 Rankings (2006). The Singapore 1000 ranking recognises Singapore’s largest corporations by annual sales/turnover performance and the Singapore SME 500 ranks the most successful small and medium enterprises.

In consonance with its commitment to good corporate governance and high standards of corporate disclosure, TeleChoice is ranked amongst the top 10% of SGX-ST listed companies covered under The Business Times Corporate Transparency Index (2006).

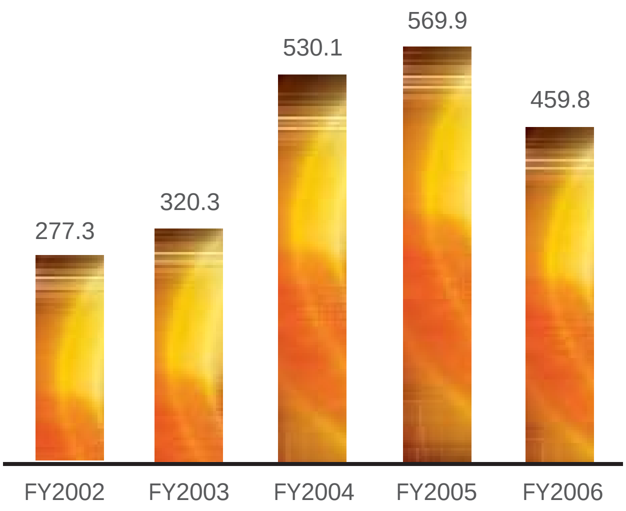
TeleChoice’s major customers and principals include StarHub Ltd and PT Indosat Tbk; and Motorola, Nokia, and Sony Ericsson respectively.

TeleChoice - A Regional Diversified Provider and Enabler of Innovative Communications

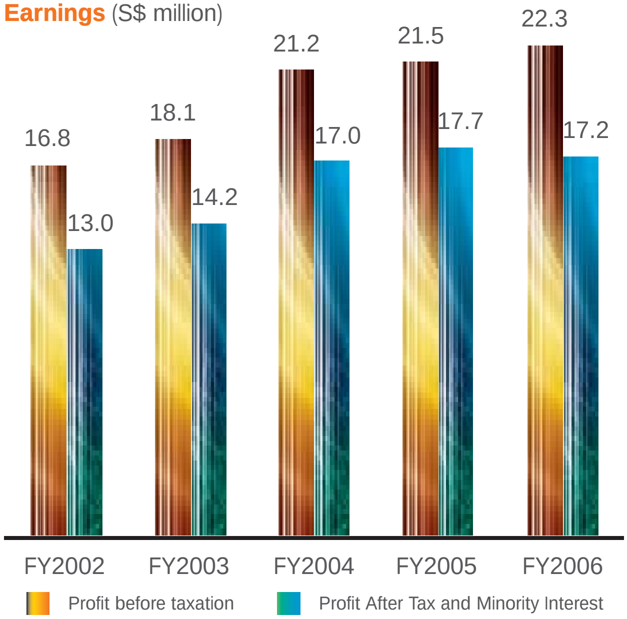


GROUP FINANCIAL HIGHLIGHTS

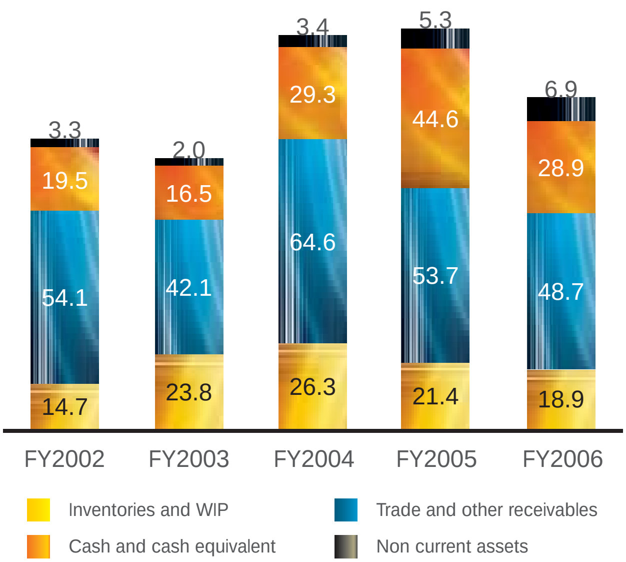
Revenue (S$ million)



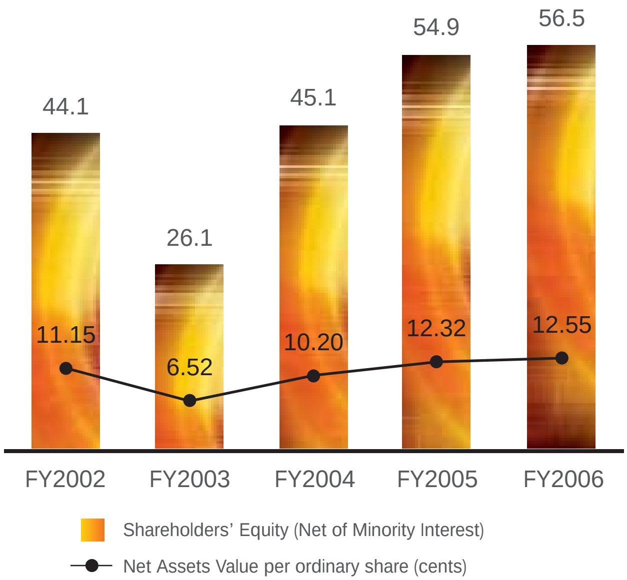
Earnings (S$ million)



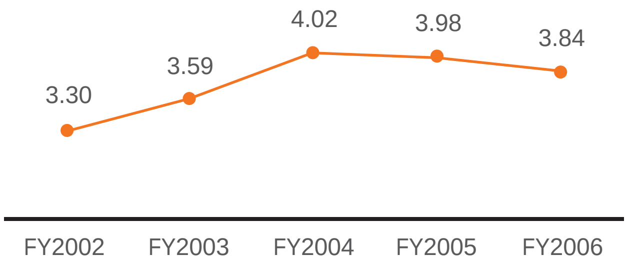
Total Assets (S$ million)



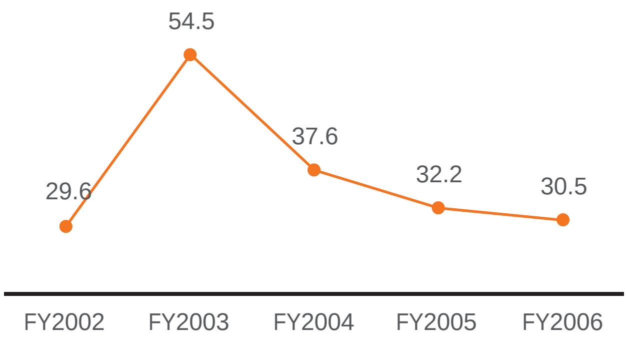
Shareholders Equity (net of MI) (S$ million)



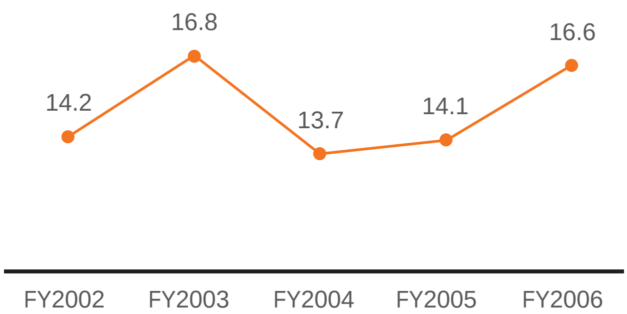
Basic Earnings per share (cents)



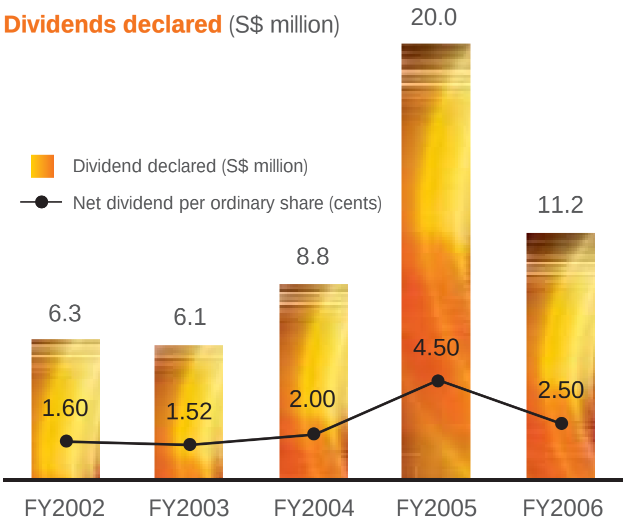
Return on Equity (%)



Return on Total Assets (%)



Dividends declared (S$ million)



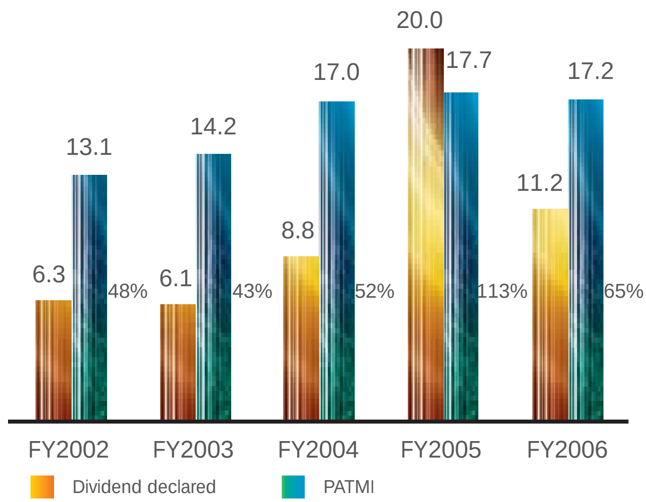
Notes:

(1) FY05 included a special dividend of 2.0 cents per ordinary share

(2) Dividend yield for FY06 is 9.8% base on share price of 25.5 cents as at 29 Dec 06

Dividend yield for FY05 is 10.4% (18.8% including special dividend of 2.0 cents per share) base on share price of 24.0 cents as at 30 Dec 05

Dividends declared against PATMI (S$ million)



Note:

FY05 included a special dividend of S$8.9 million

Excluding the special dividend, dividend declared is 63% of PATMI


IN TOUCH
WITH PEOPLE AND PROGRESS
NOKIA

LETTER TO SHAREHOLDERS

Dear Shareholders

We are pleased to present our Annual Report 2006.

In 2005, we embarked on a new phase of growth – to strengthen and consolidate our position as a leading enabler and provider of innovative communications. In 2006, our focus was on strengthening our three core businesses, distribution, telecommunications and network engineering, while continuing to develop our regional markets and to offer value-added innovative solutions for the telecommunications industry.

TeleChoice continues to offer value-added innovative solutions for the telecommunications industry.

We distribute and retail a wide range of mobile handsets and accessories from major principals such as Nokia, Motorola and Sony Ericsson.

Our Performance

TeleChoice operates in the often unpredictable and challenging telecommunications industry which is driven by changing market demand and new technologies. In such a dynamic environment, we need to continually take stock of our plans and revise them accordingly. While these may not necessarily yield positive results in the short term, we believe they are necessary to ensure longer term growth and well-being of the company.

Our Group revenue decreased by 19.3% to S$459.8 M for the financial year ended 31 December 2006 ("FY06"), due mainly to the Group's earlier decision to rationalise our regional Distribution Services business. Revenue contribution from regional markets accounted for 25.8% as compared to over 40% last year.

Despite the drop in revenue, we crossed the finish line for FY06 with a 3.8% improvement in PBT to S$22.3 M. This was a result of the Group's continued emphasis on re-positioning itself for higher margin opportunities in Singapore and around the region.

In FY06, we continued to generate healthy cash flows. Our cash reserves now stand at S$28.9 M. Our strong cash position allows us to continue to deliver consistent value to our shareholders, while growing and diversifying the business regionally.

Our Commitment to Shareholders

TeleChoice continues to adhere to high levels of corporate governance and corporate disclosure, which has earned us a ranking among the top 10% of SGX-ST listed companies under the Business Times Corporate Transparency Index (2006).

We aim to achieve consistent and sustainable dividend payouts and since 2004, the Board has set a benchmark dividend policy to declare and pay annual dividends of up to 25–30% of our annual net profit after tax, subject to the Group's earnings, cash flow, and capital requirements.

For FY06, the Board declared an interim dividend of 1.25 cents per share (one-tier tax exempt), which was paid in September 2006. The Board has recommended a second and final dividend of 1.25 cents per share (one tier tax exempt) for FY06. This proposed final dividend, if approved at the Company's Annual General Meeting to be held on 27 April 2007, will be paid on 21 May 2007. Total declared dividends for FY06 will amount to 65 % of net profit after tax.

Working with Nokia to launch their concept store at Ang Mo Kio Hub, Singapore.

Our Telecommunications Services expanded into Malaysia in October 2006.

Outlook and Growth Strategies

In FY06, we focused on strengthening our core businesses and taking a disciplined approach to rationalise our regional businesses. We believe TeleChoice is now in a better position to take advantage of opportunities as we forge new platforms for growth.

Telecommunications Services started operations in Malaysia in October 2006, with the offering of long distance call and international calling card services through our subsidiary, N-wave Telecoms (Malaysia) Sdn Bhd. We believe there is room to further strengthen Distribution Services, which will continue to contribute significantly to our overall operations and we will be on the lookout for opportunities arising from the convergence of Voice and Data services, and from the regional markets. We will leverage fully on the tremendous opportunities offered through the internet, as we bring on-stream more innovative and highly cost-effective voice and data products and services for our Telecommunications Services and Network Engineering Services customers in Singapore and the region.

By putting these growth strategies in place, we have laid a strong foundation for our future growth. While some of these strategies and initiatives may not necessarily bear immediate fruits, we believe that over the longer term, they better position TeleChoice to maximise returns for our shareholders.

Our People as a Key Strength

Needless to say, the entire foundation of our success and our ability to move ahead in this dynamic industry lies not in technology alone, but also in our people. For TeleChoice to continue to achieve optimal performance and succeed, we must continually strengthen and refresh our ranks with capable, experienced and committed managers and staff. As an organisation, we believe in consistently planning for and executing succession and self-renewal at all levels, in the best interests of all our stakeholders. Over the years, TeleChoice has attracted a team of highly competent and committed professionals and has built a strong pool of talent for the growth of the Group. Our total staff strength now stands at 600 and the Group's success is testimony to the quality, dedication and skills of our people.

In 2006, we strengthened our Board and management team with new members. We wish to extend a warm welcome to Mr Jackson Tang, Independent Director, Ms Pauline Wong, Vice President of Distribution Services and Mr Lee Yoong Kin, Vice President of Network Engineering Services. Our Group President, Mr Clive Lim stepped down on 30 November 2006. He was succeeded by Mr Andrew Loh as our Group President on 1 December 2006. Mr Clive Lim will continue to contribute his considerable experience and expertise to TeleChoice, as a non-executive director and member of the Executive Committee. We wish to thank Mr Clive Lim, who has been instrumental in leading the Group's growth and consistent profitability since its inception in 1998.

Our management and staff participating in the “Fun@workshop”.

Our success is testimony to the dedication and skills of our people.

Appreciation to All

On behalf of the Board, we thank you for all your support in making possible TeleChoice's achievements. We look forward to your continuing support, as TeleChoice moves ever closer towards fulfilling its mission as “A Leading Enabler and Provider of Innovative Communications.”

Bertie Cheng
Chairman

Andrew Loh
President

CHARTING THE WAY FORWARD

BOARD OF DIRECTORS

Bertie Cheng
Chairman and
Independent Director

Yap Boh Pin
Independent Director

Stewart Yen Se-Hua
Independent Director

Jackson Tang Yew Kay
Independent Director

Gracy Choo
Independent Director

Sio Tat Hiang
Non-Executive Director

Lee Theng Kiat
Non-Executive Director

Clive Lim
Non-Executive Director

Kwek Buck Chye
Non-Executive Director

Bertie Cheng

Chairman and Independent Director

Mr Cheng is the Chairman of the Board. He is also the Chairman of the Executive Committee and the Remuneration Committee.

Mr Cheng retired as Chief Executive Officer of POSBank in July 1997. He holds and has held directorships, in both listed and unlisted companies. Currently, he is a director of Hong Leong Finance Limited, Singapore Petroleum Company Ltd, Pacific Andes (Holdings) Limited, Tee International Limited, SHC Capital Ltd, Thomson Medical Centre Limited and CFM Holdings Limited.

Mr Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001.

Yap Boh Pin

Independent Director

Mr Yap is the Chairman of the Audit Committee, and is a member of the Nominating Committee.

He is currently managing director of B.P.Y. Private Limited, a firm of management consultants which provides financial planning, financial accounting, reviewing internal control systems as well as corporate secretarial services. Between July 1975 and January 1999, Mr Yap was a senior partner at Yap Boh Pin and Co which provided advice on auditing, taxation, liquidation and corporate restructuring matters. He is also a director of MAE Engineering Limited, serving as Chairman of its Nominating Committee and member of its Audit Committee.

He has also held directorships in various public companies between 1975 and 2000, including Singapore Land Limited, LandM Investments Limited and Pan Pacific Public Company Limited. During his appointment by these companies, Mr Yap was a member of their Executive Committee and/or Audit Committee, assisting in the evaluation and recommendation of changes to their system of internal controls as well as corporate governance.

Beyond the corporate sector, Mr Yap is actively involved in various non-profit, educational and social welfare organisations. He is a member of the Board of Governors of the Singapore Hokkien Huay Kuan, and serves as the Honorary Treasurer on the Board of Directors of the Singapore Heart Foundation. He is also actively involved on the Board of Management of the Anglo-Chinese School (Independent) (“ACS”), serving as Chairman of the ACS Endowment Fund and Chairman of the Finance Management Committee. In June 2006, Mr Yap was appointed to the Board of Trustees of the Chinese Development Assistance Council.

Mr Yap qualified as a chartered accountant from the Institute of Chartered Accountants in England and Wales in 1966. He is a Fellow member of both the Institute of Certified Public Accountants of Singapore, and the Institute of Chartered Accountants in England and Wales.

Stewart Yen Se-Hua

Independent Director

Mr Yen is the Chairman of the Nominating Committee, and serves as a member of the Remuneration Committee. He was appointed as a member of the Executive Committee with effect from 1 March 2007.

Mr Yen is currently the Chief Executive Officer of SECOM (Singapore) Pte Ltd, a provider of security services. Mr Yen has held senior management positions in industries such as defence marketing, construction and development, security, hospitality and aviation services.

Mr Yen began his career with the Singapore Ministry of Defence as a systems engineer. Mr Yen later joined Chartered Industries of Singapore Pte Ltd, where he was part of the team that established CDC-Construction and Development Pte Ltd (now known as Sembawang Engineers and Constructors Pte Ltd), a leading design-and-build contractor in Singapore for civil engineering, residential and commercial building projects.

Mr Yen is currently also an independent director and member of the Audit Committee and Chairman of the Remuneration Committee of Hersing Corporation Ltd, a company listed in Singapore. Mr Yen obtained a Bachelor Degree in Engineering from the McMaster University in 1972 and also holds a diploma in financial management from the New York University.

Gracy Choo
Independent Director

Mrs Choo, who serves as a member of the Audit Committee, brings with her over 30 years' of management experience in the banking and financial services industries.

From 1976 to 2001, she held senior management positions at Overseas Union Bank Ltd, which subsequently merged with United Overseas Bank Ltd ("UOB"). Mrs Choo retired as Executive Vice-President and Special Assistant to the Deputy Chairman and President of UOB in 2002.

Between 2001 and 2003, Mrs Choo held directorships in various companies including Pacific Internet Ltd, and also served as Vice-Chairman of the MasterCard International Asia Pacific Board.

Mrs Choo, who graduated with a Bachelor Degree in Business Administration (Honours) from the then University of Singapore in 1970, began her career with Citibank, N.A.

Jackson Tang Yew Kay
Independent Director

Mr Tang joined the Board in November 2006 and was appointed as a member of the Audit Committee with effect from 1 March 2007.

After three years in the Singapore Government Administrative Service, Mr Tang spent the next 28 years in the banking and financial services industry and held senior management positions at Continental Illinois National Bank, N.M. Rothschild and Sons (Singapore) Ltd, ST Capital Limited and Vertex Management (UK) Limited. He retired from full-time employment in January 2005.

Mr Tang has held directorships in various companies, including SGX Main Board-listed Singapore Food Industries Limited, where he served as a member of the Audit Committee.

Mr Tang graduated with a Bachelor of Social Sciences (Economics) (Honours) (1970), and obtained a post-graduate Diploma in Business Administration (1975), from the then University of Singapore.

Lee Theng Kiat
Non-Executive Director

Mr Lee serves as a member of the Executive Committee, Remuneration Committee and Nominating Committee. Mr Lee is currently the President and Chief Executive Officer of Singapore Technologies Telemedia Pte Ltd where he is responsible for steering the strategic growth and development as well as investments of the Singapore Technologies Telemedia group of companies.

Mr Lee joined the Singapore Technologies group of companies in 1985 and held senior positions overseeing legal and strategic business development. In 1994, recognising the potential in the telecommunications sector, Mr Lee spearheaded the creation of Singapore Technologies Telemedia Pte Ltd as a new business area for the Singapore Technologies group. Since then, he has led the company's growth through overseeing their investments in and managing info-communications businesses.

Under his leadership, Singapore Technologies Telemedia Pte Ltd has evolved into a leading information-communications company, with operations and investments in Asia-Pacific, the Americas and Europe. Currently, the Company's business focus is in two distinct sectors, namely, wireless and internet protocol. The Singapore Technologies Telemedia group of companies, which include PT Indosat, Global Crossing Limited and StarHub Ltd, offer a wide range of communications and information services including fixed and mobile communications, internet exchange and data communications, satellite, broadband and pay television.

Mr Lee began his career as an officer with the Singapore Legal Service where he served for more than eight years. He obtained a Bachelor of Laws Degree from the then University of Singapore in 1976.

Sio Tat Hiang

Non-Executive Director

Mr Sio serves a member of the Audit Committee. Mr Sio has over 20 years of financial and management experience, and is currently the Executive Vice-President of Singapore Technologies Telemedia Pte Ltd, a position he has held since November 1995.

In 1991, Mr Sio joined Singapore Technologies Holdings Pte Ltd as Vice-President of Corporate Finance, overseeing the treasury and investment management functions of the Singapore Technologies group of companies. Between 1993 and 1997, Mr Sio held the position of Director of Strategic Investment and Group Treasurer and was part of the team which formed Singapore Technologies Telemedia Pte Ltd as the telecommunications branch of the Singapore Technologies group.

Mr Sio obtained a Bachelor Degree in Business Administration from the then University of Singapore in 1970, and attended the Senior Management Programme at the London Business School.

Kwek Buck Chye

Non-Executive Director

Mr Kwek, who serves as an alternate director to Mr Lee Theng Kiat, has over 30 years of financial experience. He joined the Singapore Technologies group in 1992. He has served as Chief Financial Officer in various major operating units within the group including Chartered Semiconductor Manufacturing Ltd, ST Assembly Test and Services Ltd, Vickers Capital Limited and Singapore Technologies Telemedia Pte Ltd.

Prior to joining the Singapore Technologies group, Mr Kwek spent 10 years at United Technologies Carrier Asia Pacific Operation where he assumed various regional responsibilities in planning, business development and joint venture start-ups. Mr Kwek is currently the Chief Financial Officer of StarHub Ltd, a position he has held since September 2002.

Mr Kwek obtained a Bachelor Degree in Accountancy from the then University of Singapore in 1975. He also attended the Advanced Management Program at Harvard Business School in 1997. Mr Kwek is a member of the Institute of Certified Public Accountants of Singapore.

Clive Lim

Non-Executive Director

Mr Lim serves as a member of the Executive Committee. Mr Lim is credited with having successfully spearheaded the strategic development and growth of the Group since its inception in 1998 into a regional diversified provider and enabler of innovative communications today.

Following his retirement as Group President in November 2006, Mr Lim continues to contribute his extensive industry experience and expertise to the Group, as a Non-Executive Director and a member of the Executive Committee.

Mr Lim, who oversaw the strategic development and management of our Group as President, has over 13 years' of experience in the telecommunications industry, including establishing Cellstar Pacific Pte Ltd. Prior to his appointment as our Group President in January 2004, he held the position of Managing Director from March 1999 to December 2003 where he was responsible for the Group's distribution business.

Mr Lim is currently the Managing Director of Leap International Pte Ltd, a private investment holding company. Mr Lim holds a Diploma in Marine Engineering from the Singapore Polytechnic, a Diploma in Administrative Management from the Institute of Administrative Management in the United Kingdom and a Master of Business Management in Marketing and Finance from the Asian Institute of Management in the Philippines.

EXECUTIVE MANAGEMENT TEAM

Andrew Loh
President

Tay Kiong Hong
Senior Vice President,
Telecommunications Services

Lee Yoong Kin
Vice President,
Network Engineering Services

Wong Loke Mei
Chief Financial Officer

Pauline Wong Mae Sum
Vice President,
Distribution Services

Goh Song Puay
Vice President,
Human Resource

Francis Chok
Vice President,
Business and Strategic
Development

Hon Wei Seng
Group Legal Counsel

Andrew Loh
President

Appointed as Group President in December 2006, Mr Loh is responsible for the overall management and growth of TeleChoice's businesses in Singapore and around the region. TeleChoice's three business units, Distribution Services, Telecommunications Services and Network Engineering Services, have been reporting to him since May 2006, when he was appointed as Group Deputy President.

Mr Loh brings with him an invaluable wealth of international marketing and operations management experience following a 22-year career at United Technologies Carrier, where he held several senior management positions. Prior to joining our Group in November 2005, Mr Loh was Senior Vice President, International Operations of Singapore Technologies Telemedia Pte Ltd, where he oversaw the business integration of ST Telemedia's global investments and facilitated the augmentation of the operational synergies across ST Telemedia's operations to maximise shareholder value.

Mr Loh holds a Bachelor's degree in Engineering (Electrical) from the University of Western Australia, Australia and a MBA from Michigan State University, the United States.

Tay Kiong Hong
Senior Vice President, Telecommunications Services

Mr Tay is Senior Vice President, Telecommunications Services, with an overall responsibility, for identifying new market opportunities, planning and developing business strategies, developing new telecommunications products and services and managing the operations of the business unit. Mr Tay also oversees the Group's overall Information Technology strategy and functions.

Mr Tay has more than 25 years of experience in the telecommunications industry. Prior to joining TeleChoice in 2004, Mr Tay held senior management positions in various Singapore Technologies Telemedia group of companies including as Group Managing Director of ST Mobile Data Pte Ltd, ST SunPage Pte Ltd, ST Teleport Pte Ltd and Digital Network Access Communications Pte Ltd, and Chief Operating Officer of i-STT (now known as Equinix Singapore Pte Ltd). He spent 14 years in Hewlett Packard Singapore Pte Ltd where he served in various management capacities before joining ST Telemedia in 1994.

Mr Tay holds a Bachelor of Business (Information Process) Degree from the Western Australian Institute of Technology.

Lee Yoong Kin
Vice President, Network Engineering Services

Mr Lee joined TeleChoice in December 2006 as Vice President, Network Engineering Services. Mr Lee is responsible for the overall growth and strategic development of the Group's network engineering services division.

Mr Lee has been with the ST Telemedia Pte Ltd group of companies since 1993, bringing with him more than 20 years of experience in operations and business development in the IT and telecommunications industry. He was the Managing Director of i-STT (now known as Equinix Singapore Pte Ltd) which he co-founded in 1999. Mr Lee started ST Teleport Pte Ltd in 1994 and served as its General Manager until 2001. He continues to serve as a Board Member of ST Teleport Pte Ltd. Prior to joining ST Telemedia, he served in various engineering and project management capacities with Chartered Electronics Industries Pte Ltd (now known as ST Electronics (Info-comm Systems) Pte Ltd) and CSE Systems and Engineering Pte Ltd (now known as CSE Global Ltd).

Mr Lee holds a Bachelor of Engineering Degree (First Class Honours) from the National University of Singapore ("NUS") and a Master in Business Administration from NUS.

Pauline Wong Mae Sum

Vice President, Distribution Services

Ms Wong is Vice President, Distribution Services, with an overall responsibility, for identifying new market opportunities, planning and developing business strategies, and managing the business unit. Ms Wong also oversees Distribution Services' regional channel and retail operations.

Ms Wong brings with her over 10 years of experience in the telecommunications industry, and is credited with being a key contributor towards the significant growth and success of the Group's Distribution Services business in recent years. She joined our Group in December 1999 as Operations Manager for Distribution Services. Prior to that, she was Area Manager for Telecom Equipment Pte Ltd (a subsidiary of Singapore Telecommunications Ltd).

Ms Wong graduated with a Bachelor of Business Degree (Distinction) from the Royal Melbourne Institute of Technology University, Victoria, Australia, and holds an Executive MBA (Honours) from the University of Chicago Graduate School of Business.

Wong Loke Mei

Chief Financial Officer

Ms Wong is Chief Financial Officer, responsible for overseeing the financial affairs and reporting for the Group. She was the Vice President, Finance since 2005, where she was involved in treasury management, budget planning and compliance in audit, tax and internal controls. She also supports the Group's investors relations, risk management activities and engage with the senior management to provide strategic financial inputs to business decisions.

Ms Wong has over 17 years' of experience in finance and accounting, most of which were with the Singapore Technologies Telemedia group of companies. She joined our Group in June 1995 as Accountant, and served in various financial management roles including participating in the listing of TeleChoice International Limited on the Main Board of the SGX-ST in June 2004.

Ms Wong holds a Bachelor of Accountancy Degree from the National University of Singapore and a Master in Business Administration from Heroit Watt University, Edinburgh, United Kingdom. Ms Wong is also a member of the Institute of Certified Public Accountants of Singapore.

Goh Song Puay

Vice President, Human Resource

As Vice President, Human Resource, Mr Goh is responsible for the management of local and regional human resource functions for the Group, including human capital development, leadership and organisation development. He is also responsible for the building of a single corporate culture and identity across all our business units.

Mr Goh brings with him more than 16 years of experience in a broad spectrum of industries, most of which was in the Human Resource arena. Prior to joining the Group in 2004, Mr Goh has held various senior positions including Assistant Vice-President (HR) at StarHub Pte Ltd and Director (HR) at i-STT Pte Ltd, a subsidiary of ST Telemedia. He was also Director (HR) for the National Healthcare Group, based in the National University Hospital.

Mr Goh holds a Bachelor Degree in Mechanical Engineering from the National University of Singapore.

Francis Chok

Vice President, Business and Strategic Development

Mr Chok, Vice President, Business and Strategic Development, is responsible for assisting our senior management in overseeing the business development and strategic growth and development of the Group.

Mr Chok has more than 26 years of experience in the telecommunications industry. Prior to joining TeleChoice, Mr Chok has served as a Regional Marketing Manager at Willowglen Services Pte Ltd and Senior Manager for China Projects with ST Telecommunications Pte Ltd.

Mr Chok holds a Bachelor of Science in Electrical Engineering (Honours) Degree from the Bolton Institute of Technology in the United Kingdom, and a Master of Science in Electronic and Electrical Systems (Radiocommunications) (Honours) from Birmingham University in the United Kingdom.

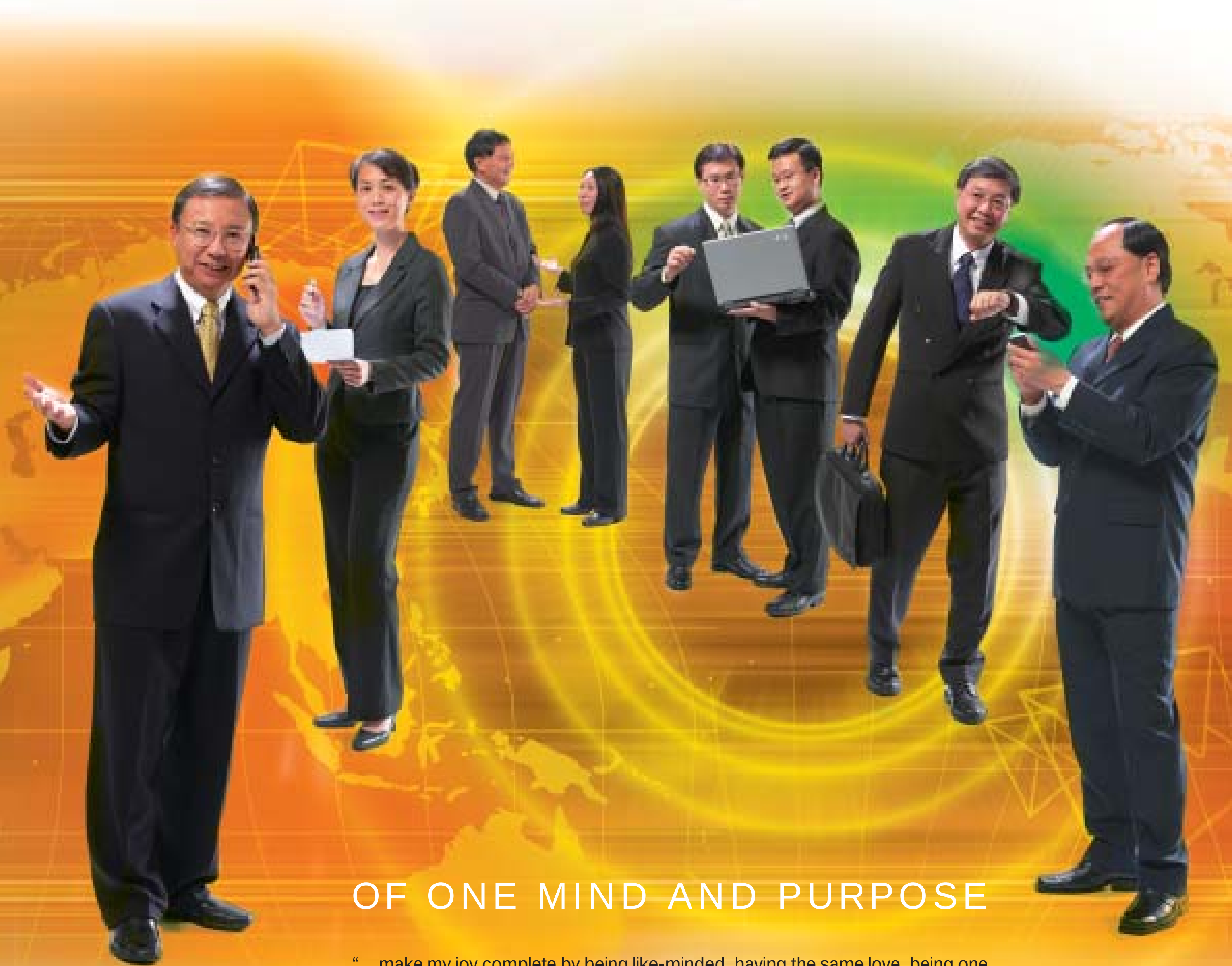
Hon Wei Seng

Group Legal Counsel

Mr Hon is Group Legal Counsel responsible for the Group's legal and compliance functions, including support for contracts management, mergers and acquisitions, corporate governance, risk management and regulatory matters.

In 2003, Mr Hon joined Singapore Technologies Telemedia Pte Ltd and participated in various projects, including the listing of TeleChoice International Limited on the Main Board of the SGX-ST in June 2004. Prior to joining Singapore Technologies Telemedia Pte Ltd, Mr Hon was Group Legal Counsel of regional IT services provider Frontline Technologies Corporation Ltd.

Mr Hon holds a Bachelor of Laws Degree from the National University of Singapore ("NUS"), a Master of Laws Degree from NUS and a Master of Technology Management Degree from the University of Queensland, Australia.



OF ONE MIND AND PURPOSE

"… make my joy complete by being like-minded, having the same love, being one in spirit and purpose. Do nothing out of selfish ambition or vain conceit, but in humility consider others better than yourselves. Each of you should look not only to your own interests, but also to the interests of others."

REVIEW OF OPERATIONS

Overall Performance

We crossed the finish line for FY06 with a 3.8% improvement in Profit Before Tax ("PBT") to S$22.3M as compared to S$21.5M in FY05. This was a result of our continued emphasis on re-positioning the Group for higher margin opportunities around the region. The Group's GP and PBT margins increased to 9% and 4.9% respectively.

In FY06, we consolidated our regional Distribution Services operations. This resulted in a 19.3% decline in our overall Group revenue to S$459.8M. Geographically, revenue contribution from Singapore increased to 75% or S$341.1M, largely due to increased contributions from Distribution Services and Network Engineering Services. Revenue contribution from Indonesia declined to 10% or S$37.7M, due to the rationalisation of Distribution Services operations and a one-time material supply from Network Engineering Services in Indonesia in FY05.

Distribution Services

We distribute a wide range of mobile handsets and accessories from major principals such as Nokia, Motorola and Sony Ericsson. We have an extensive distribution network of retailers, dealers and sub-distributors in Singapore, Indonesia and Malaysia. We also provide order fulfillment services, supply chain management as well as sales and marketing support encompassing product training and technical after-sales services. Our mobile handset retail arm, under Planet Telecoms (S) Pte Ltd ("Planet Telecoms"), has a network of high-traffic retail outlets throughout Singapore.

Distribution Services contributed S$395.5M in revenue and S$11.6M in PBT, accounting for 86% and 52% of total Group revenue and PBT respectively in FY06. While there was a 21% decrease in Distribution Services revenue, PBT increased by 16% to S$11.6M. The revenue decline is the result of the Group's earlier decision in FY05 to rationalise our regional operations, and selectively focus on higher margin opportunities.

Our mobile handset retail arm, Planet Telecoms, has a network of high-traffic retail outlets throughout Singapore.

Telecommunications Services

We offer innovative, highly cost-effective and value-added voice and data services to consumers and enterprises. We are a leading provider of international direct dial ("IDD") call and budget mobile call services. These innovative services are branded and marketed under the popular and well recognised "SunPage" suite of call services and solutions by our subsidiary, Nexwave Telecoms Pte Ltd ("Nexwave Telecoms", formerly known as ST SunPage Pte Ltd).

Our IDD service, "SunPage iDD 1521", reaches over 300 destinations and has approximately 262,000 registered fixed and mobile lines, while our pre-paid "SunPage International Calling Card" covers over 300 destinations and is distributed at some 1,000 retail locations throughout Singapore, including 7-Eleven, Cheers and Singapore Post outlets.

In FY06, we rolled-out new value-added telecommunications services such as "SunPage Super Saver Mobile Call", "SunPage Budget Roaming", "SunPage Budget CallHome" and "PushMail". To take advantage of opportunities arising from the convergence of voice and data technologies, we launched "SunPage Internet Call" service which uses Voice-over-Internet Protocol ("VoIP") technology to good reception from our customers. Both our pre-paid and post-paid SunPage users can now make local and international calls from wireless hotspots and internet broadband access points in Singapore or around the world, at highly competitive SunPage call charges.

Our Malaysian subsidiary, N-Wave, provides long distance and international calling card services to over 1,000 corporate customers.

We achieved another significant milestone with our expansion into Malaysia in October 2006. Our new Malaysian subsidiary, N-Wave Telecoms (Malaysia) Sdn. Bhd, ("N-Wave") secured approval to provide IP telephony services in Malaysia* and now provides long distance and international calling card services to over 1,000 corporate customers.

* The approval comes pursuant to the Applications Services Provider class license scheme for various telecommunications services such as PSTN telephony, public cellular services, IP telephony and Internet access services, under Malaysia's Communications and Multimedia Act 1998.

PT Sakalaguna Semesta, our joint venture which distributes pre-paid mobile SIM cards and top-up vouchers in Indonesia, maintained its operating performance and profitability despite keen competition.

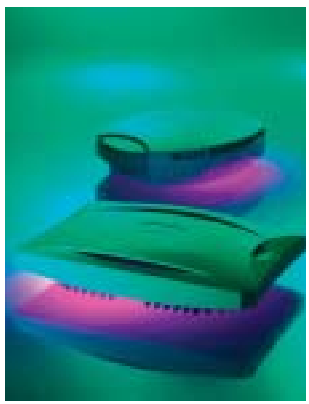
In FY06, Telecommunications Services contributed S$29.9M in revenue and S$8.3M in PBT, (accounting for 7% and 37% of total Group revenue and PBT respectively). The 10% increase in revenue was due mainly to the realignment of mobile data services revenue into Telecommunication Services from January 2006. PBT for FY06 increased by 26% to S$8.3M, with higher PBT margins of 28% (compared to 24% for FY05).

Network Engineering Services

Through our subsidiary NexWave Technologies Pte Ltd, we provide network engineering solutions and services in the Asia-Pacific region to mobile and fixed network equipment vendors, operators and service providers. Our services include the planning, design and building of mobile networks, enhancing the coverage and performance of existing mobile networks and assisting in the migration to 2.5G/3G networks, next generation voice network ("NGVN") and next generation transmission network ("NGTN").

Network Engineering Services contributed S$34.4M in revenue and S$2.4M in PBT in FY06 (accounting for 7% and 11% of total Group revenue and PBT respectively). The decrease in revenue as compared to FY05 is largely due to the re-alignment of mobile data services revenue into Telecommunication Services with effect from January 2006. Singapore operations saw an increase in revenue in FY06, but this was offset by slower sales in the first half of FY06 in Indonesia. PBT in FY06 decreased by S$2.5M largely from the realignment of mobile data services revenue into Telecommunications Services from January 2006 and lower revenue.

In FY06, we continued to focus on expanding our customer base around the region, and broadened our service offerings to include NexGen Transmission and Voice Networks. This is to prepare us for the industry trend towards convergence play. In addition, we expanded our range of product and service offerings via an Asia Pacific distributorship with ip.access Ltd for their innovative NanoBTS range of products and also with Beijing ZhongChuang Telecom Test Co., Ltd ("ZCTT") for their range of Network Test and Monitoring Tools. The NanoBTS range of products can help mobile operators penetrate previously untapped markets, such as small and medium enterprises, homes and rural regions to increase their revenue, improve customer retention, and also implement creative bundling packages. ZCTT's range of Network Test and Monitoring Tools is a Multi-Network Centralized Monitoring System that can help operators proactively manage and monitor their networks so as to enhance network performance and service quality. The above is in line with our continuous focus on enhancing product and service offerings, to better position ourselves as a valued partner of choice to our customers.



We expanded our range of products and service offerings via an Asia-Pacific distributorship with ip.access Ltd for their innovative NanoBTS range of products.

Prospects and Growth Strategies

Barring unforeseen circumstances, the business outlook for the Group remains positive and we expect to maintain our operating performance for FY07.

Singapore will continue to be an important market for our Group and we see opportunities arising from the convergence of Voice and Data services. The implementation of the Wireless@SG WiFi initiative by the Infocomm Development Authority of Singapore is one example where we can leverage on the internet to launch our VoIP services for our Telecommunications Services. The launch of mobile number portability and implementation of 3G networks present good opportunities for our Distribution Services (for mobile handset retail) and Network Engineering Services (for projects awarded by mobile operators for 3G roll-outs).

While we believe we occupy leading market positions in our various businesses, our continued success depends on our ability to continually sharpen our competitive edge to stay ahead of the competition, and to exploit new business opportunities. In FY06, our focus was on strengthening our core businesses and taking a disciplined approach to rationalise our regional businesses. We believe TeleChoice is now in a better position to take advantage of new market opportunities as we forge new platforms for growth.

Distribution Services will continue to contribute significantly to our overall operations and we will be on the lookout for opportunities arising from the convergence of Voice and Data services, and from the regional markets. We also intend

With the launch of wireless@SG WiFi initiative by the Infocomm Development Authority of Singapore, we anticipate increasing demand for higher-value, feature-rich smart phones.

We will continue to strengthen our relationships with our principals and customers through joint marketing and promotional activities.

to leverage fully on the tremendous opportunities offered through the internet as we bring on-stream more innovative services and solutions for our Telecommunications Services and Network Engineering Services customers in Singapore and the region.

By putting these growth strategies in place, we have laid a strong foundation for our future growth. While some of these strategies and initiatives may not necessarily bear immediate fruits, we believe that over the longer term, they better position TeleChoice to maximise returns for our shareholders.

Distribution Services

We will continue to focus on higher margin opportunities such as the provision of value-added services such as integrated fulfillment and retail management services, as well as continue to strengthen our relationships with our principals, vendors, corporate customers and retail consumers.

In Singapore, we provide StarHub Ltd with full fledged integrated customer order fulfillment and supply chain management services, which include inventory planning, procurement and logistics support. We plan to build on our track record and pursue similar opportunities with other regional telecommunications operators.

We believe there is room to further strengthen Distribution Services, which will continue to contribute significantly to our overall operations. Regionally, we will continue to focus on growing our overseas markets such as Malaysia and Indonesia by securing new distributorships in these countries.

With the roll-out of Wireless@SG WiFi initiative by the Singapore Infocomm Development Authority ("IDA") and the launch of 3G networks, we anticipate increasing demand for higher-value, feature-rich smart phones. We plan to fully leverage on our retail assets under Planet Telecoms to further strengthen our partnerships with our principals, and also better serve our customers, through innovative retail concepts as well as joint marketing and promotional activities. We will continue to seek out potential ventures, new distributorships and fulfillment opportunities for our Distribution Services around the region.

Telecommunications Services

We launched new innovative telecommunications services such as the SunPage Budget Roaming, SunPage Budget CallHome and SunPage Internet Call.

We are poised to take advantage of the growing opportunities arising from the convergence of Voice and Data technologies and from the growing regional markets. Consumers are also increasing their use of the internet for both voice and data communications needs. Our strategy is to position ourselves to take advantage of these trends, by becoming a major provider of internet-based Voice and Data services and convergence solutions.

We launched our “SunPage Internet Call” (“SIC”) service towards the end of 2006 to leverage on opportunities arising from the IDA’s implementation of the Wireless@SG WiFi initiative. We now offer SIC on the new range of Nokia’s N and E Series mobile devices. We have also put in place an innovation roadmap for several upcoming internet-based telecommunications products and services. We will continue to evaluate and embrace new technologies and products in the mobile and wireless broadband (internet) space through commercial collaborations and partnerships as well as through mergers and acquisitions.

The outlook for the Malaysia telecommunications sector appears upbeat with the Malaysian government’s recent announcement to implement mobile number portability and to issue four WiMAX licences in 2007. We believe N-Wave is a good springboard for us to capitalise on the growth in this sector.

Network Engineering Services

The prospects for Network Engineering Services remains positive and the Group expects to benefit from growth in Singapore and the region as mobile operators continue to enhance their current 2G networks and to roll out 3G networks. In particular, we see strong market opportunities in Indonesia.

We also plan to expand into new markets by leveraging on our technical capability and network building experiences. We will continue our push to diversify our customer base via new customer acquisition in both our existing as well as new markets.

To better position ourselves for the opportunities presented by the industry trend towards voice and data as well as fixed and mobile convergences, we will continue to develop a broader base of capabilities, as well as enhance our product and service offerings through partnership arrangements and joint ventures.

The prospects for Network Engineering Services remains positive as mobile operators in Singapore and the region continue to enhance their current 2G networks and to roll out 3G networks.

CREATING VALUE
FOR OUR SHAREHOLDERS

GROUP FINANCIAL REVIEW

1. Group Operating Results

In S$ million	FY2006	FY2005	Change (%)
Revenue	459.8	569.9	(19.3)
Cost of sales	418.2	525.0	(20.3)
Gross profit	41.5	45.0	(7.7)
Total operating expenses	440.7	550.8	(20.0)
Profit before tax	22.3	21.5	3.8
Profit after tax and minority interest	17.2	17.7	(2.5)

1.1 Revenue

Revenue by segment (in S$ million)	FY2006	FY2005	Change (%)
Distribution Services	395.5	498.6	(20.7)
Telecommunication Services	29.9	27.1	10.3
Network Engineering Services	34.4	44.2	(22.2)
Group	**459.8**	**569.9**	**(19.3)**

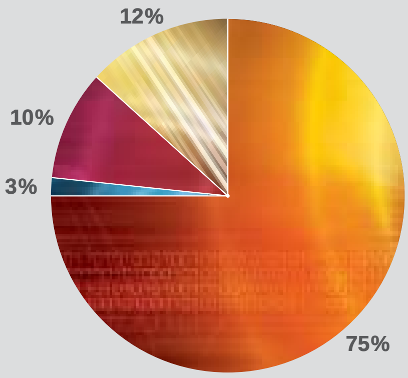
Group FY2006 revenue declined by 19.3% or $110.1 million to $459.8 million.

Distribution Services contributed to 86% of group revenue in FY2006 (FY2005: 87%). There was a decrease in revenue by 20.7% or $103.1 million to $395.5 million in FY2006. Although there was an improvement in Singapore by 11.3% or $32.3 million, the rationalisation of operations in Australia, Indonesia and Thailand and the lower revenue in Malaysia resulted in the overall decline. To improve the financial performance over the previous year in Indonesia, focus was place on one brand instead. In Malaysia, there were supplies issues.

Telecommunications Services contributed to 7% of group revenue in FY2006 (FY2005: 5%). There was an increase of 10.3% or $2.8 million to $29.9 million in FY2006. This was mainly from the re-alignment of mobile data services revenue into Telecommunications Services from January 2006. There was also contribution from a new subsidiary, N-Wave Telecoms (Malaysia) Sdn Bhd, since 3Q2006. Competitive market conditions in Singapore has resulted in iDD minutes to be lower by 23%. However this was offset by the increase in Budget Mobile Call service minutes resulting in an overall 8% increase in minutes for Singapore.

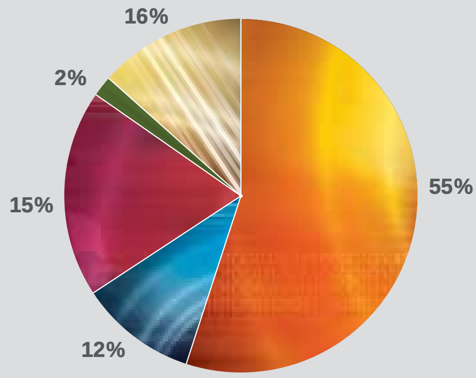
Network Engineering Services contributed to 7% of group revenue in FY2006 (FY2005: 8%). The decrease of 22.2% or $9.8 million to $34.4 million was attributable to a one-time hardware supply to telecom operators in Indonesia. Mobile data services revenue was also included in FY2005. The decrease was partially offset by a 46.0% or $6.8 million growth in Singapore.

Geographical Revenue (in S$ million)	FY2006	FY2005	Change (%)
Singapore	341.1	317.8	7.3
Malaysia	13.3	66.1	(79.9)
Indonesia	48.0	85.7	(44.0)
Australia	-	11.4	(100.0)
Other countries	57.4	88.9	(35.4)
Group	**459.8**	**569.9**	**(19.3)**



FY2006

Singapore
Indonesia
Malaysia
Other countries



FY2005

Singapore
Indonesia
Other countries
Malaysia
Australia

By geography, contribution from Singapore has increased from 55% in FY2005 to 75% in FY2006 with increase in Distribution and Network Engineering Services revenue. Indonesia distribution revenue decrease with the focus on one brand. In Malaysia, the decline is mainly from Distribution Services supplies issues with new revenue from Telecommunication Services. Distribution operations in Australia has ceased since 3Q05. Exports to other countries were affected by competitive pricing.

1.2 Gross Margins

In S$ million	FY2006	FY2005	Change (%)
Gross profit	41.5	45.0	(7.7)
Gross margin	9.0%	7.9%	1.1%

Gross margins recorded improvement from 7.9% in FY2005 to 9.0% in FY2006. Distribution Services improvement from rationalisation of less profitable operations. Telecommunications and Network Engineering Services improvements were from increase in operational efficiency and value added services provided.

1.3 Operating Expenses

In S$ million	FY2006	FY2005	Change (%)
Cost of sales	418.2	525.0	(20.3)
Sales and marketing expenses	7.5	9.0	(16.5)
Administrative expenses	14.1	16.5	(14.5)
Other expenses	0.9	0.3	200.0
Total operating expenses	**440.7**	**550.8**	**(20.0)**
Included in total operating expenses;			
Salary costs	21.5	17.3	24.3
Depreciation and amortisation	2.2	1.6	37.5
Bad debts written-off	0.3	4.0	(92.5)
Exchange loss	0.4	0.2	100.0

Total operating expenses including cost of sales for FY2006 amounted to $440.7 million, a decrease of 20.0% compared to FY2005.

Cost of sales comprises of cost of equipment sold, carrier costs and commissions, costs of cabling and installation, network expenses, depreciation and amortisation and attributable direct overheads. The decrease by 20.3% or $106.8 million to $418.2 million in FY2006 resulted mainly from decrease in revenue. **Sales and marketing expenses** were lower by 16.5% or $1.5 million with lower revenue. **Administrative expenses** were lower by 14.5% or $2.4 million largely from lower bad debts written off in FY2006. This was partially offset by higher salary cost. The increase in other expenses of $0.6 million was mainly from exchange losses and amortisation of intangible assets.

Salary costs

Staff cost increased by 24.3% or $4.2 million to $21.5 million. This is mainly from increased payroll cost in Indonesia where we replaced subcontractors with additional headcount to support the engineering projects so as to improve the profit margin.

Depreciation and amortisation

The increase in depreciation and amortisation cost of 37.5% or $0.6 million was mainly attributable to increase in amortisation cost of intangible assets. Intangible assets include the retail business infrastructure from acquisition of Planet Telecoms (S) Pte Ltd in 4Q2005 and 1Q2006 and the customer and distributor network acquired in 3Q2006 for Telecommunication Services in Malaysia.

Bad debts written-off

Bad debts written-off in FY2006 was mainly from Telecommunication Services in Singapore. In FY2005, there was a $3.8 million one-time bad debts written off for a major Distribution services customer in Indonesia.

Exchange loss

The increase in exchange loss of 100.0% or $0.2 million is attributable to the revaluation of the loans from the parent company to its subsidiaries. The loans were mainly denominated in United States Dollars in FY2006 and Australia and United States Dollars in FY2005.

1.4 Profit Before Tax

Profit before tax by segment (in S$ million)	FY2006	FY2005	Change (%)
Distribution Services	11.6	10.0	16.0
Telecommunication Services	8.3	6.6	25.8
Network Engineering Services	2.4	4.9	(51.0)
Group	**22.3**	**21.5**	**3.8**
Profit before tax margins			
Distribution Services	2.9%	2.0%	0.9%
Telecommunication Services	27.8%	24.4%	3.4%
Network Engineering Services	7.0%	11.1%	(4.1%)
Group	**4.9%**	**3.8%**	**1.1%**

Group PBT improved by 3.8% or $0.8 million to $22.3 million in FY2006. Group PBT margins also improved by 1.1% to 4.9% in FY2006 from 3.8% in FY2005.

PBT for **Distribution Services** increased by 16.0% or $1.6 million to $11.6 million mainly from lower losses from Australia and Indonesia despite revenue decline. FY2006 also included losses from Planet Telecoms (S) Pte Ltd. PBT margin improved from 2.0% in FY2005 to 2.9% in FY2006 mainly contributed by Indonesia.

The 25.8% or $1.7 million increase in PBT for **Telecommunication Services** was mainly from the re-alignment of mobile data services business into Telecommunication services in January 2006. There was also losses from a new subsidiary, N-Wave Telecoms (Malaysia) Sdn Bhd. PBT from iDD in Singapore has maintained despite revenue decline in FY2006 from better gross margin and lower operating expenses. FY2006 PBT margin was 27.8%, a 3.4% improvement from 24.4% in FY2005.

Network Engineering Services recorded a decrease in 51.0% or $2.5 million in PBT mainly from the re-alignment of mobile data services revenue into Telecommunication Services from January 2006 and lower margins for projects in Singapore. Indonesia PBT reported slight improvements with higher gross margins services provided despite lower revenue. The decrease in PBT margin from 11.1% in FY2005 to 7.0% in FY2006 by 4.1% was mainly from the re-alignment of mobile data services into Telecommunication Services.

1.5 Profit After Tax and Minority Interest

In S$ million	FY2006	FY2005	Change (%)
Income tax expenses	5.4	4.3	25.6
Profit after tax and minority interest	**17.2**	**17.7**	**(2.5)**

Group PATMI decreased by 2.5% or $0.5 million to $17.2 million in FY2006. While PBT has increased, the effective tax rate in FY2006 was higher mainly from improvement in profits in Indonesia.

2. Liquidity and Capital Resources

Cashflow (in S$ million)	FY2006	FY2005	Change (%)
Cashflow from			
Operating activities	3.5	24.2	(85.5)
Investing activities	(3.8)	(0.3)	1,166.7
Financing activities	(15.4)	(8.6)	79.1
Net change in cash and cash equivalent	(15.8)	15.3	(203.3)
Free cashflow	1.9	22.2	(91.4)
Cash and cash equivalent at end of year	28.9	44.6	(35.2)

Group's cash and cash equivalent decreased by $15.7 million from $44.6 million as at 31 December 2005 to $28.9 million as at 31 December 2006. Free cash flow (FCF) decreased by $20.3 million from $22.2 million in FY2005 to $1.9 million in FY2006. Net cash per share decrease 36% from 10.0 cents per share in FY2005 to 6.4 cents per share in FY2006.

Operating Activities

There was a 85.5% or $20.7 million decrease in cashflow from operating activities from $24.2 million in FY2005 to $3.5 million in FY2006. Operating cash profits was $22.9 million, but this was offset by negative changes in working capital. The negative changes in working capital were mainly from reduction in payables from prepayment to suppliers to enjoy early payment discounts and reduction in distribution activities in Malaysia and Thailand.

Investing Activities

The lower cash outlfow in FY2005 of $0.3 million was mainly due to a withdrawal of short term fixed deposits placed with a related corportion in FY2005. There were also cash outfow for acquisition of additional equity interests in TeleChoice (Indonesia) Pte Ltd and Planet Telecoms (S) Pte Ltd in FY2006.

Financing Activities

The increase in cash outflow from financing activities of 79.1% or $6.8 million from $8.6 million in FY2005 to $15.4 million in FY2006 was mainly due to dividend payout amounting to $16.8 million ($11.2 million in May 2006 and $5.6 million in September 2006). In FY2005, the dividend payout was $8.9 million.

SETTING THE PACE WITH GOOD GOVERNANCE AND CORPORATE ACCOUNTABILITY

CORPORATE GOVERNANCE

Our Board of Directors and Management are committed to maintaining high standards of corporate governance, to protect the interests of our shareholders and other stakeholders.

This Report describes our corporate governance practices, with reference to the principles set out in the Singapore Code of Corporate Governance:-

(a) Board Matters

Principle 1: Board's Conduct of its Affairs

Our Board is responsible for guiding our overall strategic direction, corporate governance, and providing oversight in the proper conduct of our business.

The Board meets regularly to review our key activities and business strategies. Regular Board Meetings are held quarterly to deliberate on strategic matters and policies including significant acquisitions and disposals, the annual budget, review the performance of the business and approve the release of the quarterly and year-end reports. Where necessary, we convene additional Board sessions to address significant transactions or developments.

Our President, Andrew Loh Sur Jin* is charged with full executive responsibility for the running of our businesses, making operational decisions and implementing business directions, strategies and policies. The Board has also established the Executive Committee to oversee major business and operational matters. The Executive Committee comprises Bertie Cheng, Lee Theng Kiat, Clive Lim Chai Hock and Stewart Yen Se-Hua (appointed wef 1 Mar 2007). Management regularly consults and updates the Executive Committee on all major business and operational issues.

** Clive Lim Chai Hock stepped down as President on 30 Nov 2006. He was succeeded by Andrew Loh Sur Jin as President wef 1 Dec 2006. Clive Lim Chai Hock remains on our Board as a Non-Executive Director.*

The Board is supported by Board committees which are delegated specific responsibilities, as described under "*Principle 4: Board Membership*" of this Report.

The Board, upon the recommendation of the Audit Committee, has adopted a comprehensive set of internal controls, which sets out authority and approval limits for capital and operating expenditure, investments and divestments, bank borrowings and cheque signatories arrangements at Board level. Authority and approval sub-limits are also provided at Management levels to facilitate operational efficiency.

Management monitors changes to regulations and accounting standards closely. Updates and briefings on regulatory requirements are conducted either during Board sessions or by circulation of papers.

Newly-appointed Directors are given briefings by Management on the business activities of the Group and its strategic directions, as well as their statutory and other duties and responsibilities as directors.

To help ensure compliance with the applicable securities and insider trading laws, including the Best Practices Guide of the SGX Listing Manual, we have adopted and implemented our *Guidelines on Dealing in Securities of TeleChoice*. We send regular compliance notices to all Directors and staff. All our Directors and employees are prohibited from dealing in our securities two weeks before the respective announcements of our full year results. Restrictions are lifted from the date of the announcement of the respective results. All our Directors and employees are also required to observe the insider trading laws at all times.

Principle 2 : Board Composition and Balance

To be effective, we believe our Board should comprise a majority of Non-Executive Directors independent of Management, with the right core competencies and diversity of experience to enable them to contribute effectively.

Our Board currently comprises eight Directors, all of whom are Non-Executive Directors and independent of Management. Our Board comprises a majority of Independent Directors, namely Bertie Cheng, Yap Boh Pin, Stewart Yen Se-Hua, Gracy Choo and Jackson Tang Yew Kay*, which helps ensure a strong element of independence in all our Board deliberations.

**Mr Jackson Tang Yew Kay was appointed as Independent Director wef 1 Nov 2006, and as a member of the Audit Committee wef 1 Mar 2007.*

Our Board has further determined that its size is appropriate to meet the objective of bringing a balance of expertise, skills and experience to bear on the deliberations of the various Board committees that its Directors sit on. Our Board comprises experienced and proven business and corporate leaders, and professionals with strong financial backgrounds. The composition of our Board enables Management to benefit from an outside diverse and objective perspective of issues that are brought before our Board. It also enables our Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic direction. This coupled with a clear separation of the role of our Chairman and our President provides a healthy professional relationship between our Board and Management, with clarity of roles and robust oversight.

Profiles of each Director are found on pages 9 to 12 of this Annual Report.

Principle 3 : Chairman and Chief Executive Officer

We believe there should be a clear separation of the roles and responsibilities between our Chairman and President. Our Chairman and the President are separate persons in order to maintain an effective balance of power and responsibilities.

Our Chairman is Bertie Cheng, an Independent, Non-Executive Director. Our Chairman leads the Board and ensures that our Board members work together with Management, with the capability and moral authority to engage and contribute effectively and constructively on various matters, including strategic issues and business planning processes.

Our President, Andrew Loh Sur Jin, is charged with full executive responsibility for the running of our businesses, making operational decisions and implementing business directions, strategies and policies. Our President is supported on major business and operational issues by the oversight of our Executive Committee.

Principle 4 : Board Membership

We believe that Board renewal must be an ongoing process, to ensure good governance, and maintain relevance to the changing needs of the company and business. As required by our Articles, our Directors are subject to retirement and re-election by shareholders as part of the Board renewal process. Nominations and election of Board members are the prerogatives and proper rights of all our shareholders.

In carrying out its functions, our Board is supported by key Board committees, namely the Audit Committee, the Remuneration Committee, the Nominating Committee and the Executive Committee. Each of our Board committees have been established with clear charters setting out their respective areas of authority, terms of reference and committee procedures. Other committees can be formed from time to time to look into specific areas as and when the need arises. Membership in the different committees are carefully managed to ensure that there is equitable distribution of responsibilities amongst Board members, to maximise the effectiveness of the Board and foster active participation and contribution from Board members. Diversity of experiences and appropriate skills are also considered, along with the need to ensure appropriate checks and balances between the different Board committees.

Details of frequency and participation at our Board, Audit Committee, Remuneration Committee and Nominating Committee meetings for FY06 are set out in Table 1. The Executive Committee meets regularly with senior Management, approximately once every two months.

Table 1
Directors' Attendance at Board & Board Committee Meetings

Director	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)
Bertie Cheng	5	5 (100%)			1	1 (100%)		
Yap Boh Pin	5	5 (100%)	4	4 (100%)			2	2 (100%)
Stewart Yen Se-Hua	5	5 (100%)			1	1 (100%)	2	2 (100%)
Gracy Choo	5	5 (100%)	4	4 (100%)				
Jackson Tang Yew Kay (wef 1 Nov 2006)	2	2 (100%)						
Lee Theng Kiat	5	4 (80%)			1	1 (100%)	2	2 (100%)
Sio Tat Hiang	5	3 (60%)	4	3 (75%)				
Clive Lim Chai Hock	5	5 (100%)						

Our Nominating Committee ("NC") is responsible for selecting our Directors, and implementing a framework for assessing our Board's performance. Our NC is chaired by an Independent Director, Stewart Yen Se-Hua and also comprises Yap Boh Pin (Independent Director) and Lee Theng Kiat (Non-Executive Director). The members of our NC (including the Chairman) are all Non-Executive Directors independent of Management.

Our Remuneration Committee ("RC") is responsible for reviewing cash and long-term incentive compensation policies for our President, senior Management team and key staff. Our RC is chaired by an Independent Director, Bertie Cheng and also comprises Stewart Yen Se-Hua (Independent Director) and Lee Theng Kiat (Non-Executive Director). The members of our RC (including the Chairman) are all Non-Executive Directors independent of Management.

Our Articles of Association require one-third of our Directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("one-third rotation rule"). In other words, no Director stays in office for more than three years without being re-elected by shareholders.

In addition, a newly-appointed Director is required to submit himself for retirement and re-election at the Annual General Meeting immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

Principle 5 : Board Performance

We believe that Board performance is ultimately reflected in our business performance. Our Board should ensure compliance with applicable laws and all Board members should act in good faith, with due diligence and care, in our best interests and the best interests of our shareholders.

Our Board through the delegation of its authority to the NC, has used its best efforts to ensure that our Directors are equipped with the necessary background, experience and expertise in technology, business, finance and management skills to make valuable contributions and that each Director with brings to our Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Our NC has implemented a framework for assessing Board performance, and undertakes regular reviews of our Board (and each director's) performance, with inputs from our other Board members. The results of the Board appraisal exercise, which is conducted at least once annually, are circulated to all Directors for information and feedback. The information gleaned from the completed Board appraisal exercise(s) are taken into consideration by the NC, in determining whether there are any changes needed to the appraisal system, prior to the commencement of the next Board appraisal cycle.

Principle 6 : Access to Information

We believe that our Board should be provided with timely and complete information prior to Board meetings and as and when the need arises.

Management provides adequate and timely information to our Board, on our affairs and issues requiring our Board's attention, as well as monthly reports providing updates on our key operational activities and financial performance. The monthly flow of information and reports allows our Directors to make informed decisions and also to keep abreast of key challenges and opportunities between our Board meetings. Frequent dialogue takes place between Management and members of our Board, and our President encourages all Directors to interact directly with all members of our Management team.

Our Articles of Association provide for Directors to participate in meetings by teleconferencing or videoconferencing. Where a physical Board meeting is not possible, timely communication with members of our Board is effected through electronic means, which include electronic mail and teleconferencing. Alternatively, Management will arrange to personally meet and brief each Director, before seeking our Board's approval.

Our Board has separate and independent access to the senior Management and the Company Secretary at all times. Our Board also has access to independent professional advice where appropriate.

Likewise, our Audit Committee has separate and independent access to the external and internal auditors, without the presence of our President and other senior Management members, in order to have free and unfiltered access to information that our Audit Committee may require.

(b) Remuneration Matters

Principle 7 : Procedures for Developing Remuneration Policies

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

We believe that a framework of remuneration for our senior Management and key staff should not be taken in isolation. It should be linked to the development of senior Management and key staff to ensure that there is a continual development of talent and renewal of strong and sound leadership for our continued success. For this reason, our RC oversees the compensation package for senior Management and key staff.

All members of our RC are Non-Executive Directors, independent of Management. From time to time, we may co-opt an outside member into our RC to provide additional perspectives on talent management and remuneration practices.

Our RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, our RC takes into consideration industry practices and norms in compensation. Our President is not present during the discussions relating to his own compensation, and terms and conditions of service, and the review of his performance. However, our President will be in attendance when our RC discusses the policies and compensations of our senior Management team and key staff, as well as major compensation and incentive policies such as share options, stock purchase schemes, framework for bonus, staff salary and other incentive schemes.

All decisions at any RC meeting is decided by a majority of votes of RC members present and voting (the decision of the RC shall at all times exclude the vote, approval or recommendation of any member having a conflict of interest in the subject matter under consideration).

We remunerate our Non-Executive Directors with directors' fees which take into account the nature of their responsibilities and frequency of meetings. Directors' fees for Non-Executive Directors (set out at Table 2) are subject to the approval of shareholders at Annual General Meeting.

Table 2

FY06 – Directors' Fees for Non-Executive Directors

Name	**Fees* (S$)**	**Other Benefits** (S$)**
Bertie Cheng	69,000	-
Yap Boh Pin	63,000	-
Stewart Yen Se-Hua	56,000	-
Gracy Choo	52,000	-
Jackson Tang Yew Kay	7,833	-
Lee Theng Kiat	57,000+	14,332
Sio Tat Hiang	49,000+	-
Kwek Buck Chye (alternate to Lee Theng Kiat)	-	-

* these fees are subject to approval by shareholders as a lump sum at the AGM for FY06.

** excluding share options which are disclosed in the Directors' Report

\+ payable to STT Communications Ltd

Note: Clive Lim Chai Hock, who served as our President up till 30 Nov 2006, did not receive any Directors' Fees for FY06.

Details of remuneration paid to our top 6 key executives for FY06 are set out below. For competitive reasons, the Company is only disclosing the band of remuneration of each key executive for FY06, within bands of S$250,000 for FY06 in Table 3.

Table 3

FY06 - Top 6 Key Executives' Remuneration

Name	Salary, Bonus & Other Benefits*
Clive Lim Chai Hock**	B
Andrew Loh Sur Jin	B
Roland Tay Kiong Hong	B
Danny Lai Kong Sang	B
Francis Chok Se Ho	B
Lee Yoong Kin***	A

* Remuneration Bands:- "A" refers to remuneration up to S$250,000, "B" refers to remuneration between S$250,000 and S$499,999

** succeeded by Andrew Loh Sur Jin as President wef 1 Dec 2006.

*** commenced appointment with the Group wef 4 Dec 2006

There is no employee who is an immediate family member of a Director or the President, whose remuneration exceeds S$150,000 a year.

(c) Accountability and Audit

Principle 10 : Accountability

We have always believed that we should conduct ourselves in ways that deliver maximum sustainable value to our shareholders. We promote best practices as a means to build an excellent business for our shareholders. Our Board has overall accountability to our shareholders for our performance and in ensuring that we are well managed. Management provides our Board members with monthly business and financial reports, comparing actual performance with budget and highlighting key business indicators and major issues that are relevant to our performance, position and prospects.

Principle 11 : Audit Committee

Our Audit Committee ("AC") consists of four Non-Executive Directors, the majority of whom including the Chairman are Independent Directors. The AC members are Yap Boh Pin as Chairman, Gracy Choo, Sio Tat Hiang and Jackson Tang Yew Kay (wef 1 Mar 2007). Our AC members bring with them invaluable professional and managerial expertise in the accounting, financial and telecommunications sector.

Our AC's responsibilities include reviewing our annual audit plan, internal audit process, the adequacy of internal controls, Interested Party Transactions for which there is a shareholders' mandate renewable annually. Our AC has full authority to commission and review findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or violation of any law likely to have a material impact on our operating results. Our AC is also authorised to investigate any matter within its Charter with the full co-operation of Management.

Our AC reviews and approves the quarterly, half-yearly and annual financial statements and the appointment and re-appointment of auditors before recommending them to the Board for approval.

Our AC reviews the nature and extent of non-audit services provided by the external auditors during the year to assess the external auditors' independence. Our AC is satisfied with the independence and objectivity of the external auditors and has confirmed with the external auditors that the provision of non-audit services by external auditors would not affect their independence.

Principle 12 : Internal Controls

Principle 13 : Internal Audit

We believe in the benefits of having in place a system of internal controls to properly safeguard our shareholders' interests and our assets, and to better manage risks.

Our AC is delegated the full responsibility to review, with our external auditors, their evaluation of the effectiveness and adequacy of our system of internal accounting controls, and monitor the response to their findings and actions taken to correct any noted deficiencies. Our AC regularly updates the Board on internal audit findings and issues.

For FY06, our internal audit function was outsourced to Ernst & Young. Our internal auditors planned the internal audit schedules in consultation with, but independent of Management and the plans were submitted to our AC for approval. Our AC reviewed and approved the internal audit plan and the scope and results of the internal audit procedures.

Based on the work performed by our internal auditors, and the review undertaken by external auditors, the AC is of the opinion that we have in place adequate internal controls and nothing has come to the Board's attention to cause the Board to believe that our system of internal controls and risk management is inadequate.

(d) Communication with Shareholders

Principle 14 : Communication with Shareholders

Principle 15 : Greater Shareholder Participation

We believe in having regular communication with shareholders and also prompt disclosure of information to shareholders.

Our Investor Relations team manages investor relations and has arranged a series of events during the year to brief the media and investment analysts on our performance.

For the release of the respective quarterly and year-end results, the announcement is first released via SGXNET together with our press release. Thereafter, the media and investor analysts meet with Management for briefing(s) within the ambit of our SGXNET announcement to ensure that there is fair and non-selective disclosure of information.

We support the Code's principle to encourage shareholder participation. To facilitate greater shareholder participation, we participate in on-line Management Q&A sessions where we invite questions from the investing public on our publicly disclosed business and financial results.

A registered shareholder may appoint a proxy to attend and vote at our AGMs & EGMs. Our Directors and Management are in attendance at our AGMs & EGMs. Hence, our shareholders have the opportunity to direct any queries regarding the resolutions proposed to be passed. Our external auditors are also invited to be present at our AGMs to assist our Directors in answering questions from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Financial and other information (including news releases and SGXNET announcements) are made available on our website at http://www.telechoice.com.sg and this is regularly updated.

Risk Management

In FY06, the Group adopted its Risk Management Framework under the guidance of the Executive Committee. The Group is now in the process of integrating and embedding its risk management activities under this framework.

The Framework is designed to provide systems and processes to enable the Group to take cognizance of the various risks and hence make better decisions. Major identified risk categories include strategic, operational, market and compliance and risks. The risk management processes are tailored to address these categories of risks.

The Risk Management Committee, which comprises senior management representatives:-

a. oversees and ensures that the group's risk management policies are adequate and remain effective;
b. conducts regular reviews to ensure that the Group's business units and key functions adequately prioritise and address risk management issues within the Group.
c. prepares regular updates on Risk Management issues for the Executive Committee and the Audit Committee.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2006

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2006.

Directors

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

Bertie Cheng	
Clive Lim Chai Hock	
Yap Boh Pin	
Gracy Choo	
Stewart Yen Se-Hua	
Lee Theng Kiat	
Sio Tat Hiang	
Kwek Buck Chye	(Alternate director to Lee Theng Kiat)
Jackson Tang Yew Kay	(Appointed on 1 November 2006)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company		
Ordinary shares		
Clive Lim Chai Hock	1,300,000	1,300,000
- Held in the name of Leap International Pte Ltd	88,198,000	88,198,000
Yap Boh Pin	150,000	150,000
Gracy Choo	150,000	150,000
Stewart Yen Se-Hua	150,000	150,000
Sio Tat Hiang	150,000	150,000
Kwek Buck Chye	150,000	150,000
Jackson Tang Yew Kay	–	100,000
Bertie Cheng	–	250,000

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
The Company (Cont'd)		
Options to subscribe for ordinary shares		
Exercisable between 18/5/2005 and 17/5/2009 at $0.2079 per share		
Bertie Cheng	500,000	250,000
Kwek Buck Chye	300,000	300,000
Related Corporations		
Chartered Semiconductor Manufacturing Ltd		
Ordinary shares		
Stewart Yen Se-Hua	8,000	8,000
Kwek Buck Chye	74,400	74,400
i-STT Investments Pte. Ltd.		
Ordinary shares		
Lee Theng Kiat	1	1
- Held in trust for STT Communications Ltd		
Global Crossing Limited		
Options to subscribe for common stock of US$0.01 each		
Exercisable between 12/1/2005 and 12/1/2014 at US$10.16 per share		
Bertie Cheng	11,000	3,300
Lee Theng Kiat	222,000	222,000
Sio Tat Hiang	80,000	80,000
Kwek Buck Chye	5,000	1,500

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
Global Crossing Limited (Cont'd)		
Common stock of US$0.01 each		
Lee Theng Kiat	500	1,250
Restricted stock unit of common stock		
Vesting period from 8/3/2005 to 8/3/2009		
Lee Theng Kiat	4,500	3,750
Vesting on 15/8/2007		
Lee Theng Kiat	–	3,294
PT Bank Internasional Indonesia Tbk		
Common stock of Rp 900 each		
Clive Lim Chai Hock		
- Held in the name of Leap International Pte Ltd	300,000	–
- Held jointly	9,000	9,000
PT Indosat Tbk		
Series B common shares of Rp 100 each		
Lee Theng Kiat	–	135,000
Kwek Buck Chye	–	40,000
Options to subscribe for Series B common shares of Rp 100 each		
Exercisable between 1/8/2005 and 31/7/2006 at Rp 3,702.60 per share		
Lee Theng Kiat	135,000	–
Sio Tat Hiang	135,000	–

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
Singapore Technologies Engineering Ltd		
Ordinary shares		
Bertie Cheng	–	54,000
Options to subscribe for ordinary shares		
Bertie Cheng		
- Exercisable between 20/2/2002 and 19/2/2006 at $2.72 per share	65,000	–
- Exercisable between 8/2/2003 and 7/2/2007 at $2.29 per share	54,000	–
- Exercisable between 7/2/2004 and 6/2/2008 at $1.79 per share	27,000	27,000
- Exercisable between 12/8/2004 and 11/8/2008 at $1.86 per share	27,000	27,000
- Exercisable between 10/2/2005 and 9/2/2009 at $2.09 per share	27,000	27,000
- Exercisable between 11/8/2005 and 10/8/2009 at $2.12 per share	27,000	27,000
- Exercisable between 8/2/2006 and 7/2/2010 at $2.37 per share	27,000	27,000
- Exercisable between 11/8/2006 and 10/8/2010 at $2.57 per share	27,000	27,000
- Exercisable between 10/2/2007 and 9/2/2011 at $3.01 per share	–	27,000
- Exercisable between 11/8/2007 and 10/8/2011 at $2.84 per share	–	27,000
Singapore Telecommunications Limited		
Ordinary shares		
Bertie Cheng	2,860	2,720
Clive Lim Chai Hock		
- Held in the name of Leap International Pte Ltd	371,430	–
Lee Theng Kiat	1,690	1,610
Sio Tat Hiang	1,560	1,490
Kwek Buck Chye	21,942	4,507
Gracy Choo	3,250	22,100
Jackson Tang Yew Kay	3,040	3,040

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
StarHub Ltd		
Ordinary shares		
Kwek Buck Chye	254,334	471,580
Lee Theng Kiat	–	125,150
Options to subscribe for ordinary shares		
Exercisable between 30/11/2003 and 29/11/2007 at $0.88 per share		
Lee Theng Kiat	87,500	–
Exercisable between 30/11/2003 and 29/11/2012 at $0.88 per share		
Kwek Buck Chye	194,166	–
Exercisable between 31/5/2004 and 30/5/2008 at $0.88 per share		
Lee Theng Kiat	18,750	–
Exercisable between 31/5/2004 and 30/5/2013 at $0.88 per share		
Kwek Buck Chye	22,000	–
Exercisable between 29/11/2004 and 28/11/2008 at $0.88 per share		
Lee Theng Kiat	18,750	6,250
Exercisable between 29/11/2004 and 28/11/2013 at $0.88 per share		
Kwek Buck Chye	44,000	22,000

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
StarHub Ltd (Cont'd)		
Options to subscribe for ordinary shares		
Exercisable between 3/4/2005 and 2/4/2009 at $0.96 per share		
Lee Theng Kiat	18,750	6,250
Exercisable between 3/4/2005 and 2/4/2014 at $0.96 per share		
Kwek Buck Chye	66,000	22,000
Exercisable between 27/11/2005 and 26/11/2009 at $0.985 per share		
Lee Theng Kiat	18,750	12,500
Exercisable between 27/11/2005 and 26/11/2014 at $0.985 per share		
Kwek Buck Chye	66,000	44,000
Exercisable between 31/5/2006 and 30/5/2010 at $1.52 per share		
Lee Theng Kiat	25,500	17,000
Exercisable between 31/5/2006 and 30/5/2015 at $1.52 per share		
Kwek Buck Chye	150,000	100,000

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
StarHub Ltd (Cont'd)		
Conditional Share Awards		
Kwek Buck Chye	290,000*	290,000*

* A conditional award granted under the StarHub Performance Share Plan. The actual number of shares to be delivered under the award will depend on the level of achievement of set performance targets in the Company over a 3-year period from 2005 to 2007. No shares will be delivered if the threshold performance targets are not achieved while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are exceeded.

Kwek Buck Chye	–	90,000^

^ A conditional award granted under the StarHub Performance Share Plan. The actual number of shares to be delivered under the award will depend on the level of achievement of set performance targets in the Company over a 3-year period from 2006 to 2008. No shares will be delivered if the threshold performance targets are not achieved while up to twice the number of shares that are the subject of the award will be delivered if the stretched performance targets are exceeded.

Kwek Buck Chye	–	60,000#

A conditional award granted under the StarHub Restricted Stock Plan. The actual number of shares to be delivered under the share award will depend on the level of achievement of Mr Kwek's performance and the set performance targets in the Company over a 2-year period from 1 Jan 2006 to 31 Dec 2007. No shares will be delivered if the threshold performance targets are not achieved and Mr Kwek's performance is below expectation, while up to 1.3 times the number of the shares that are the subject of the award will be delivered if the stretched performance targets are exceeded and Mr Kwek's performance exceeds expectation.

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
STT Communications Ltd		
Options to subscribe for ordinary shares		
Exercisable between 19/9/2001 and 18/9/2010 at $1.42 per share		
Lee Theng Kiat	1,200,000	1,200,000
Sio Tat Hiang	600,000	600,000
Exercisable between 24/11/2002 and 23/11/2006 at $0.50 per share		
Bertie Cheng	20,000	–
Exercisable between 24/11/2002 and 23/11/2011 at $0.50 per share		
Lee Theng Kiat	200,000	–
Sio Tat Hiang	75,000	75,000
Kwek Buck Chye	25,000	–
Exercisable between 29/6/2003 and 28/6/2007 at $0.50 per share		
Bertie Cheng	45,000	–
Exercisable between 29/6/2003 and 28/6/2012 at $0.50 per share		
Clive Lim Chai Hock	50,000	–
Lee Theng Kiat	375,000	375,000
Sio Tat Hiang	150,000	150,000
Kwek Buck Chye	100,000	–

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
STT Communications Ltd (Cont'd)		
Options to subscribe for ordinary shares		
Exercisable between 30/7/2004 and 29/7/2008 at $0.57 per share		
Bertie Cheng	125,000	62,500
Exercisable between 30/7/2004 and 29/7/2013 at $0.57 per share		
Clive Lim Chai Hock	100,000	–
Lee Theng Kiat	1,000,000	1,000,000
Sio Tat Hiang	350,000	350,000
Exercisable between 29/7/2005 and 28/7/2009 at $1.08 per share		
Bertie Cheng	225,000	150,000
Exercisable between 29/7/2005 and 28/7/2014 at $1.08 per share		
Lee Theng Kiat	3,000,000	3,000,000
Sio Tat Hiang	975,000	975,000
Vertex Technology Fund Ltd		
Ordinary shares		
Kwek Buck Chye	20	20
- in the name of HSBC Trustee (Singapore) Limited		
Vertex Technology Fund (II) Ltd		
Ordinary shares		
Lee Theng Kiat	100	100
Kwek Buck Chye	80	80
- in the name of DBS Vickers Securities Nominees (Singapore) Pte Ltd		

Directors' interests (Cont'd)

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Related Corporations (Cont'd)		
Vertex Technology Fund (II) Ltd (Cont'd)		
Redeemable preference shares		
Lee Theng Kiat	97	97
Kwek Buck Chye	80	80
- in the name of DBS Vickers Securities Nominees (Singapore) Pte Ltd		

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2007.

Except as disclosed under the "Share Options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in notes 24 and 27 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit 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.

Share options

The TeleChoice Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") and the TeleChoice Post-IPO Employee Share Option Scheme (the "Post-IPO Scheme") (collectively referred to as the "Schemes"), were approved and adopted by the members at an Extraordinary General Meeting of the Company held on 7 May 2004.

Share options (Cont'd)

Pre–IPO Scheme

Information regarding the Pre-IPO Scheme is set out below:

(i) The Pre-IPO Scheme is administered by the Company's Remuneration Committee comprising three directors, namely Bertie Cheng, Stewart Yen Se-Hua and Lee Theng Kiat.

(ii) On 18 May 2004, the Company granted share options to management and employees of the Company, STT Communications Ltd ("STTC"), its immediate holding company, and the subsidiaries of STTC and certain non-executive directors of the Company (collectively referred to as the "Eligible Persons") to subscribe for an aggregate of 20,000,000 shares of the Company.

(iii) Eligible Persons are entitled to exercise the share options subject to the following vesting periods:

Vesting schedule	Percentage of Shares over which an Option is exercisable (%)
On the date falling twelve months from 18 May 2004	25
On the date falling twenty-four months from 18 May 2004	25
On the date falling thirty-six months from 18 May 2004	25
On the date falling forty-eight months from 18 May 2004	25

(iv) The exercise price for each option is $0.2079. Options granted to non-executive directors (including independent directors) have a life span of five years. Options granted to the Eligible Persons (other than the non-executive directors) have a life span of ten years.

Post – IPO Scheme

Information regarding the Post-IPO Scheme is set out below:

(i) The Post-IPO Scheme is administered by a committee comprising Bertie Cheng, Stewart Yen Se-Hua and Lee Theng Kiat (the "Committee").

(ii) The eligible participants of the Post-IPO Scheme are:

- executive and non-executive directors and employees of the Company, subsidiaries and associated companies.
- executive and non-executive directors and employees of STTC and its subsidiaries.
- controlling shareholders of the Company and the associates of the controlling shareholders.

Share options (Cont'd)

(iii) The nominal amount of the aggregate number of shares over which the Committee may grant options on any date, when aggregated with the nominal amount of the number of shares issued and issuable in respect of all options granted under the Post-IPO Scheme and other share option schemes of the Company, shall not exceed 15% of the issued and paid-up share capital of the Company on the day preceding the date of the relevant grant.

(iv) Under the Post-IPO Scheme, the exercise price for each ordinary shares in respect of which an option is exercisable is determined by the Committee in its absolute discretion on the date of grant at a maximum discount of 20% to market price determined to be the average of the last dealt prices for the shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive market days immediately preceding the relevant date of grant of the relevant option.

(v) The vesting period of the options granted under the Post-IPO Scheme is between one and two years.

(vi) The exercise price of the options granted under the Post-IPO Scheme shall not be less than $0.02.

At the end of the financial year, details of the option granted under the Schemes to directors on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2006	Options granted	Options exercised	Options cancelled/ lapsed	Options outstanding at 31 December 2006	Number of option holders at 31 December 2006	Exercise period
Pre-IPO Scheme								
18/05/2004	$0.2079	200,000	-	125,000	-	75,000	2	18/05/2005 to 17/05/2009
18/05/2004	$0.2079	200,000	-	125,000	-	75,000	2	18/05/2006 to 17/05/2009
18/05/2004	$0.2079	200,000	-	-	-	200,000	2	18/05/2007 to 17/05/2009
18/05/2004	$0.2079	200,000	-	-	-	200,000	2	18/05/2008 to 17/05/2009

Share options (Cont'd)

Details of options granted to directors of the Company under the Schemes are as follows:

Name of director	Options granted for financial year ended 31 December 2006	Aggregate options granted since commencement of Schemes to 31 December 2006	Aggregate options exercised since commencement of Schemes to 31 December 2006	Aggregate options outstanding as at 31 December 2006
Pre-IPO Scheme				
Bertie Cheng	-	500,000	250,000	250,000
Kwek Buck Chye	-	300,000	-	300,000

Since the commencement of the Schemes, no options have been granted to STTC or the subsidiaries of STTC.

Since the commencement of the Schemes, no options have been granted to directors or employees of the Company, STTC or the subsidiaries of STTC under the Scheme, except for 40 employees of the Company, STTC and subsidiaries of STTC, who were granted options to subscribe for an aggregate of 20,000,000 ordinary shares in the Company.

At the end of the financial year, details of the options granted under the Schemes to each director or employee of the Company, STTC and subsidiaries of STTC who has received 5% or more of the total number of options available to all directors and employees under the Schemes are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2006	Options granted	Options exercised	Options cancelled/ lapsed	Options outstanding at 31 December 2006	Number of option holders at 31 December 2006	Exercise period
Pre-IPO Scheme								
18/05/2004	$0.2079	-	-	-	-	-	5	18/05/2005 to 17/05/2014
18/05/2004	$0.2079	1,525,000	-	1,525,000	-	-	4	18/05/2006 to 17/05/2014
18/05/2004	$0.2079	1,525,000	-	-	275,000	1,250,000	4	18/05/2007 to 17/05/2014
18/05/2004	$0.2079	1,525,000	-	-	275,000	1,250,000	4	18/05/2008 to 17/05/2014

Share options (Cont'd)

Details of options granted under the Schemes to each director or employee of the Company, STTC and its subsidiaries of STTC who has received 5% or more of the total number of options available to all directors and employees of the Group under the scheme are as follows:

Name of employee	Options granted for financial year ended 31 December 2006	Aggregate options granted since commencement of Pre-IPO Scheme to 31 December 2006	Aggregate options exercised since commencement of Pre-IPO Scheme to 31 December 2006	Aggregate options outstanding as at 31 December 2006
Pre-IPO Scheme				
Tay Kiong Hong Roland	-	1,400,000	700,000	700,000
Chok Se Ho Francis	-	1,300,000	650,000	650,000
Lai Kong Sang Danny	-	1,300,000	650,000	650,000
Chng Eng Hong	-	1,100,000	550,000	550,000
Ng Teck Hung Francis	-	1,000,000	250,000	750,000
Wong Loke Mei	-	1,000,000	500,000	500,000

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Yap Boh Pin (Chairman), independent non-executive director
- Gracy Choo, independent non-executive director
- Jackson Tang Yew Kay, independent non-executive director
- Sio Tat Hiang, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange, and the Code of Corporate Governance.

Audit Committee (Cont'd)

The Audit Committee has held five meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Bertie Cheng
Director

Yap Boh Pin
Director

Singapore
23 March 2007

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2006

In our opinion:

(a) the financial statements set out on pages 54 to 105 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group and of changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Bertie Cheng
Director

Yap Boh Pin
Director

Singapore
23 March 2007

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
TELECHOICE INTERNATIONAL LIMITED

We have audited the accompanying financial statements of TeleChoice International Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement of the Group, and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 105.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group and of changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG
Certified Public Accountants

Singapore
23 March 2007

BALANCE SHEETS

AS AT 31 DECEMBER 2006

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Non-current assets					
Property, plant and equipment	4	2,698	2,792	394	454
Intangible assets	5	1,918	689	–	–
Subsidiaries	6	–	–	14,170	21,425
Jointly-controlled entity	7	1,767	1,371	1,168	–
Deferred tax assets	8	527	425	133	92
		6,910	5,277	15,865	21,971
Current assets					
Inventories	9	17,824	18,896	11,550	9,640
Work-in-progress	10	1,050	2,537	–	–
Trade and other receivables	11	48,726	53,672	34,935	26,202
Cash and cash equivalents	16	28,941	44,626	11,542	17,622
		96,541	119,731	58,027	53,464
Total assets		103,451	125,008	73,892	75,435
Equity attributable to equity holders of the Company					
Share capital	17	20,439	8,906	20,439	8,906
Reserves	18	36,057	45,949	35,678	45,664
		56,496	54,855	56,117	54,570
Minority interests		–	494	–	–
Total equity		56,496	55,349	56,117	54,570
Non-current liabilities					
Financial liabilities	20	14	–	–	–
Deferred tax liabilities	8	197	209	–	–
		211	209	–	–
Current liabilities					
Trade and other payables	19	38,775	63,019	14,466	18,495
Financial liabilities	20	603	–	–	–
Current tax payable		5,214	4,458	2,889	1,972
Provision for warranties	21	487	745	420	398
Deferred income		1,665	1,228	–	–
		46,744	69,450	17,775	20,865
Total liabilities		46,955	69,659	17,775	20,865
Total equity and liabilities		103,451	125,008	73,892	75,435

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 $'000	Group 2005 $'000
Revenue	23	459,757	569,931
Cost of sales		(418,229)	(524,952)
Gross profit		41,528	44,979
Other income		3,197	2,161
Sales and marketing expenses		(7,491)	(8,967)
Administrative expenses		(14,076)	(16,467)
Other expenses		(930)	(258)
Finance costs		(10)	(34)
Share of profit of jointly-controlled entity (net of tax)		114	102
Profit before income tax	24	22,332	21,516
Income tax expense	25	(5,442)	(4,342)
Profit for the year		16,890	17,174
Attributable to:			
Equity holders of the Company		17,216	17,654
Minority interests		(326)	(480)
Profit for the year		16,890	17,174
Earnings per share (cents)	26		
Basic		3.84	3.98
Diluted		3.82	3.97

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2006

Group	Note	Share capital $'000	Share premium $'000	Accumulated profits $'000	Merger reserve $'000	Goodwill written off $'000	Share option reserve $'000	Exchange translation reserve $'000	Total attributable to equity holders of the Company $'000	Minority interests $'000	Total equity $'000
At 1 January 2005		8,840	9,905	10,609	17,591	(2,105)	350	(11)	45,179	317	45,496
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	(92)	(92)	(1)	(93)
Net losses recognised directly in equity		–	–	–	–	–	–	(92)	(92)	(1)	(93)
Profit for the year		–	–	17,654	–	–	–	–	17,654	(480)	17,174
Total recognised income and expense for the year		–	–	17,654	–	–	–	(92)	17,562	(481)	17,081
Acquisition of additional interest in subsidiary		–	–	–	–	–	–	–	–	(84)	(84)
Acquisition of subsidiary	6	–	–	–	–	–	–	–	–	742	742
Issue of 3,290,500 ordinary shares of $0.02 each at a premium of $0.1879 per share under share option scheme		66	618	–	–	–	–	–	684	–	684
Value of employee services received for issue of share options		–	–	–	–	–	333	–	333	–	333
Interim dividends of: - 0.783 cents per share less tax at 20%		–	–	(2,787)	–	–	–	–	(2,787)	–	(2,787)
- 1.374 cents per share (one-tier tax exempt)		–	–	(6,116)	–	–	–	–	(6,116)	–	(6,116)
At 31 December 2005		8,906	10,523	19,360	17,591	(2,105)	683	(103)	54,855	494	55,349
At 1 January 2006		8,906	10,523	19,360	17,591	(2,105)	683	(103)	54,855	494	55,349
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	112	112	–	112
Net gains recognised directly in equity		–	–	–	–	–	–	112	112	–	112
Profit for the year		–	–	17,216	–	–	–	–	17,216	(326)	16,890
Total recognised income and expense for the year		–	–	17,216	–	–	–	112	17,328	(326)	17,002
Acquisition of additional interest in subsidiary		–	–	–	–	–	–	–	–	(168)	(168)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	17	10,523	(10,523)	–	–	–	–	–	–	–	–
Issue of 4,858,000 ordinary shares at exercise price of $0.2079 per share under share option scheme	22	1,010	–	–	–	–	–	–	1,010	–	1,010
Value of employee services received for issue of share options		–	–	–	–	–	79	–	79	–	79
Final dividend of 0.5 cents per share (one-tier tax exempt)		–	–	(2,230)	–	–	–	–	(2,230)	–	(2,230)
Special dividend 2.0 cents per share (one-tier tax exempt)		–	–	(8,922)	–	–	–	–	(8,922)	–	(8,922)
Interim dividend of 1.25 cents per share (one-tier tax exempt)		–	–	(5,624)	–	–	–	–	(5,624)	–	(5,624)
At 31 December 2006		20,439	–	19,800	17,591	(2,105)	762	9	56,496	–	56,496

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2006

Company	Note	Share capital $'000	Share premium $'000	Accumulated profits $,000	Capital reserve $'000	Share option reserve $'000	Total equity $'000
At 1 January 2005		8,840	9,905	11,554	13,300	144	43,743
Profit for the year		–	–	18,906	–	–	18,906
Total recognised income for the year		–	–	18,906	–	–	18,906
Issue of 3,290,500 ordinary shares of $0.02 each at a premium of $0.1879 per share under share option scheme		66	618	–	–	–	684
Value of employee services received for issue of share options		–	–	–	–	140	140
Interim dividends of:							
- 0.783 cents per share less tax at 20%		–	–	(2,787)	–	–	(2,787)
- 1.374 cents per share (one-tier tax exempt)		–	–	(6,116)	–	–	(6,116)
At 31 December 2005		8,906	10,523	21,557	13,300	284	54,570
At 1 January 2006		8,906	10,523	21,557	13,300	284	54,570
Profit for the year		–	–	17,266	–	–	17,266
Total recognised income for the year		–	–	17,266	–	–	17,266
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	17	10,523	(10,523)	–	–	–	–
Issue of 4,858,000 ordinary shares at exercise price of $0.2079 per share under share option scheme	22	1,010	–	–	–	–	1,010
Value of employee services received for issue of share options		–	–	–	–	46	46
Final dividend of 0.5 cents per share (one-tier tax exempt)		–	–	(2,230)	–	–	(2,230)
Special dividend 2.0 cents per share (one-tier tax exempt)		–	–	(8,921)	–	–	(8,921)
Interim dividend of 1.25 cents per share (one-tier tax exempt)		–	–	(5,624)	–	–	(5,624)
At 31 December 2006		20,439	–	22,048	13,300	330	56,117

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 $'000	Group 2005 $'000
Operating activities			
Profit before income tax		22,332	21,516
Adjustments for:			
Accretion of deferred income		(978)	(1,390)
Amortisation of intangible assets		669	228
Depreciation of property, plant and equipment		1,565	1,343
Interest expense		10	34
Interest income		(740)	(611)
Loss on disposal of property, plant and equipment		14	78
Negative goodwill recognised upon acquisition of additional interest in subsidiary		–	(84)
Provision for warranties		74	376
Value of employee services received for issue of share options		79	333
Share of profit of jointly-controlled entity		(114)	(102)
		22,911	21,721
Changes in working capital:			
Inventories and work-in-progress		2,402	5,702
Trade and other receivables		4,931	10,717
Trade and other payables		(23,943)	(10,740)
Cash generated from operations		6,301	27,400
Income taxes paid		(3,595)	(3,829)
Interest received		740	611
Cash flows from operating activities		3,446	24,182
Investing activities			
Balances with related corporations (non-trade)		–	2,009
Acquisitions of additional equity interests in subsidiaries		(960)	–
Additional investment in jointly-controlled entity		–	(478)
Acquisition of business	5	(1,087)	–
(Loan to)/Repayment from jointly-controlled entity		(263)	242
Net cash inflow from acquisition of subsidiary	6	–	125
Proceeds from disposal of property, plant and equipment		19	23
Purchase of intangible assets and property, plant and equipment		(1,491)	(2,210)
Cash flows from investing activities		(3,782)	(289)
Balance carried forward		(336)	23,893

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 $'000	Group 2005 $'000
Balance brought forward		(336)	23,893
Financing activities			
Balances with related corporations (non-trade)		(219)	(337)
Dividends paid		(16,776)	(8,903)
Interest paid		(10)	(34)
Proceeds from trust receipts (unsecured)		561	–
Proceeds from issue of shares under share option scheme		1,010	684
Cash flows from financing activities		(15,434)	(8,590)
Net (decrease)/increase in cash and cash equivalents		(15,770)	15,303
Cash and cash equivalents at beginning of the year		44,626	29,300
Effect of exchange rate changes on balances held in foreign currency		85	23
Cash and cash equivalents at end of the year	16	28,941	44,626

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 23 March 2007.

1 Domicile and activities

TeleChoice International Limited (the "Company" or "TeleChoice") is incorporated in the Republic of Singapore and has its place of business at 5 Clementi Loop Toll Asia Centre Level 2M, Singapore 129816.

The principal activities of the Company during the financial year are those of wholesalers, retailers, suppliers, importers, exporters, distributors, agents and dealers of mobile phones, radio and telecommunication equipment and accessories and the provision of related services. The principal activities of the subsidiaries are set out in note 6 to the financial statements, respectively.

The immediate and ultimate holding companies are STT Communications Ltd and Temasek Holdings (Private) Limited, respectively. These companies are incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in jointly-controlled entity.

2 The restructuring

In 2003, the Company undertook a restructuring (the "Restructuring") involving the acquisition of related corporations with related parties under common control. The Restructuring was undertaken to acquire the entire issued and paid-up share capital of NexWave Solutions Pte. Ltd. ("NWS", formerly known as ST Mobile Data Pte Ltd) and NexWave Telecoms Pte. Ltd. ("NWT", formerly known as ST SunPage Pte Ltd) from its immediate holding company, STT Communications Ltd ("STTC"). NWT owns the entire issued and paid-up share capital of SunPage Communications Pte Ltd ("SP"). Upon completion of the Restructuring, NWS, NWT and SP became wholly-owned subsidiaries of the Company. The Restructuring was fully described in the financial statements for the year ended 31 December 2003.

3 Summary of significant accounting policies

3.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In 2006, the Group adopted the following revised FRSs which are relevant to its operations:

FRS 21 *(revised)* *The Effects of Changes in Foreign Exchange Rates*
FRS 39 *(revised)* *Financial Instruments: Recognition and Measurement*

3 Summary of significant accounting policies (Cont'd)

3.1 Basis of preparation (Cont'd)

There were no material effects on the Group's result from adopting the revised FRSs.

The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except for certain financial assets and liabilities, which are stated at fair values.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 5	assumptions of recoverable amounts relating to goodwill impairment
Note 5	valuation of assets, liabilities and contingent liabilities acquired in business combinations
Note 20	measurement of provisions
Note 22	measurement of share-based payments

The accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

3.2 Consolidation

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year and accounted for under the purchase method are included from the effective date of acquisition or up to the effective date of disposal.

3 Summary of significant accounting policies (Cont'd)

3.3 Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill under intangible assets. See note 3.5 for accounting on goodwill.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Acquisitions of subsidiaries from the holding company are accounted for as reconstructions of businesses under common control using the historical cost method similar to the "pooling of interest" method.

Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts. The consolidated financial statements include the results of operations, and the assets and liabilities, of the combined entities as part of the Group for the whole of the current and preceding periods.

To the extent that the par value of shares issued in consideration for these transactions exceeds the par value of the shares held by the related corporations or holding companies, the difference is recognised as Merger Reserve in the Group's financial statements.

All other acquisitions with unrelated parties are accounted for under the purchase method.

When the Group acquires additional interests in a subsidiary, the cost of the acquisition is accounted for based on the carrying amount of the net assets acquired at the date of exchange, plus any other cost directly attributable to the acquisition.

Jointly-controlled entities

Jointly-controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

In the Group's financial statements, they are accounted for using the equity method of accounting. The consolidated financial statements include the Group's share of the income and expenses of jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds the carrying amount of the jointly-controlled entities, the carrying amount is fully written down and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the jointly-controlled entity.

3 Summary of significant accounting policies (Cont'd)

3.3 Business combinations (Cont'd)

Eliminations on consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation.

Accounting for subsidiaries and jointly-controlled entity by the Company

Investments in subsidiaries and jointly-controlled entity are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains and losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment, and major components that are accounted for separately, over their estimated useful lives, as follows:

Leasehold improvements	-	2 to 5 years
Base station renovations	-	5 years
Plant and equipment	-	1 to 5 years
Office furniture, fittings and equipment	-	2 to 5 years
Computers	-	2 to 3 years
Motor vehicles	-	5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date.

3 Summary of significant accounting policies (Cont'd)

3.5 Intangible assets

Retail business infrastructure

Retail business infrastructure acquired in a business combination represents the partnership agreement with a major customer. The retail business infrastructure is amortised in the income statement on a straight-line basis over 3 years, from the date of the agreement. In the last financial year, the amortisation was over a period of 2 years. The effect of the change in estimates is described in note 5.

Customer and distributor network

Customer and distributor network acquired in a business combination represents the network of customers and agents for the telecommunication services. Amortisation is charged to the income statement over 5 years on straight-line basis commencing from the date of the business combination.

Goodwill

Acquisitions prior to 1 January 2001

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill arising on acquisitions of subsidiaries that occurred prior to 1 January 2001 was adjusted against shareholders' equity and has not been retrospectively capitalised and amortised.

Goodwill that has previously been adjusted against shareholders' equity is not taken to the income statement when the business is disposed of or when the goodwill is impaired. Similarly negative goodwill that has previously been taken to reserves is not taken to income statement when the business is disposed of.

Acquisitions occurring between 1 January 2001 and 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill was stated at cost less accumulated amortisation and impairment losses. Goodwill was amortised in the income statement using the straight-line method over its estimated useful life of not more than 20 years. On 1 January 2005, the Group discontinued amortisation of goodwill. The remaining balance is subject to testing for impairment, as described in note 3.9.

3 Summary of significant accounting policies (Cont'd)

3.5 Intangible assets (Cont'd)

Acquisitions on and after 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is tested for impairment on an annual basis as described in note 3.9.

Negative goodwill

Negative goodwill in a business combination represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. Negative goodwill is recognised immediately in the income statement.

Prior to 1 January 2005, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of non-monetary assets acquired, is recognised immediately in the income statement over the weighted average useful life of those assets that are depreciable or amortisable.

Other intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement over their estimated useful lives on a straight-line basis commencing from the date the asset is available for use.

The estimated useful lives are as follows:

Software	-	2 to 5 years
Paging licence costs	-	10 years

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Project work-in-progress is accounted for under the percentage of completion method. The stage of completion is assessed by reference to surveys of work performed.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3 Summary of significant accounting policies (Cont'd)

3.6 Inventories (Cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.7 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables (including balances with related corporations), cash and cash equivalents, financial liabilities and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

3.8 Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

3.9 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, a recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

3 Summary of significant accounting policies (Cont'd)

3.9 Impairment of non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Income tax

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the income statement except for the tax effects of items recognised directly in equity, which are recognised in the statement of changes in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and jointly-controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

3 Summary of significant accounting policies (Cont'd)

3.11 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Employee leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for the annual leave as a result of services rendered by the employees up to balance sheet date.

Share-based payments

The share option schemes allow the Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) when the options are exercised.

Prior to 1 January 2005, the Group and the Company did not record any compensation cost or obligation to reflect the benefit received by employees when options or the performance shares or the restricted stock plan are granted.

3.12 Revenue recognition

Revenue is recognised when goods are delivered and services rendered.

Income on project work-in-progress is recognised using the percentage of completion method. When losses are expected, full provision is made after adequate allowance has been made for estimated costs to completion. The stage of completion is assessed by reference to surveys of work performed.

Revenue from sales of pre-paid and phone cards for which services have not been rendered is deferred and presented in the balance sheet as deferred income. Upon the expiry of pre-paid and phone cards, any unutilised value of the cards is taken to income statement.

3 Summary of significant accounting policies (Cont'd)

3.13 Foreign currencies

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated to Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are dealt with through the income statement.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition of foreign operations, are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising from translation are recognised directly in equity. On disposal, the accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

3.14 Provision for warranties

A provision is recognised in the balance sheet when there is a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provision for warranties is based on estimates made from historical warranty data associated with similar products and services. Claims, when incurred, are charged against this provision.

3.15 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

3 Summary of significant accounting policies (Cont'd)

3.16 Finance cost

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred.

3.17 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3.18 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors, president, senior vice-presidents and vice presidents are considered as key management personnel of the Group.

4 Property, plant and equipment

Group	Note	Leasehold improvements $'000	Base station renovations $'000	Plant and equipment $'000	Office furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
Cost								
At 1 January 2005		1,097	283	17,375	1,357	2,139	130	22,381
Translation differences on consolidation		(2)	–	–	(4)	(2)	–	(8)
Additions		374	–	349	680	730	–	2,133
Assets acquired in business combinations	6	–	–	–	44	45	42	131
Disposals		(543)	–	(3,078)	(553)	(330)	–	(4,504)
Transfer from intangible assets		–	–	39	–	–	–	39
At 31 December 2005		926	283	14,685	1,524	2,582	172	20,172
Translation differences on consolidation		–	–	–	11	5	–	16
Additions		76	–	654	42	393	38	1,203
Assets acquired in business combinations	5	–	–	277	–	–	–	277
Disposals		(34)	–	(10)	(82)	(84)	(52)	(262)
At 31 December 2006		968	283	15,606	1,495	2,896	158	21,406

4 Property, plant and equipment (Cont'd)

Group	Note	Leasehold improvements $'000	Base station renovations $'000	Plant and equipment $'000	Office furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation and impairment losses								
At 1 January 2005		1,033	279	16,519	885	1,576	130	20,422
Translation differences on consolidation		(2)	–	–	–	(2)	–	(4)
Depreciation for the year		112	4	445	284	493	5	1,343
Disposals		(543)	–	(3,078)	(495)	(276)	–	(4,392)
Transfer from intangible assets		–	–	11	–	–	–	11
At 31 December 2005		600	283	13,897	674	1,791	135	17,380
Translation differences on consolidation		–	–	(2)	(2)	(4)	–	(8)
Depreciation for the year		175	–	439	385	545	21	1,565
Disposals		(27)	–	(9)	(57)	(84)	(52)	(229)
At 31 December 2006		748	283	14,325	1,000	2,248	104	18,708
Carrying amount								
At 1 January 2005		64	4	856	472	563	–	1,959
At 31 December 2005		326	–	788	850	791	37	2,792
At 31 December 2006		220	–	1,281	495	648	54	2,698

4 Property, plant and equipment (Cont'd)

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,480,000 of which $80,000 was acquired under finance leases.

As at 31 December 2006, the carrying amount of the property, plant and equipment included $55,000 held under finance lease arrangement.

Company	Leasehold improvements $'000	Office furniture, fittings and equipment $'000	Computers $'000	Total $'000
Cost				
At 1 January 2005	209	298	744	1,251
Additions	71	84	268	423
Disposals	–	–	(52)	(52)
At 31 December 2005	280	382	960	1,622
Additions	–	2	193	195
Disposals	–	–	(23)	(23)
At 31 December 2006	280	384	1,130	1,794
Accumulated depreciation and impairment losses				
At 1 January 2005	205	228	554	987
Depreciation for the year	13	52	168	233
Disposals	–	–	(52)	(52)
At 31 December 2005	218	280	670	1,168
Depreciation for the year	23	44	187	254
Disposals	–	–	(22)	(22)
At 31 December 2006	241	324	835	1,400
Carrying amount				
At 1 January 2005	4	70	190	264
At 31 December 2005	62	102	290	454
At 31 December 2006	39	60	295	394

5 Intangible assets

Group	Note	Computer software $'000	Paging licence costs $'000	Retail business infrastructure $'000	Customer and agent network $'000	Goodwill $'000	Total $'000
Cost							
At 1 January 2005		1,325	250	–	–	–	1,575
Additions		165	–	–	–	–	165
Acquisition through business combinations	6	–	–	625	–	–	625
Disposals		(1)	–	–	–	–	(1)
Transfer to property, plant and equipment		(39)	–	–	–	–	(39)
At 31 December 2005		1,450	250	625	–	–	2,325
Additions		314	–	–	–	–	314
Acquisition through business combinations	5	–	–	679	810	95	1,584
At 31 December 2006		1,764	250	1,304	810	95	4,223
Accumulated amortisation and impairment losses							
At 1 January 2005		1,170	250	–	–	–	1,420
Amortisation charge for the year		124	–	104	–	–	228
Disposals		(1)	–	–	–	–	(1)
Transfer to property, plant and equipment		(11)	–	–	–	–	(11)
At 31 December 2005		1,282	250	104	–	–	1,636
Amortisation charge for the year		172	–	429	68	–	669
At 31 December 2006		1,454	250	533	68	–	2,305
Carrying amount							
At 1 January 2005		155	–	–	–	–	155
At 31 December 2005		168	–	521	–	–	689
At 31 December 2006		310	–	771	742	95	1,918

5 Intangible assets (Cont'd)

The amortisation charge is recognised in the following line items of the income statement:

	2006 $'000	2005 $'000
Cost of sales	16	56
Administrative expenses	224	68
Other expenses	429	104
	669	228

During the financial year, the Group acquired additional equity interest in a subsidiary, Planet Telecom (S) Pte Ltd (Planet), which the Group has recorded the excess of considerations over the carrying amount of the net assets of Planet at date of exchanges as the retail business infrastructure. The addition to the retail business infrastructure during the year amounted to $679,000. See note 6 for details on the acquisition of additional equity interest in Planet.

With effect from 1 June 2006, the Group revised the estimated useful life of the retail business infrastructure from two to three years, being the duration of the contact with a major customer. This revision has the effect of reducing the amortisation charge and increasing the net profit before tax of the Group for 2006 by $166,000.

In July 2006, the Group acquired the business of providing local and international long distance call from third parties in Malaysia through a newly incorporated subsidiary N-Wave Telecoms (Malaysia) Sdn Bhd. The cost of acquisition amounted to RM 2.5 million (S$1.0 million). In the acquisition, the Group took over the tangible assets, customers' contracts, billing mechanism, employees, carrier's relations and the distribution network. The allocation of the purchase price to the identifiable assets acquired under in this acquisition is currently being determined and has not been completed. In the meantime, the Group has provisionally recorded the excess of purchase consideration over the assets acquired as an intangible asset, being the customer and agent network, and amortised this over 5 years, being the estimated useful life of the network. In the six months since the acquisition of the business, it has contributed a net loss of $473,000 to the consolidated net profit for the year. It is impractical to estimate the revenue and net profit of the business from 1 January 2006.

The effect of acquisition of the business is set out below:

	2006 $'000
Property, plant and equipment	277
Customer and agent network	810
Cash consideration paid, satisfied in cash	1,087

5 Intangible assets (Cont'd)

During the financial year, the Group acquired the remaining equity interest of 5.3% of a subsidiary, TeleChoice (Indonesia) Pte Ltd (TIPL) from the minority shareholder. The excess of the consideration over the share of the carrying amount of the net assets amounting to $95,000, was recorded as goodwill. See note 6 for details on the acquisition of additional equity interest in TIPL.

The goodwill has been allocated for impairment testing purpose to investment in TIPL, being a cash generating unit for the Group's distribution business to the export markets.

The recoverable amount of this cash generating unit, including the goodwill, was estimated based on its value in use. Based on the assessment, the recoverable amount was determined to be higher than the carrying amount of the cash generating unit and accordingly, no impairment loss was recognised for the goodwill.

The estimates of recoverable amount were determined by discounting future cash flows to be generated from the business, using a pre-tax discount rate of 9%. The cash flows was projected based on approved 2007 business plan and a further 2 year cash flows are extrapolated using a constant growth rate of 5%.

6 Subsidiaries

	Company	
	2006	**2005**
	$'000	**$'000**
Investments in subsidiaries	15,207	22,747
Impairment losses	(1,537)	(1,322)
Long-term loan due from subsidiary	500	–
	14,170	21,425

6 Subsidiaries (Cont'd)

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2006 %	2005 %
TeleChoice Philippines, Inc.	Dormant	Philippines	80	80
T. Choice Pty Ltd	Dormant	Australia	100	100
TeleChoice (Indonesia) Pte Ltd	Sale of telecommunication equipment	Singapore	100	94.7
T.Choice (Malaysia) Sdn Bhd	Sale of telecommunication equipment	Malaysia	100	100
NexWave Technologies Pte Ltd	Provision of mobile network infrastructure engineering services	Singapore	100	100
NexWave Telecoms Pte. Ltd.	Provision of radio paging services	Singapore	100	100
NexWave Solutions Pte. Ltd.	Provision of public mobile data and location tracking services	Singapore	100	100
TeleChoice (Thailand) Ltd	Dormant	Thailand	100	100
Planet Telecoms (S) Pte Ltd	Sale of telecommunication equipment	Singapore	85	40
Held by TeleChoice (Indonesia) Pte Ltd:				
PT TeleChoice Indonesia	Sale of telecommunication equipment	Indonesia	100	94.7
Held by NexWave Telecoms Pte.Ltd.:				
SunPage Communications Pte Ltd	Provision of telecommunication related services	Singapore	100	100
N-Wave Telecoms (Malaysia) Sdn Bhd	Provision of telecommunication related services	Malaysia	100	-

6 Subsidiaries (Cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2006 %	Effective equity held by the Group 2005 %
Held by NexWave Technologies Pte Ltd:				
PT NexWave	Provision of mobile network infrastructure engineering services	Indonesia	100	100

KPMG Singapore is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under SGX Listing Manual if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

Acquisition of Planet Telecom (S) Pte Ltd

At 31 December 2005, the Group has 40% equity interest in Planet Telecom (S) Pte Ltd (Planet). Planet was considered as a subsidiary despite the Company holding an equity interest of less than 50% as the Company has control over the board of directors of Planet through the sale and purchase agreement. The effect of the acquisition carried out in 2005 is set out below:

	$'000
Property, plant and equipment	131
Inventories and work-in-progress	884
Trade and other receivables	3,037
Cash at bank and cash in hand	1,245
Deferred tax liabilities	(8)
Trade creditors and accruals	(3,762)
Current tax payable	(290)
Net identifiable assets acquired	1,237
Minority interests	(742)
	495
Intangible assets on consolidation	625
Consideration paid, satisfied in cash	1,120
Cash and cash equivalent acquired	(1,245)
Net cash inflow	(125)

6 Subsidiaries (Cont'd)

On 1 March 2006, the Company acquired an additional 30% equity interest in Planet for a cash consideration of $840,000. The Group has used the carrying amount of net assets at the date of exchange in accounting for the additional investment in Planet. The share of the carrying amount of net assets at the date of exchange amounted to $161,000. The Group has attributed the excess of the consideration over the share of the carrying amount of the net assets amounting to $679,000 as an intangible asset – the retail business infrastructure. See note 5 for the accounting of this intangible asset.

Subsequently, on 30 November 2006, the Company subscribed to an additional 500,000 shares issued by Planet for $500,000. There is no significant impact arising from this additional investment.

After the additional acquisitions during the year, the Company's equity interest in Planet stands at 85% as at 31 December 2006.

Others

During the financial year, the following events have also taken place:

1. Two of the subsidiaries, NexWave Solutions Pte. Ltd. and NexWave Telecoms Pte. Ltd., reduced their share capital by cancelling 5,000,000 and 6,000,000 of the ordinary shares, respectively, constituting part of their respective total issued and fully paid-up share capital. The sums of $5,000,000 and $6,000,000 arising from such reductions were returned to the Company and recorded by the Company as reductions in the cost of investments in the subsidiaries.

2. The Company has subscribed to an additional 2,000,000 shares issued by NexWave Technologies Pte Ltd for $2,000,000 during the financial year.

3. In September 2006, a subsidiary, TeleChoice (Thailand) Ltd, ceased its distribution operations and has since become dormant. Management has performed an impairment review to assess the recoverable amount of the subsidiary's assets based on the value in use, which was assessed to be nil. Accordingly, the cost of the investments in TeleChoice (Thailand) Ltd was written down and an impairment loss of $215,000 was recorded in the Company's income statement. The loss was taken up in "other expenses" in the income statement.

4. The Group acquired the remaining 5.3% equity interest in TeleChoice (Indonesia) Pte Ltd (TIPL) for $120,000 in cash. The Group used the carrying amount of the net assets at the date of exchange in accounting for the additional investment in TIPL. The excess of the consideration over the share of the carrying amount of the net assets amounted to $95,000 and reported as goodwill under intangible assets.

The loan to a subsidiary of $500,000 is unsecured, interest-free and settlement is neither planned for nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost.

7 Jointly-controlled entity

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Investment in jointly-controlled entity	1,288	1,155	955	–
Loan to jointly-controlled entity	479	216	213	–
	1,767	1,371	1,168	–

Details of jointly-controlled entity are as follows:

Name of jointly-controlled entity	Country of incorporation	Effective equity held by the Group	
		2006	2005
		%	%
PT Sakalaguna Semesta (audited by Kanaka Puradiredja & Rekan)	Indonesia	51.0	48.3%

The Group's share of the jointly-controlled entity's results, assets and liabilities is as follows:

	2006	2005
	$'000	$'000
Results		
Revenue	23,697	24,573
Expenses	(23,543)	(24,436)
Profit before taxation	154	137
Taxation	(40)	(41)
Profit after taxation	114	96
Assets and liabilities		
Non-current assets	98	94
Current assets	7,410	1,416
Current liabilities	(6,220)	(405)
Non-current liabilities	–	(11)
Net assets	1,288	1,094

7 Jointly-controlled entity (Cont'd)

During the financial year, the Company acquired from a subsidiary, TIPL, the latter's 51% equity interest in a jointly-controlled entity, PT Sakalaguna Semesta. The purchase consideration of $955,000 was satisfied in cash.

The Company has, as a result of the acquisition, also taken over from TIPL a loan of $213,000 which was previously provided by TIPL to the jointly-controlled entity. The Company has fully paid $213,000 to TIPL upon undertaking the loan to the jointly-controlled entity. The loan to the jointly-controlled entity is unsecured, interest-free and settlement is neither planned for nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the jointly-controlled entity, it is stated at cost.

Arising from the acquisition of the jointly-controlled entity by the Company from TIPL who at that date of acquisition was not wholly-owned by the Company, the Group's effective interest in the jointly-controlled entity has increased from 48.3% to 51%. There is no material impact arising from the increase in the effective interest in the entity.

8 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2005 $'000	Charged/ (credited) to income statement $'000	Acquisition of subsidiary $'000	At 31 December 2005 $'000	Charged/ (credited) to income statement $'000	At 31 December 2006 $'000
Deferred tax assets						
Property, plant and equipment	–	(21)	–	(21)	(86)	(107)
Inventories	(63)	21	–	(42)	(72)	(114)
Provisions	(333)	(165)	–	(498)	131	(367)
Unutilised tax losses	–	–	–	–	(139)	(139)
	(396)	(165)	–	(561)	(166)	(727)
Deferred tax liabilities						
Property, plant and equipment	251	86	8	345	52	397
	251	86	8	345	52	397

8 Deferred tax assets and liabilities (Cont'd)

Company	At 1 January 2005 $'000	Charged/ (credited) to income statement $'000	At 1 January 2006 $'000	Charged/ (credited) to income statement $'000	At 31 December 2006 $'000
Deferred tax assets					
Inventories	(62)	29	(33)	(47)	(80)
Provision for warranties	(132)	53	(79)	(5)	(84)
Others	(42)	(1)	(43)	5	(38)
	(236)	81	(155)	(47)	(202)
Deferred tax liabilities					
Property, plant and equipment	45	18	63	6	69
	45	18	63	6	69

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Deferred tax assets	527	425	133	92
Deferred tax liabilities	197	209	–	–

The following potential deferred tax assets have not been recognised:

	Group 2006 $'000	Group 2005 $'000
Deductible temporary differences	–	118
Unutilised tax losses	2,829	1,584
Unutilised investment allowances	15	–
Unrecognised deferred tax assets	699	467

8 Deferred tax assets and liabilities (Cont'd)

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

9 Inventories

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Raw materials	234	193	–	–
Inventories held for resale – at cost	9,435	12,521	3,395	3,458
Inventories held for resale – at net realisable value	8,155	6,182	8,155	6,182
	17,824	18,896	11,550	9,640

The write down of inventories amounting to $311,000 (2005: $400,000) and $248,000 (2005: $169,000) have been charged to the income statement statement of the Group and Company respectively.

10 Work-in-progress

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Cost and attributable profits	1,050	2,537	–	–

11 Trade and other receivables

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Trade receivables		19,930	15,095	3,382	2,958
Allowance for doubtful receivables		(171)	(159)	–	–
Net receivables		19,759	14,936	3,382	2,958
Other receivables, deposits and prepayments	12	12,110	12,982	8,968	9,063
Amounts due from:					
- related corporation of minority shareholder of subsidiary (trade)		–	3,930	–	–
- related corporations	13	16,857	21,788	12,194	12,462
- subsidiaries	14	–	–	10,391	1,691
- holding companies	15	–	36	–	28
		48,726	53,672	34,935	26,202

Trade amounts due from related corporations for the Group include retention sums relating to construction work-in-progress of $1,713,000 (2005: $687,600) and unbilled receivables of $3,529,000 (2005: $1,653,000).

Receivables denominated in currencies other than the Company's functional currency comprise:

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
US Dollars	12,275	8,368	11	–
Ringgit Malaysia	281	6,447	–	–
Indonesia Rupiah	1,549	1,146	–	–
Thailand Bhat	416	1,096	–	–
Others	70	301	–	–

The Group's and Company's primary exposure to credit risk arises through its trade and other receivables. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. As a result, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

12 Other receivables, deposits and prepayments

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Prepayments	542	602	68	69
Deposits	747	553	2	2
Unbilled receivables	10,271	11,192	6,698	5,492
Dividend receivables	–	–	2,200	3,500
Other receivables	550	635	–	–
	12,110	12,982	8,968	9,063

13 Amounts due from and to related corporations

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Amounts due from related corporations:				
- trade	16,857	21,773	12,194	12,462
- non-trade	–	15	–	–
	16,857	21,788	12,194	12,462
Amounts due to related corporations:				
- trade	1,018	1,263	–	–
- non-trade	9	112	4	106
	1,027	1,375	4	106

The non-trade amounts due from and to related corporations are unsecured and interest-free, and repayable on demand.

14 Amounts due from and to subsidiaries

	Company	
	2006	2005
	$'000	$'000
Amounts due from subsidiaries:		
- trade	1,296	980
- non-trade	1,318	711
- short-term loans	7,777	–
	10,391	1,691
Amounts due to subsidiaries:		
- non-trade	17	12
	17	12

The non-trade amounts due from and to subsidiaries and short term loans due from subsidiaries are unsecured and repayable on demand. The short-term loans bear interest at rates ranging from 3.95% to 5.90% (2005: nil %) per annum.

As at 31 December 2006, the Company has assessed for impairment loss on the short-term loans from subsidiaries. The carrying amounts of the loans are compared to the estimated future cash flows from the repayment. The impairment loss of $648,000 (2005: $625,000) is recognised in the Company's income statement and is recorded in administrative expenses.

15 Amounts due from and to holding companies

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Amounts due from (trade):				
- ultimate holding company	–	8	–	–
- immediate holding company	–	28	–	28
	–	36	–	28
Amounts due to immediate holding company (non-trade)	101	232	101	232

The non-trade amounts due to the immediate holding company are unsecured and interest-free, and repayable on demand.

16 Cash and cash equivalents

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Cash at banks and in hand	12,328	29,170	5,042	17,612
Short-term bank deposits	16,613	15,456	6,500	10
	28,941	44,626	11,542	17,622

As at 31 December 2006, the Group has cash and cash equivalent totalling $3,251,000 (2005: $6,211,000) which are held in countries with foreign exchange controls.

17 Share capital

	Note	Company 2006 No. of shares ('000)	Company 2006 $'000	Company 2005 No. of shares ('000)	Company 2005 $'000
Issued and fully paid:					
Ordinary shares					
At 1 January		445,291	8,906	442,000	8,840
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005		–	10,523	–	–
Exercise of share options	22	4,858	1,010	3,291	66
At 31 December		450,149	20,439	445,291	8,906

The Group has issued share options under its Pre-IPO Share Option Scheme (see note 22).

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

(a) the concept of authorised share capital was abolished;

(b) shares of the Company ceased to have par value; and

(c) the amount standing to the credit of the Company's share premium account became part of the Company's share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18 Reserves

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Capital reserve	–	–	13,300	13,300
Merger reserve	17,591	17,591	–	–
Share option reserve	762	683	330	284
Goodwill written-off	(2,105)	(2,105)	–	–
Exchange translation reserve	9	(103)	–	–
Other reserves	16,257	16,066	13,630	13,584
Share premium	–	10,523	–	10,523
Accumulated profits	19,800	19,360	22,048	21,557
	36,057	45,949	35,678	45,664

In accordance with the merger relief provisions of Sections 69 (B) of the Companies Act, the capital reserve comprises reserve arising from the excess of the fair value of the Company's share issued as consideration for the acquisition of subsidiaries in the Restructuring over their par value.

Merger reserve comprises the following:	Group	
	2006	2005
	$'000	$'000
Aggregate of share capital of subsidiaries acquired in the Restructuring	23,403	23,403
Aggregate of losses of subsidiaries prior to acquisition by STTC	(6,372)	(6,372)
Acquisition of additional 7% equity interest in NWS by STTC	1,455	1,455
Goodwill on acquisition of subsidiaries by STTC	2,105	2,105
Cost of investment paid by STTC	20,591	20,591
Par value of shares issued in the Restructuring for acquisition of subsidiaries	(3,000)	(3,000)
	17,591	17,591

The share option reserve comprises the cumulative value of the employee services received for the issue of share options.

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the share of the fair value of net assets acquired.

The exchange translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currency is different from that of the Company.

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006, the amount standing to the credit of the Company's share premium account became part of the Company's share capital.

19 Trade and other payables

		Group		Company	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trade payables		24,745	47,243	9,895	13,649
Accruals for purchases of plant and equipment		147	121	–	–
Prepayments and deposits from customers		934	1,228	–	–
Accruals for payroll and staff related costs		2,462	2,697	1,476	1,212
Accrued expenses		9,359	10,123	2,973	3,284
Amounts due to:					
- related corporations	13	1,027	1,375	4	106
- subsidiaries	14	–	–	17	12
- holding companies	15	101	232	101	232
		38,775	63,019	14,466	18,495

Payables denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
US Dollars	7,566	22,605	52	–
Ringgit Malaysia	297	677	–	–
Indonesia Rupiah	658	686	–	–
Thailand Bhat	45	2,809	–	–
Others	38	97	–	–

20 Financial liabilities

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Non-current liabilities				
Finance lease liabilities	14	–	–	–
Current liabilities		–	–	–
Unsecured trust receipts	561	–	–	–
Finance lease liabilities	42	–	–	–
At 31 December	603	–	–	–

At 31 December 2006, the Group had obligations under finance leases that are payable as follows:

	Principal	Interest
	2006	2006
	$'000	$'000
Payable within 1 year	42	2
Payable after 1 year but within 5 years	14	1
Total	56	3

21 Provision for warranties

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
At 1 January	745	844	398	662
Provision made	74	376	22	–
Provision utilised	(332)	(475)	–	(264)
At 31 December	487	745	420	398

The provision made for warranty costs relates mainly to mobile phones, paging devices and radio and telecommunication equipment sold during the year. The provision is based on estimates made from historical warranty data. The Group and Company expects to incur the liability over the next 12 months.

22 Employee share options

The TeleChoice Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") and the TeleChoice Post-IPO Employee Share Option Scheme (the "Post-IPO Scheme") (collectively referred to as the "Schemes"), were approved and adopted by the members at an Extraordinary General Meeting of the Company held on 7 May 2004.

Pre–IPO Scheme

Information regarding the Pre-IPO Scheme is set out below:

(i) The Pre-IPO Scheme is administered by the Company's Remuneration Committee comprising three directors, namely Bertie Cheng, Stewart Yen Se-Hua and Lee Theng Kiat.

(ii) On 18 May 2004, the Company granted share options to management and employees of the Company, STT Communications Ltd ("STTC"), its immediate holding company, and the subsidiaries of STTC and certain non-executive directors of the Company (collectively referred to as the "Eligible Persons") to subscribe for an aggregate of 20,000,000 shares of the Company.

(iii) Eligible Persons are entitled to exercise the share options subject to the following vesting periods:

Vesting schedule	**Percentage of Shares over which an Option is exercisable (%)**
On the date falling twelve months from 18 May 2004	25
On the date falling twenty-four months from 18 May 2004	25
On the date falling thirty-six months from 18 May 2004	25
On the date falling forty-eight months from 18 May 2004	25

(iv) The exercise price for each option is $0.2079. Options granted to non-executive directors (including independent directors) have a life span of five years. Options granted to the Eligible Persons (other than the non-executive directors) have a life span of ten years.

(v) Options are settled by physical delivery of shares.

Post – IPO Scheme

Information regarding the Post-IPO Scheme is set out below:

(i) The Post-IPO Scheme is administered by a committee comprising Bertie Cheng, Stewart Yen Se-Hua and Lee Theng Kiat (the "Committee").

22 Employee share options (Cont'd)

(ii) The eligible participants of the Post-IPO Scheme are:

- executive and non-executive directors and employees of the Company, subsidiaries and associated companies.
- executive and non-executive directors and employees of STTC and its subsidiaries.
- controlling shareholders of the Company and the associates of the controlling shareholders.

(iii) The nominal amount of the aggregate number of shares over which the Committee may grant options on any date, when aggregated with the nominal amount of the number of shares issued and issuable in respect of all options granted under the Post-IPO Scheme and other share option schemes of the Company, shall not exceed 15% of the issued and paid-up share capital of the Company on the day preceding the date of the relevant grant.

(iv) Under the Post-IPO Scheme, the exercise price for each ordinary shares in respect of which an option is exercisable is determined by the Committee in its absolute discretion on the date of grant at a maximum discount of 20% to market price determined to be the average of the last dealt prices for the shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive market days immediately preceding the relevant date of grant of the relevant option.

(v) The vesting period of the options granted under the Post-IPO Scheme is between one and two years.

(vi) The exercise price of the options granted under the Post-IPO Scheme shall not be less than $0.02.

22 Employee share options (Cont'd)

Details of the options granted under the Schemes on the unissued ordinary shares of the Company as at the end of the financial year are as follows:

Date of grant of options	Exercise price	Options outstanding at 1 January 2006	Options forfeited	Options exercised	Options outstanding at 31 December 2006	Options exercisable at 1 January 2006	Options exercisable at 31 December 2006	Credited to share capital $'000	Exercise period
18/05/2004	0.2079	200,000	-	(125,000)	75,000	200,000	75,000	26	18/05/2005 to 17/05/2009
18/05/2004	0.2079	200,000	-	(125,000)	75,000	-	75,000	26	18/05/2006 to 17/05/2009
18/05/2004	0.2079	200,000	-	-	200,000	-	-	-	18/05/2007 to 17/05/2009
18/05/2004	0.2079	200,000	-	-	200,000	-	-	-	18/05/2008 to 17/05/2009
18/05/2004	0.2079	1,147,000	(50,000)	(883,500)	213,500	1,147,000	213,500	184	18/05/2005 to 17/05/2014
18/05/2004	0.2079	4,125,000	(100,000)	(3,724,500)	300,500	-	300,500	774	18/05/2006 to 17/05/2014
18/05/2004	0.2079	4,125,000	(750,000)	-	3,375,000	-	-	-	18/05/2007 to 17/05/2014
18/05/2004	0.2079	4,125,000	(750,000)	-	3,375,000	-	-	-	18/05/2008 to 17/05/2014
		14,322,000	(1,650,000)	(4,858,000)	7,814,000	1,347,000	664,000	1,010	

During the financial year ended 31 December 2006, options exercised resulted in 4,858,000 (2005: 3,290,500) shares being issued at an exercise price of $0.2079 each. Options were exercised on a regular basis throughout the year. The weighted average share price during the dates when the share options are exercised is $0.3102 (2005: $0.2593) per share.

22 Employee share options (Cont'd)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Date of grant of options	**18/05/2004**	**18/05/2004**	**18/05/2004**	**18/05/2004**
Vesting date	**18/05/2005**	**18/05/2006**	**18/05/2007**	**18/05/2008**
Fair value of share options and assumptions:				
Fair value at measurement date	$0.059	$0.053	$0.048	$0.044
Share price	$0.29	$0.29	$0.29	$0.29
Exercise price	$0.2079	$0.2079	$0.2079	$0.2079
Expected volatility	20%	20%	20%	20%
Expected option life	2.0 years	3.0 years	4.0 years	5.0 years
Expected dividends	6.9%	6.9%	6.9%	6.9%
Risk-free interest rate	1.50%	1.75%	1.75%	2.07%

The expected volatility is based on the historic valuation of shares based on net assets values, adjusted for any expected changes to future volatility to those net assets values.

There is no market conditions associated with the share option grants.

23 Revenue

Revenue represents the invoiced value of goods sold and services rendered, less discounts, and the value of work done on cabling and installation projects that are undertaken.

	Group	
	2006	**2005**
	$'000	**$'000**
Equipment sales	392,643	496,360
Voice services	23,562	27,032
Cabling and installation project revenue	34,398	37,518
Mobile data and location tracking services	4,087	4,623
Logistic services	5,067	4,398
	459,757	569,931

24 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Note	Group 2006 $'000	Group 2005 $'000
Amortisation of intangible assets	5	669	228
Bad debts written off			
- related corporation of minority shareholder of a subsidiary		–	3,781
- others		281	186
Depreciation of property, plant and equipment	4	1,565	1,343
Directors' remuneration, included in staff costs		822	740
Exchange loss		367	174
Loss on disposal of property, plant and equipment		13	78
Negative goodwill recognised upon acquisition of additional interest in subsidiary		–	(84)
Non-audit fees paid to:			
- auditors of the Company		21	8
- other auditors		107	184
Provision for warranties made	21	74	376
Rental expenses		2,277	1,903
Staff costs		21,522	17,295
Contributions to defined contribution plans, included in staff costs		1.322	1,270
Value of employee services received for issue of share options, included in staff costs		79	333
Write down of inventories		311	400

Other income

		2006	2005
Service income		1,144	1,115
Interest income			
- banks and financial institutions		740	611
Others		1,313	435
		3,197	2,161

24 Profit before income tax (Cont'd)

	Group 2006 $'000	Group 2005 $'000
Finance costs		
Interest paid and payable to:		
- banks and financial institutions	10	34

25 Income tax expense

	Group 2006 $'000	Group 2005 $'000
Current tax expense		
Current year	5,508	4,429
Under/(over) provision of tax expense in prior years	48	(8)
	5,556	4,421
Deferred tax expense		
Movements in temporary differences	25	(79)
Benefit of tax losses recognised	(139)	–
	(114)	(79)
Income tax expense	5,442	4,342
Reconciliation of effective tax rate		
Profit before taxation	22,332	21,516
Income tax using Singapore tax rate of 20%	4,466	4,303
Tax savings as a result of utilising investment allowances and tax losses not previously recognised	–	(352)
Non-deductible expenses	167	72
Tax rebates	(46)	(46)
Tax losses and other deductible temporary differences not recognised	728	253
Effect of different tax rates in other countries	79	120
Under/(over) provision in respect of prior years' current tax	48	(8)
	5,442	4,342

26 Earnings per share

	Group 2006 $'000	Group 2005 $'000
Basic earnings per share is based on:		
Profit attributable to equity holders of the Company	17,216	17,654

	Number of shares 2006 ('000)	Number of shares 2005 ('000)
Issued ordinary shares at beginning of the year	445,291	442,000
Effect of share options exercised	2,535	1,356
Weighted average number of ordinary shares at the end of year	447,826	443,356

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders of parent by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

	Group Number of shares 2006 ('000)	Group Number of shares 2005 ('000)
Weighted average number of shares issued, used in calculation of basic earnings per share	447,826	443,356
Potential ordinary shares issued under share options	3,030	1,674
Weighted average number of ordinary shares issued and potential shares assuming full conversion	450,856	445,030

There are no anti-dilutive options for the year ended 31 December 2006 and 2005.

27 Significant related party transactions

In the normal course of business, the Group purchases and sells products and services to related companies. Significant transactions with related parties, other than those disclosed elsewhere in the financials statements, are as follows:

	Group	
	2006	**2005**
	$'000	**$'000**
Ultimate Holding Company		
Revenue from sale of products and provision of services	90	128
Immediate Holding Company		
Revenue from sale of products and provision of services	112	139
Management fees	–	45
Related Corporations		
Revenue from sale of products and provision of services	167,337	163,850
Purchase of products and services	4,461	2,539
Rental and warehouse expenses	544	1,181
Telecommunication services received	4,253	4,646
Minority Shareholder of Subsidiary		
Revenue from sale of products	3,476	56,451
Key Management		
Short-term employment benefits		
- Directors	822	740
- Other key management personnel	2,408	2,048
Share-based payments		
- Directors	7	15
- Other key management personnel	42	143
	3,279	2,946

28 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

Distribution services: Wholesalers, suppliers, importers, exporters, distributors, agents and dealers of mobile phones, radio and telecommunication equipment and accessories and the provision of related services.

Telecommunications services: Provision of radio paging services, international direct dial services, public mobile data and location tracking services, and distribution of PABX systems.

Network engineering services: Provision of mobile network infrastructure engineering services.

Geographical Segments

The Group has operations primarily in Singapore, Malaysia, Indonesia, Australia and Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

28 Segment reporting (Cont'd)

(a) Business Segments

	Distribution services		Telecommunications services		Network Engineering services		Eliminations		Consolidated	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Revenue and expenses										
Total revenue from external customers	395,497	498,642	29,862	27,115	34,398	44,174	–	–	459,757	569,931
Inter-segment revenue	23	181	28	15	–	280	(51)	(476)	–	–
Total revenue	395,520	498,823	29,890	27,130	34,398	44,454	(51)	(476)	459,757	569,931
Segment results	11,655	9,861	8,159	6,636	2,404	4,917	–	–	22,218	21,414
Share of profit of jointly-controlled entity (net of tax)									114	102
Income tax expense									(5,442)	(4,342)
Profit for the year									16,890	17,174
Assets and liabilities										
Segment assets	66,758	80,311	14,660	18,106	22,486	29,507	(2,747)	(4,712)	101,157	123,212
Investment in jointly-controlled entity									1,767	1,371
Deferred tax assets									527	425
									103,451	125,008
Segment liabilities	24,268	44,056	5,735	7,419	14,288	18,229	(2,747)	(4,712)	41,544	64,992
Tax liabilities									5,214	4,458
Deferred tax liabilities									197	209
									46,955	69,659
Other segment information										
Capital expenditure:										
- property, plant and equipment	229	580	1,079	692	385	966	(213)	(105)	1,480	2,133
- intangible assets	774	625	1,054	130	70	35	–	–	1,898	790
Depreciation charge	400	413	681	370	484	560	–	–	1,565	1,343
Amortisation charge	429	104	197	90	43	34	–	–	669	228
Other non-cash expenses										
- negative goodwill recognised	–	(84)	–	–	–	–	–	–	–	(84)
- value of employee services received for issue of share options	35	141	55	125	(11)	67	–	–	79	333
	35	57	55	125	(11)	67	–	–	79	249

28 Segment reporting (Cont'd)

(b) Geographical Segments

	Singapore $'000	Malaysia $'000	Indonesia $'000	Australia $'000	Thailand $'000	Hong Kong $'000	Dubai $'000	Other countries $'000	Consolidated $'000
2006									
Revenue from external customers	341,092	13,325	47,969	26	2,720	35,726	13,335	5,564	459,757
Segment assets	76,163	2,390	21,958	52	495	–	–	99	101,157
Capital expenditure									
- property, plant and equipment	900	456	124	–	–	–	–	–	1,480
- intangible assets	993	810	95	–	–	–	–	–	1,898
2005									
Revenue from external customers	317,846	66,135	85,683	11,361	5,007	77,400	5,414	1,085	569,931
Segment assets	95,238	13,008	11,714	294	2,865	–	–	93	123,212
Capital expenditure									
- property, plant and equipment	1,422	5	563	10	133	–	–	–	2,133
- intangible assets	790	–	–	–	–	–	–	–	790

29 Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. The Group has established risk management policies and guidelines, as well as processes for monitoring compliance with such policies.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

29 Financial instruments (Cont'd)

As at 31 December 2006, two customers owed 69% (2005: 75%) of total receivables, and 63% (2005: 57%) of cash and fixed deposits are placed with a bank. There are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group's earnings are affected by changes in interest rates due to the impact such changes have on interest income from bank deposits.

Effective interest rate and repricing analysis

In respect of the interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice:

	Effective interest %	Within 1 year $'000
Group		
2006		
Financial assets		
Cash at bank	0.15 to 4.10	12,328
Short-term bank deposits	1.18 to 3.32	16,613
Financial liabilities		
Finance lease liabilities	3.0	56
Unsecured trust receipts	5.58	561
2005		
Financial assets		
Cash at bank	0.15 to 4.10	29,170
Short-term bank deposits	0.68 to 3.20	15,456

29 Financial instruments (Cont'd)

	Effective interest %	Within 1 year $'000
Company		
2006		
Financial assets		
Cash at bank	0.10	5,042
Short-term bank deposits	3.32	6,500
2005		
Financial assets		
Cash at bank	0.15	17,612
Short-term bank deposits	0.68	10

Foreign currency risk

The Group incurs foreign currency risk in respect of bank deposits as well as sales and purchases that are denominated in a currency other than the functional currency. The currency giving rise to this risk is primarily the US dollar and the risk arises mainly from timing mismatches between such sales and purchases denominated in US dollars.

Estimating the fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values.

30 Commitments

Commitments for future minimum lease payments as at the end of the financial year in respect of non-cancellable operating leases are as follows:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Payable:				
Within 1 year	2,158	1,862	600	600
After 1 year but within 5 years	1,417	1,649	250	850
	3,575	3,511	850	1,450

31 Contingent liabilities

As at the balance sheet date, the Company has issued the following guarantees on behalf of its subsidiaries to third parties:

Issued on behalf of	Issued in relation to	Company	
		2006	2005
		$'000	$'000
TeleChoice (Indonesia) Pte Ltd	Goods and services tax- Major Exporter's Scheme	–	490
TeleChoice (Indonesia) Pte Ltd	Purchase of inventories	–	310
NexWave Technologies Pte Ltd	Project tender	–	300

Performance guarantee given by the Group to third party in respect of Engineering project amounted to $325,000 (2005: nil)

Banker's guarantee given by the Group and Company to third party in respect of office lease amounted to $150,000 (2005: $150,000)

32 Subsequent events

(a) On 26 January 2007, the Company subscribed to an additional 500,000 ordinary shares in TeleChoice (Indonesia) Pte Ltd for a consideration of $500,000.

(b) Subsequent to the balance sheet date, the directors proposed a final dividend of 1.25 cents per ordinary share (one-tier tax exempt) in respect of financial year ended 31 December 2006. These final dividends have not been recognised as at year end and are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company in 2007.

33 New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 *Investment Property*
- FRS 107 *Financial Instruments: Disclosures* and the Amendment to FRS 1 *Presentation of Financial Statements: Capital Disclosures*
- INT FRS 107 *Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies*
- INT FRS 108 *Scope of FRS 102 Share-based Payment*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 110 *Interim Financial Reporting and Impairment*

The initial application of these standards and interpretations is not expected to have any material impact on the Group's financial statements.

The Group has not considered the impact of accounting standards issued after the balance sheet date.

SUPPLEMENTARY INFORMATION

(SGX-ST LISTING MANUAL DISCLOSURE REQUIREMENTS)

1 Directors' Remuneration

Company's directors receiving remuneration from the Group (other than Directors' Fee & Benefits for Non-Executive Directors)

	Number of directors	
	2006	**2005**
	$'000	**$'000**
Remuneration of:		
$500,000 and above	-	-
$250,000 to below $500,000	1	1
Below $250,000	-	-
	1	1

2 Interested Person Transactions

	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	2006	**2005**
	$'000	**$'000**
Transactions for the sales of goods and services	**167,233**	**163,716**
Singapore Telecommunications Limited and its Associates	58	828
Temasek Holdings (Private) Limited and its Associates	167,175	162,888
Transactions for the purchase of goods and services	**9,128**	**8,205**
Singapore Telecommunications Limited and its Associates	3,006	3,786
Temasek Holdings (Private) Limited and its Associates	6,122	4,419
Management Services	**-**	**45**
Temasek Holdings (Private) Limited and its Associates	-	45
Total Interested Person Transactions	**176,361**	**171,966**

3 Material Contracts

There was no material contracts entered into or still subsisting at the end of the financial year, for the purpose of Rule 1207(8) of the SGX Listing Manual.

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2007

Paid-up Capital - S$20,438,962.59
Class of shares - Ordinary share
Voting rights - 1 vote per share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	1,488	52.60	7,701,000	1.71
10,001 - 1,000,000	1,323	46.76	88,373,000	19.63
1,000,001 and above	18	0.64	354,074,500	78.66
	2,829	100.00	450,148,500	100.00

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	STT Communications Ltd	228,937,500	50.86
2	Leap International Pte Ltd	88,198,000	19.59
3	United Overseas Bank Nominees Pte Ltd	6,547,000	1.45
4	Citibank Consumer Nominees Pte Ltd	5,430,000	1.21
5	Ng Hian Chow	4,500,000	1.00
6	DBS Nominees Pte Ltd	3,767,000	0.84
7	CIMB-GK Securities Pte. Ltd.	2,374,000	0.53
8	Tan Chwee Huat	1,780,000	0.40
9	HSBC (Singapore) Nominees Pte Ltd	1,525,000	0.34
10	Morgan Stanley Asia (S) Securities Pte Ltd	1,440,000	0.32
11	DBS Vickers Securities Pte Ltd	1,340,000	0.30
12	Clive Lim Chai Hock	1,300,000	0.29
13	Tay Kiong Hong	1,300,000	0.29
14	Phillip Securities Pte Ltd	1,145,000	0.25
15	UOB Kay Hian Pte Ltd	1,142,000	0.25
16	Helen Chee	1,140,000	0.25
17	OCBC Nominees Singapore Pte Ltd	1,121,000	0.25
18	OCBC Securities Private Ltd	1,088,000	0.24
19	Citibank Nominees Singapore Pte Ltd	995,000	0.22
20	Tan Kia Hong	969,000	0.22
		356,038,500	79.10

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2007

Substantial Shareholders (based on the Register of Substantial Shareholders, and information received from Substantial Shareholders)	No. of Shares Direct Interest	Deemed Interest	Total Interest	%
Temasek Holdings (Private) Limited (1)	-	228,937,500	228,937,500	50.86
Singapore Technologies Telemedia Pte Ltd (1)	-	228,937,500	228,937,500	50.86
STT Communications Ltd (1)	228,937,500	-	228,937,500	50.86
Leap International Pte Ltd (2)	88,198,000	-	88,198,000	19.59
Clive Lim Chai Hock (2)	1,300,000	88,198,000	89,498,000	19.88
Michelle Ho Li Ann (3)	-	89,498,000	89,498,000	19.88

Notes:

(1) STT Communications Ltd ("STTC") is a subsidiary of Singapore Technologies Telemedia Pte Ltd, which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). Temasek is deemed to be interested in the 228,937,500 Shares held by STTC, by virtue of Section 7 of the Companies Act.

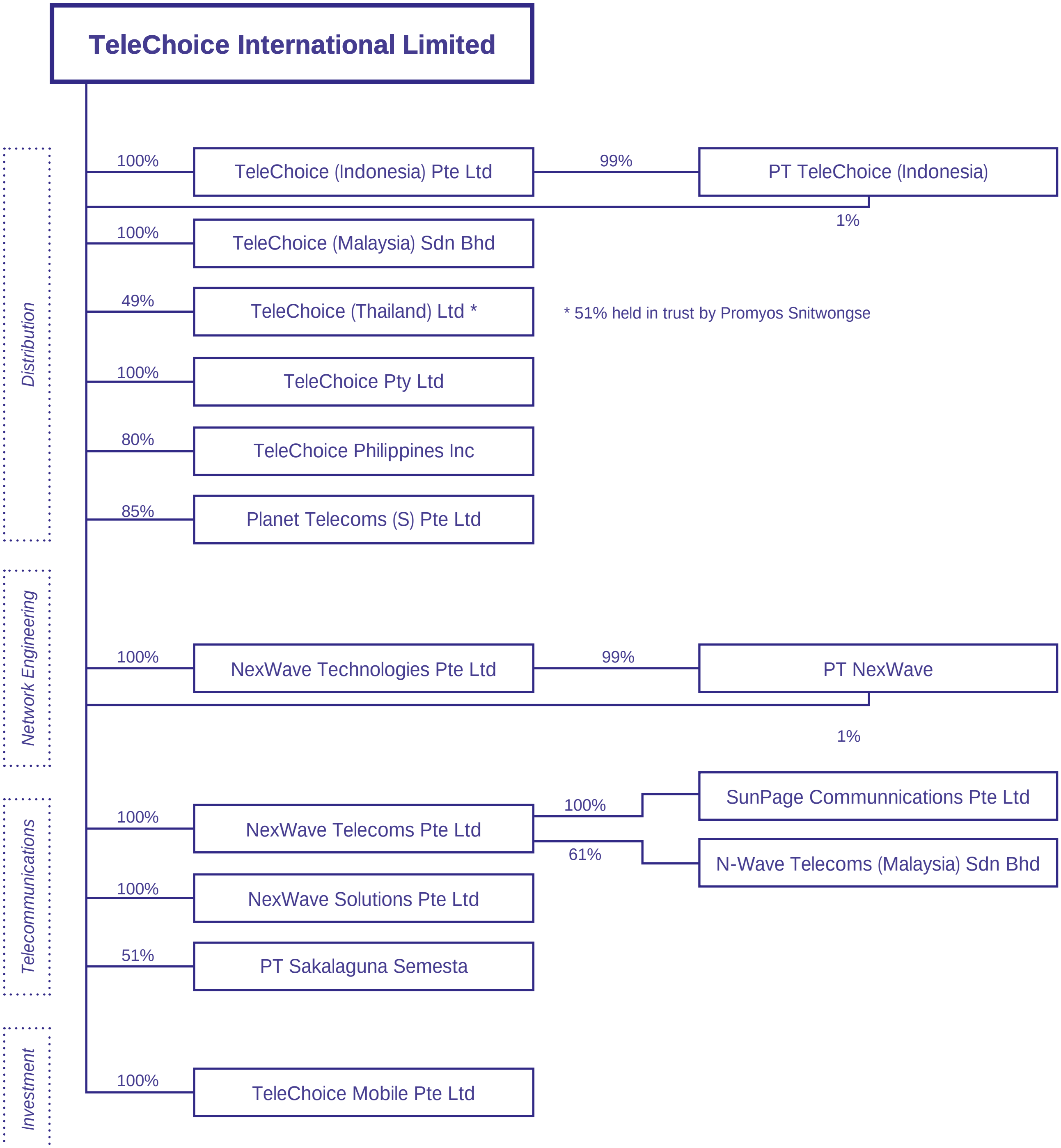
(2) Clive Lim Chai Hock and his wife, Michelle Ho Li Ann own in aggregate 92% of the interest in Leap International Pte Ltd. Clive Lim Chai Hock holds a total (direct and deemed) interest in 89,498,000 Shares, representing 19.88% of the Company's issued and paid-up share capital.

(3) Michelle Ho Li Ann is the spouse of Clive Lim Chai Hock. Accordingly, Mdm Ho is deemed to be interested in the Shares held by Clive Lim Chai Hock.

Shareholdings Held in Hands of Public

Based on information available to the Company as at 15 March 2007, approximately 29.03% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held by the public. Therefore, the Company has complied with Rule 723 of the Listing Manual.

GROUP STRUCTURE



NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at 51 Cuppage Road #09-01 StarHub Centre Singapore 229469 on 27 Apr 2007 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 Dec 2006 and the Directors' and Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 1.25 cents per share, for the year ended 31 Dec 2006. **Resolution 2**

3. To re-elect Mr Yap Boh Pin, who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 3**

   See Explanatory Note (a)

4. To re-elect Mrs Gracy Choo, who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 4**

   See Explanatory Note (b)

5. To re-elect Mr Stewart Yen Se-Hua, who is retiring in accordance with Article 91 of the Company's Articles of Association. **Resolution 5**

   See Explanatory Note (c)

6. To re-elect Mr Jackson Tang Yew Kay, who is retiring in accordance with Article 97 of the Company's Articles of Association. **Resolution 6**

   See Explanatory Note (d)

7. To approve Directors' Fees of $353,833 for the year ended 31 Dec 2006 **Resolution 7**
   (Directors Fees for the year ended 31 Dec 2004: $100,000;
   Directors Fees for the year ended 31 Dec 2005: $240,500)

8. To re-appoint KPMG as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

9. Authority to issue shares (General) **Resolution 9**

That, pursuant to Section 161 of the Companies Act (Cap. 50), and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, and adjusting for: (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and (2) any subsequent consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

See Explanatory Note (e)

10. Authority to issue shares under the TeleChoice Pre-IPO Share Option Scheme **Resolution 10**

That authority be and is hereby given to the Directors to allot and issue from time to time such number of shares in the Company as may be required to be allotted and issued pursuant to the exercise of options under the TeleChoice Pre-IPO Share Option Scheme ("Pre-IPO Scheme"), provided that (i) the aggregate number of shares to be issued pursuant to the Pre-IPO Scheme does not exceed 20,000,000 shares, and (ii) the aggregate number of shares to be issued under all of the Company's share option plans and share incentive schemes in force, does not exceed 15% of the issued share capital of the Company from time to time.

See Explanatory Note (f)

11. Authority to grant options and issue shares under the TeleChoice Post-IPO Employee Share Option Scheme **Resolution 11**

That authority be and is hereby given to the Directors to offer and grant options in accordance with the rules and terms of the TeleChoice Post-IPO Employee Share Option Scheme ("Post-IPO Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be allotted and issued pursuant to the exercise of options under the Post-IPO Scheme, provided that the aggregate number of shares to be issued under all of the Company's share option plans and share incentive schemes in force, does not exceed 15% of the issued share capital of the Company from time to time.

See Explanatory Note (g)

OTHER BUSINESS

12. To transact any other business that may properly be transacted at an Annual General Meeting of the Company.

By Order of the Board

Pek Siok Lan / Hon Wei Seng
Joint Secretaries

Singapore
11 Apr 2007

Notes:

1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to vote in his stead.
2) A proxy need not be a member of the Company.
3) The instrument appointing a proxy must be deposited at the Company's registered office at 51 Cuppage Road #10-11/17 StarHub Centre Singapore 229469 not later than 48 hours before the time appointed for the Meeting.

Books Closure and Dividend Payment Dates

Subject to shareholders' approval of the payment of the proposed final dividend at the Ninth General Meeting to be convened on 27 Apr 2007, the Share Transfer Books and Registers of Members of the Company will be closed from 7 May to 8 May 2007, both dates inclusive. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office Singapore 068906, up to 5 p.m. on 4 May 2007 will be registered to determine shareholders' entitlement to the proposed dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd ("CDP"), the dividends will be paid by the Company to CDP which will, in turn, distribute the dividend entitlement to the shareholders. The proposed dividends, if approved by shareholders, will be paid on 21 May 2007.

EXPLANATORY NOTES:

(a) Ordinary Resolution No. 3 is to approve the re-election of Mr Yap Boh Pin, who is retiring by rotation, in accordance with Article 91 of the Company's Articles of Association. Upon re-election, Mr Yap, who is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST, will remain as Chairman of the Audit Committee and as a member of the Nominating Committee.

(b) Ordinary Resolution No. 4 is to approve the re-election of Mrs Gracy Choo, who is retiring by rotation, in accordance with Article 91 of the Company's Articles of Association. Upon re-election, Mrs Choo, who is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST, will remain as a member of the Audit Committee.

(c) Ordinary Resolution No. 5 is to approve the re-election of Mr Stewart Yen Se-Hua, who is retiring by rotation, in accordance with Article 91 of the Company's Articles of Association. Upon re-election, Mr Yen, who is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST, will remain as Chairman of the Nominating Committee, and as a member of the Remuneration Committee and the Executive Committee.

(d) Ordinary Resolution No. 6 is to approve the re-election of Mr Jackson Tang Yew Kay, who was previously appointed by resolution of the Board of Directors, and is retiring in accordance with Article 97 of the Company's Articles of Association. Upon re-election, Mr Tang, who is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST, will remain as a member of the Audit Committee.

(e) Ordinary Resolution No. 9 is to authorize the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued share capital of the Company, with a sub-limit of 20% for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and (b) any subsequent consolidation or subdivision of shares.

(f) Ordinary Resolution No. 10 is to authorize the Directors of the Company to allot and issue shares in the Company pursuant to the exercise of options granted under the TeleChoice Pre-IPO Share Option Scheme ("Pre-IPO Scheme"). The Pre-IPO Scheme was adopted at an Extraordinary General Meeting of the Company on 7 May 2004. On 12 May 2004, pursuant to the Pre-IPO Scheme, the Company granted share options to eligible participants, to subscribe for an aggregate of 20,000,000 shares. Details of the Pre-IPO Scheme are set out at page 132 of the Company's prospectus dated 16 Jun 2004.

(g) Ordinary Resolution No. 11 is to authorize the Directors of the Company to allot and issue shares in the Company pursuant to the exercise of options granted or to be granted under the TeleChoice Post-IPO Employee Share Option Scheme ("Post-IPO Scheme"). The Post-IPO Scheme was adopted at an Extraordinary General Meeting of the Company on 7 May 2004. Details of the Post-IPO Scheme are set out at pages 133-139 and Appendix IV of the Company's prospectus dated 16 Jun 2004.

TELECHOICE INTERNATIONAL LIMITED

(Registration No. 199802072R, Incorporated in Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of TeleChoice International Limited, the 2006 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____(Name)

of ____ (Address)

being a member/members of the abovenamed Company hereby appoint

Name	Address	NRIC/ Passport No.	Number of Shares
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Ninth Annual General Meeting of the Company to be held on 27 April 2007 at 51 Cuppage Road #09-01 StarHub Centre Singapore 229469 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1.	Adoption of Accounts and Reports		
2.	Declaration of Final Tax Exempt (one-tier) Dividend		
3.	Re-election of Mr Yap Boh Pin		
4.	Re-election of Mrs Gracy Choo		
5.	Re-election of Mr Stewart Yen Se-Hua		
6.	Re-election of Mr Jackson Tang Yew Kay		
7.	Approval of Directors' Fees		
8.	Re-appointment of KPMG as Auditors		
9.	Authority for Directors to issue shares		
10.	Authority for Directors to issue and allot shares, pursuant to the exercise of options under the TeleChoice Pre-IPO Share Option Scheme		
11.	Authority for Directors to offer and grant options and/or allot shares, pursuant to the TeleChoice Post-IPO Employee Share Option Scheme		

Dated this ______________________________, 2007.

Total number of Shares held

____

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

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. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 51 Cuppage Road #10-11/17, StarHub Centre, Singapore 229469 not less than 48 hours before the time appointed for the Ninth 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 Ninth 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 Ninth Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
Postage
Stamp

The Company Secretary
TELECHOICE INTERNATIONAL LIMITED
51 Cuppage Road
#10-11/17 StarHub Centre
Singapore 229469

Fold along this line