



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 4TH QUARTER AND 12 MONTHS ENDED 31 DECEMBER 2017

1(a)(i) INCOME STATEMENT FOR THE 4TH QUARTER AND 12 MONTHS ENDED 31 DECEMBER 2017

| In S\$'000 | 4Q2017 | 4Q2016 | +/- % | FY2017 | FY2016 | +/- % |
|----------------------------------------------------|---------------|---------------|------------------|---------------|---------------|------------------|
| Revenue | 127,183 | 117,734 | 8.0% | 513,495 | 503,688 | 1.9% |
| Cost of sales | (114,504) | (106,275) | 7.7% | (475,799) | (465,066) | 2.3% |
| Gross profit (Note 1a) | 12,679 | 11,459 | 10.6% | 37,696 | 38,622 | -2.4% |
| Gross margin % (Note 1b) | 10.0% | 9.7% | 0.3 ppt | 7.3% | 7.7% | -0.4 ppt |
| Other income (Note 2) | 111 | 201 | -44.8% | 676 | 786 | -14.0% |
| Selling and marketing expenses (Note 3) | (2,677) | (2,646) | 1.2% | (10,532) | (11,263) | -6.5% |
| Administrative expenses (Note 4) | (4,586) | (4,088) | 12.2% | (16,955) | (16,584) | 2.2% |
| Other expenses (Note 5) | 14 | (176) | Nm | (443) | (602) | -26.4% |
| Net finance costs (Note 6) | (248) | (202) | 22.8% | (879) | (820) | 7.2% |
| Operating profit before income tax | 5,293 | 4,548 | 16.4% | 9,563 | 10,139 | -5.7% |
| % of revenue | 4.2% | 3.9% | 0.3 ppt | 1.9% | 2.0% | -0.1 ppt |
| Share of profit of associate (net of tax) (Note 7) | 212 | 50 | 324.0% | 318 | 152 | 109.2% |
| Profit before income tax | 5,505 | 4,598 | 19.7% | 9,881 | 10,291 | -4.0% |
| % of revenue | 4.3% | 3.9% | 0.4 ppt | 1.9% | 2.0% | -0.1 ppt |
| Income tax expense (Note 8) | (411) | (679) | -39.5% | (1,625) | (2,636) | -38.4% |
| Profit for the period/year | 5,094 | 3,919 | 30.0% | 8,256 | 7,655 | 7.9% |
| Attributable to: | | | | | | |
| Equity holders of the Company | 5,025 | 3,918 | 28.3% | 8,166 | 7,660 | 6.6% |
| % of revenue | 4.0% | 3.3% | 0.7 ppt | 1.6% | 1.5% | 0.1 ppt |
| Non-controlling interests | 69 | 1 | 6800.0% | 90 | (5) | nm |
| | 5,094 | 3,919 | 30.0% | 8,256 | 7,655 | 7.9% |
| Weighted average number of shares (in '000) | 454,388 | 454,406 | | 453,087 | 454,206 | |
| Earnings per share (in cents) | | | | | | |
| Basic | 1.11 | 0.86 | | 1.80 | 1.69 | |
| Diluted | 1.10 | 0.86 | | 1.80 | 1.69 | |

nm - not meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR THE 4TH QUARTER AND 12 MONTHS ENDED 31 DECEMBER 2017

| In S\$'000 | 4Q2017 | 4Q2016 | +/- % | FY2017 | FY2016 | +/- % |
|-----------------------------------------------------------------------------------------------|--------|--------|-------|---------|--------|--------|
| Profit for the period/year | 5,094 | 3,919 | 30.0% | 8,256 | 7,655 | 7.9% |
| <u>Items that will not be reclassified to profit or loss:</u> | | | | | | |
| Defined benefit plan re-measurements | 75 | 75 | 0.0% | 75 | 75 | 0.0% |
| Tax on items that will not be reclassified to profit or loss | (19) | (19) | 0.0% | (19) | (19) | 0.0% |
| | 56 | 56 | 0.0% | 56 | 56 | 0.0% |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | (128) | 117 | nm | (805) | 420 | nm |
| Share of foreign currency translation differences of associate | (7) | 24 | nm | (48) | 21 | nm |
| Exchange differences on monetary items forming part of net investment in a foreign operations | (105) | 313 | nm | (558) | 260 | nm |
| | (240) | 454 | nm | (1,411) | 701 | nm |
| Other comprehensive income for the period/year, net of tax | (184) | 510 | nm | (1,355) | 757 | nm |
| Total comprehensive income for the period/year | 4,910 | 4,429 | 10.9% | 6,901 | 8,412 | -18.0% |
| Attributable to: | | | | | | |
| Equity holders of the Company | 4,841 | 4,428 | 9.3% | 6,811 | 8,417 | -19.1% |
| Non-controlling interests | 69 | 1 | 6800% | 90 | (5) | nm |
| Total comprehensive income for the period/year | 4,910 | 4,429 | 10.9% | 6,901 | 8,412 | -18.0% |

1(a)(ii) PROFIT BEFORE TAXATION HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING):

| In S\$'000 | 4Q2017 | 4Q2016 | +/- % | FY2017 | FY2016 | +/- % |
|-----------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| Staff costs | 11,228 | 11,352 | -1.1% | 48,401 | 46,822 | 3.4% |
| Provision of directors' remuneration, included in staff costs | 122 | 129 | -5.4% | 510 | 519 | -1.7% |
| Depreciation of property, plant and equipment (Note 9) | 503 | 568 | -11.4% | 2,193 | 2,165 | 1.3% |
| Amortisation of intangible assets (Note 10) | 123 | 254 | -51.6% | 476 | 686 | -30.6% |
| Provision for bad debts (Note 11) | 51 | 167 | -69.5% | 21 | 192 | -89.0% |
| Exchange (gain)/loss (Note 12) | (86) | 106 | nm | 29 | 214 | -86.4% |
| Write down/(back) of inventories to net realisable value (Note 13) | 622 | (75) | nm | 540 | (261) | nm |
| Adjustments for (over)/under provision of tax in respect of prior years (Note 14) | (114) | 220 | nm | (133) | 259 | nm |

nm - not meaningful



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Notes:

- (1a) In 4Q2017, all business divisions reported higher gross profit against 4Q2016. In FY2017, PCS and Engineering divisions reported higher gross profit against FY2016.
- (1b) In 4Q2017, all business divisions reported higher gross margins against 4Q2016. In FY2017, all divisions reported lower gross margin against FY2016.
- (2) Higher other income in 4Q2016 and FY2016 were from higher government grants for the wage credit and temporary employment credit scheme and a grant under the Global Company Partnership offered by International Enterprise Singapore for the investment in MVI Systems Limited (“MVI”).
- (3) Lower selling and marketing expenses in FY2017 were attributable to lower staff costs.
- (4) Higher administrative expenses in 4Q2017 was mainly due to higher staff costs and professional fees incurred.
- (5) Lower other expenses in 4Q2017 was due to net foreign exchange gain compared to net foreign exchange loss in 4Q2016. In FY2017, lower other expenses were mainly due to lower net foreign exchange losses.
- (6) Higher net finance costs in 4Q2017 and FY2017 were mainly due to higher level of bank borrowings during the period at higher interest rate.
- (7) Share of profit from associate was from MVI.
- (8) Lower income tax expense in 4Q2017 and FY2017 were mainly due to higher claims for allowances under the Productivity and Innovative Credit Scheme for the Singapore entities. There was adjustment for the over-provision of income tax in FY2017 while there was under-provision of income tax in FY2016.
- (9) Lower depreciation of property, plant and equipment in 4Q2017 mainly due to assets being fully depreciated.
- (10) Lower amortisation in 4Q2017 and FY2017 were mainly due to intangible assets being fully amortised.
- (11) Provision for bad debts in 4Q2017 and FY2017 were attributed to ICT customers.
- (12) Net exchange loss in 4Q2016 and FY2016 arose mainly from USD payables due to the strengthening of USD against SGD. Net exchange gain in 4Q2017 arose mainly from USD payables due to the weakening of USD against SGD. Net exchange loss in FY2017 arose mainly from USD receivables and bank balances due to the weakening of USD against SGD.
- (13) Inventories written down in 4Q2017 and FY2017 were due to slow moving mobile phones held.
- (14) Adjustments for the over provision of tax in 4Q2017 and FY2017 were due to the differences in final tax assessment and tax estimates made in prior years.



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1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

| In S\$'000 | Group | | Company | |
|-------------------------------------------------------------|----------------|----------------|---------------|---------------|
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| <u>Non-current assets</u> | | | | |
| Subsidiaries | - | - | 38,082 | 37,659 |
| Associate | 2,501 | 2,231 | - | - |
| Property, plant and equipment | 2,876 | 3,639 | 417 | 415 |
| Intangible assets | 13,072 | 12,448 | 425 | 122 |
| Deferred tax assets | 829 | 600 | - | - |
| Trade and other receivables | 3,450 | 4,422 | - | - |
| | 22,728 | 23,340 | 38,924 | 38,196 |
| <u>Current assets</u> (Note 1) | | | | |
| Inventories | 19,082 | 15,874 | 15,751 | 12,904 |
| Work-in-progress | 25,484 | 24,972 | - | - |
| Trade and other receivables | 67,168 | 58,862 | 27,180 | 21,628 |
| Cash and cash equivalents | 42,926 | 48,870 | 14,273 | 19,693 |
| | 154,660 | 148,578 | 57,204 | 54,225 |
| Total assets | 177,388 | 171,918 | 96,128 | 92,421 |
| <u>Equity</u> | | | | |
| Share capital | 21,987 | 21,987 | 21,987 | 21,987 |
| Other reserves | 7,551 | 9,053 | 13,286 | 13,377 |
| Accumulated profits | 45,196 | 44,244 | 12,119 | 14,236 |
| Equity attributable to equity holders of the Company | 74,734 | 75,284 | 47,392 | 49,600 |
| Non-controlling interests | 390 | 6 | - | - |
| Total equity | 75,124 | 75,290 | 47,392 | 49,600 |
| <u>Non-current liabilities</u> (Note 2) | | | | |
| Deferred tax liabilities | - | - | 72 | 45 |
| Loans and borrowings | - | 4,992 | - | 4,992 |
| Trade and other payables | 2,071 | 3,354 | - | - |
| | 2,071 | 8,346 | 72 | 5,037 |
| <u>Current liabilities</u> (Note 3) | | | | |
| Trade and other payables | 77,094 | 75,575 | 44,645 | 37,517 |
| Excess of progress billings over work-in-progress | 41 | 51 | - | - |
| Provision for warranties | 161 | 205 | - | 3 |
| Current tax payable | 157 | 781 | 19 | 264 |
| Loans and borrowings | 16,330 | 7,116 | 4,000 | - |
| Deferred revenue | 6,410 | 4,554 | - | - |
| | 100,193 | 88,282 | 48,664 | 37,784 |
| Total liabilities | 102,264 | 96,628 | 48,736 | 42,821 |
| Total equity and liabilities | 177,388 | 171,918 | 96,128 | 92,421 |

Notes:

- (1) Group current assets were higher at \$154.7M by \$6.1M mainly due to higher trade receivables due from related corporations and higher inventories purchased for forecasted mobile phones sales for 1Q2018.
- (2) Group non-current liabilities were lower at \$2.1M by \$6.3M mainly due to the early repayment of a long-term loan.
- (3) Group current liabilities were higher at \$100.2M by \$11.9M mainly due to additional bank loans obtained to finance short term working capital requirements and higher deferred revenue and trade and other payables.



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1(b)(ii) GROUP BORROWING

| In S\$'000 | As at 31/12/2017 | As at 31/12/2016 |
|---------------------------------------------|-------------------------|-------------------------|
| Amount repayable in one year or less | | |
| Bank loan – unsecured | 16,330 | 7,116 |
| Amount repayable after one year | | |
| Bank loan – unsecured | - | 4,992 |
| Total | <hr/> 16,330 <hr/> | <hr/> 12,108 <hr/> |

Details of any collateral

Nil

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 4TH QUARTER AND 12 MONTHS ENDED 31 DECEMBER 2017

| In S\$'000 | 4Q2017 | 4Q2016 | FY2017 | FY2016 |
|-------------------------------------------------------------------------|----------------|----------------|----------------|-----------------|
| Operating Activities | | | | |
| Profit before income tax | 5,505 | 4,598 | 9,881 | 10,291 |
| Adjustments for: | | | | |
| Amortisation of intangible assets | 123 | 254 | 476 | 686 |
| Depreciation of property, plant and equipment | 503 | 568 | 2,193 | 2,165 |
| Finance costs | 314 | 291 | 1,190 | 1,227 |
| Finance income | (66) | (89) | (311) | (407) |
| Loss on disposal of property, plant and equipment and intangible assets | 5 | 2 | 13 | 7 |
| Provision for warranties | (36) | (23) | (30) | (15) |
| Share-based payments expenses | 93 | 99 | 369 | 397 |
| Share of profit of associate | (212) | (50) | (318) | (152) |
| Cash from operating profit before working capital changes | 6,229 | 5,650 | 13,463 | 14,199 |
| Changes in working capital | 8,543 | 6,131 | (10,460) | 12,301 |
| Cash generated from operations | 14,772 | 11,781 | 3,003 | 26,500 |
| Income tax paid | (243) | (180) | (1,741) | (1,742) |
| Net cash inflow from operating activities | 14,529 | 11,601 | 1,262 | 24,758 |
| Investing Activities | | | | |
| Acquisition of an associate | - | - | - | (2,058) |
| Payment of contingent consideration | - | - | - | (163) |
| Purchase of intangible assets | (901) | (48) | (1,100) | (169) |
| Purchase of property, plant and equipment | (150) | (386) | (1,322) | (2,065) |
| Proceeds from disposal of property, plant and equipment | - | 11 | - | 32 |
| Interest received | 19 | 16 | 56 | 50 |
| Net cash outflow from investing activities | (1,032) | (407) | (2,366) | (4,373) |
| Financing Activities | | | | |
| Capital contribution from non-controlling interests | - | - | 294 | - |
| Dividend paid | - | - | (7,270) | (7,271) |
| Interest paid | (283) | (228) | (1,002) | (964) |
| Purchase of treasury shares | - | - | (615) | (549) |
| Proceeds from bank loans | 5,795 | 4,069 | 15,039 | 22,187 |
| Repayment of bank loans | (4,350) | (9,555) | (10,816) | (29,539) |
| Net cash inflow/(outflow) from financing activities | 1,162 | (5,714) | (4,370) | (16,136) |
| Net increase/(decrease) in cash and cash equivalents | 14,659 | 5,480 | (5,474) | 4,249 |
| Cash and cash equivalents at beginning of period/year | 28,513 | 43,361 | 48,870 | 44,584 |
| Effect of exchange rate changes on balances held in foreign currency | (246) | 29 | (470) | 37 |
| Cash and cash equivalents at end of period/year | 42,926 | 48,870 | 42,926 | 48,870 |



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Cash flows from operating activities

Higher net cash inflow in 4Q2017 was mainly due to higher operating profits and higher positive changes in working capital. Lower net cash inflow in FY2017 were due to negative changes in working capital from higher trade receivables and higher inventories.

Cash flows from investing activities

Higher net cash outflow in 4Q2017 was due to purchase of intangible assets. Higher net cash outflow in FY2016 was mainly due to acquisition of MVI, an associate of NxGen and higher capital expenditure incurred for motor vehicles for projects in Indonesia.

Cash flow from financing activities

In 4Q2017 and FY2017, there were additional bank borrowings. Higher net cash outflow in 4Q2016 and FY2016 were due to higher net repayment of bank loans.

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 4TH QUARTER AND 12 MONTHS ENDED 31 DECEMBER 2017

| In S\$'000 | Share capital | Accumulated profits | Other reserves | Total attributable to equity holders of the Company | Non controlling interests | Total equity |
|--------------------------------------------------------------------|---------------|---------------------|----------------|-----------------------------------------------------|---------------------------|---------------|
| GROUP | | | | | | |
| At 1 October 2016 | 21,987 | 40,270 | 8,500 | 70,757 | 5 | 70,762 |
| Total comprehensive income for the period | - | 3,974 | 454 | 4,428 | 1 | 4,429 |
| Share-based payments expenses | - | - | 99 | 99 | - | 99 |
| At 31 December 2016 | 21,987 | 44,244 | 9,053 | 75,284 | 6 | 75,290 |
| At 1 October 2017 | 21,987 | 40,115 | 7,698 | 69,800 | 321 | 70,121 |
| Total comprehensive income for the period | - | 5,081 | (240) | 4,841 | 69 | 4,910 |
| Share-based payments expenses | - | - | 93 | 93 | - | 93 |
| At 31 December 2017 | 21,987 | 45,196 | 7,551 | 74,734 | 390 | 75,124 |
| At 1 January 2016 | 21,987 | 43,799 | 8,368 | 74,154 | 11 | 74,165 |
| Total comprehensive income for the year | - | 7,716 | 701 | 8,417 | (5) | 8,412 |
| Purchase of treasury shares | - | - | (549) | (549) | - | (549) |
| Issue of treasury share | - | - | 136 | 136 | - | 136 |
| Share-based payments expenses | - | - | 397 | 397 | - | 397 |
| FY2015 final dividend of 1.6 cents per share (one-tier tax exempt) | - | (7,271) | - | (7,271) | - | (7,271) |
| At 31 December 2016 | 21,987 | 44,244 | 9,053 | 75,284 | 6 | 75,290 |
| At 1 January 2017 | 21,987 | 44,244 | 9,053 | 75,284 | 6 | 75,290 |
| Total comprehensive income for the year | - | 8,222 | (1,411) | 6,811 | 90 | 6,901 |
| Purchase of treasury shares | - | - | (615) | (615) | - | (615) |
| Issue of treasury shares | - | - | 155 | 155 | - | 155 |
| Share-based payments expenses | - | - | 369 | 369 | - | 369 |
| Capital contribution from non-controlling interest | - | - | - | - | 294 | 294 |
| FY2016 final dividend of 1.6 cents per share (one-tier tax exempt) | - | (7,270) | - | (7,270) | - | (7,270) |
| At 31 December 2017 | 21,987 | 45,196 | 7,551 | 74,734 | 390 | 75,124 |



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| In S\$'000 | Share capital | Accumulated profits | Other reserves | Total equity |
|--------------------------------------------------------------------|---------------|---------------------|----------------|---------------|
| <u>COMPANY</u> | | | | |
| At 1 October 2016 | 21,987 | 12,647 | 13,278 | 47,912 |
| Total comprehensive income for the period | - | 1,589 | - | 1,589 |
| Share-based payments to employees of Company's subsidiaries | - | - | 25 | 25 |
| Share-based payments expenses | - | - | 74 | 74 |
| At 31 December 2016 | 21,987 | 14,236 | 13,377 | 49,600 |
| At 1 October 2017 | 21,987 | 11,617 | 13,193 | 46,797 |
| Total comprehensive income for the period | - | 502 | - | 502 |
| Share-based payments to employees of Company's subsidiaries | - | - | 30 | 30 |
| Share-based payments expenses | - | - | 63 | 63 |
| At 31 December 2017 | 21,987 | 12,119 | 13,286 | 47,392 |
| At 1 January 2016 | 21,987 | 15,319 | 13,393 | 50,699 |
| Total comprehensive income for the year | - | 6,188 | - | 6,188 |
| Purchase of treasury shares | - | - | (549) | (549) |
| Issue of treasury shares | - | - | 136 | 136 |
| Share-based payments to employees of Company's subsidiaries | - | - | 100 | 100 |
| Share-based payments expenses | - | - | 297 | 297 |
| FY2015 final dividend of 1.6 cents per share (one-tier tax exempt) | - | (7,271) | - | (7,271) |
| At 31 December 2016 | 21,987 | 14,236 | 13,377 | 49,600 |
| At 1 January 2017 | 21,987 | 14,236 | 13,377 | 49,600 |
| Total comprehensive income for the year | - | 5,153 | - | 5,153 |
| Purchase of treasury shares | - | - | (615) | (615) |
| Issue of treasury shares | - | - | 155 | 155 |
| Share-based payments to employees of Company's subsidiaries | - | - | 117 | 117 |
| Share-based payments expenses | - | - | 252 | 252 |
| FY2016 final dividend of 1.6 cents per share (one-tier tax exempt) | - | (7,270) | - | (7,270) |
| At 31 December 2017 | 21,987 | 12,119 | 13,286 | 47,392 |



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1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

A) Share Capital

As at 31 December 2017, the share capital of the Company amounted to \$21.987 million comprising 454,387,796 issued ordinary shares excluding treasury shares. (31 December 2016: 454,406,178 issued ordinary shares excluding treasury shares).

During the fourth quarter ended 31 December 2017, there was no issuance of new ordinary shares.

B) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

As at 31 December 2017, the number of outstanding shares granted under the Company's RSP and PSP were 5,875,855 (31 December 2016: 6,241,138) and 2,995,320 (31 December 2016: 2,732,640) respectively.

C) Treasury Shares

During the fourth quarter ended 31 December 2017, the Company did not purchase any of its ordinary shares from the market.

During the year ended 31 December 2017, a total of 2,370,000 ordinary shares were repurchased from the market at a total consideration of \$615,465 and 2,351,618 treasury shares were transferred to participants of the Company's share plans.

As at 31 December 2017, there were 34,704 (31 December 2016: 16,322) treasury shares representing approximately 0.0076% of the total issued share capital of the Company.

2. AUDIT

The results have not been audited nor reviewed by the Company's auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and method of computation in the preparation of the current period financial statements compared to those used in the annual report for the financial year ended 31 December 2016.

In the current financial year, the Group and the Company have adopted all the new and revised Financial Reporting Standards ("**FRSs**") and Interpretations of FRSs ("**INT FRSs**") that are relevant to its operations and effective for annual periods beginning on 1 January 2017. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods.

Certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt these standards early. The new standards and amendments to standards which are expected to have an effect on the financial statements of the Group and the Company in the future financial periods include:

1. Convergence with International Financial Reporting Standards (IFRS)
2. FRS 115 Revenue from Contracts with Customers
3. FRS 109 Financial Instruments
4. FRS 116 Leases

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

6. EARNINGS PER ORDINARY SHARE (EPS)

| Group | 4Q2017 | 4Q2016 | FY2017 | FY2016 |
|---------|--------|--------|--------|--------|
| Basic | 1.11 | 0.86 | 1.80 | 1.69 |
| Diluted | 1.10 | 0.86 | 1.80 | 1.69 |

7. NET ASSET VALUE PER ORDINARY SHARE

| | GROUP | | COMPANY | |
|----------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents): | 16.45 | 16.57 | 10.43 | 10.92 |

8. REVIEW OF GROUP PERFORMANCE
A) Revenue

| S\$M | 4Q2017 | 4Q2016 | Growth | | FY2017 | FY2016 | Growth | |
|----------------------------------------------------|--------|--------|--------|-----|--------|--------|--------|-----|
| | | | \$ | % | | | \$ | % |
| Personal Communications Solutions Services ("PCS") | 86.1 | 76.6 | 9.5 | 12% | 370.9 | 358.8 | 12.1 | 3% |
| Info-Communications Technology Services ("ICT") | 22.2 | 20.6 | 1.6 | 8% | 75.2 | 82.6 | (7.4) | -9% |
| Network Engineering Services ("Engineering") | 18.9 | 20.5 | (1.6) | -8% | 67.4 | 62.3 | 5.1 | 8% |
| Group Revenue | 127.2 | 117.7 | 9.5 | 8% | 513.5 | 503.7 | 9.8 | 2% |

- **PCS** – Revenue increased in 4Q2017 mainly due to sales of mobile devices partially offset by lower Prepaid sales. There was also higher revenue from Malaysia in 4Q2017. In FY2017, there were higher revenue from Singapore but lower revenue from Malaysia.
- **ICT** – Revenue increased in 4Q2017 mainly due to higher software and enterprise solutions sales. In FY2017 revenue decreased was mainly due to lower equipment sales and wholesale voice revenue which was discontinued in 1Q2017.
- **Engineering** – Revenue decreased in 4Q2017 was mainly from Singapore and Malaysia operations. In FY2017, revenue increased was from all operations except for Singapore.



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B) PBT

| S\$M | 4Q2017 | 4Q2016 | Growth | | FY2017 | FY2016 | Growth | |
|-------------|--------|--------|--------|-----|--------|--------|--------|------|
| | | | \$ | % | | | \$ | % |
| PCS | 1.6 | 1.7 | (0.1) | -6% | 6.3 | 7.3 | (1.0) | -14% |
| ICT | 2.4 | 1.4 | 1.0 | 71% | 1.3 | 0.3 | 1.0 | 333% |
| Engineering | 1.5 | 1.5 | - | - | 2.3 | 2.7 | (0.4) | -15% |
| Group PBT | 5.5 | 4.6 | 0.9 | 20% | 9.9 | 10.3 | (0.4) | -4% |

- **PCS** – In 4Q2017, there was higher PBT from Malaysia from higher revenue. This was partially offset by the higher professional fees incurred for M&A activities. In FY2017, the profit contribution from the Malaysian operations was lower and there was higher professional fee incurred.
- **ICT** – In 4Q2017, there was higher gross profit and lower operating expenses. In FY2017, the lower gross profit was mitigated by the lower operating expenses.
- **Engineering** – In 4Q2017 and FY2017, the higher gross profit was partially offset by the increase in operating expenses to support overseas operations.

9. VARIANCE FROM PROSPECT STATEMENT

Against the prospect statement set out in the 3Q2017 announcement dated 14 November 2017, the actual results for 4Q2017 was better than expected from the better performance from ICT division. There is no variance for the actual results of FY2017 against the prospect statement set out in the 3Q2017 announcement dated 14 November 2017.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for the 1Q2018 to be maintained as the same period of last year. However, 2018 full year operating performance is expected to be lower than that of last year. The Group will continue to explore strategic initiatives to further enhance the business operating performance.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

11. DIVIDEND

(a) Any dividend declared for the current financial period reported on? Yes

| | |
|-------------------------|------------------------------------|
| Period | 4Q2017 and FY2017 |
| Name of Dividend | Proposed Final |
| Dividend Type | Cash |
| Dividend Rate | S\$0.016 per ordinary share |
| Tax Rate | One tier tax exempt |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

| | |
|-------------------------|------------------------------------|
| Period | 4Q2016 and FY2016 |
| Name of Dividend | Proposed Final |
| Dividend Type | Cash |
| Dividend Rate | S\$0.016 per ordinary share |
| Tax Rate | One tier tax exempt |

(c) Date payable

The proposed dividend, if approved by shareholders, will be paid on 21 May 2018.

(d) Books closure date

Notice is hereby given that, subject to shareholders' approval of the payment of the abovementioned proposed final dividend at the forthcoming Annual General Meeting to be convened, the Share Transfer Books and Registers of Members of the Company will be closed on 7 May 2018. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902, up to 5 p.m. on 4 May 2018 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 proposed dividends will be paid by the Company to CDP which will, in turn, distribute the dividend entitlement to the shareholders.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions - DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii)

| In S\$M | Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual | | | |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|--------------|
| | 4Q2017 | 4Q2016 | FY2017 | FY2016 |
| <u>Transactions for the sales of goods and services</u> | | | | |
| Temasek Holdings (Private) Limited and its Associates | 63.3 | 42.6 | 234.0 | 198.1 |
| <u>Transactions for the purchases of goods and services</u> | | | | |
| Temasek Holdings (Private) Limited and its Associates | 25.1 | 31.7 | 98.0 | 117.8 |
| <u>Management services</u> | | | | |
| Temasek Holdings (Private) Limited and its Associates | 0.1 | 0.1 | 0.1 | 0.1 |
| Total Interested Person Transactions | 88.5 | 74.4 | 332.1 | 316.0 |

There were no interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual).



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14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

PART II -- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business segment

| | Personal Communications Solutions Services | | Info-Communications Technology Services | | Network Engineering Services | | Total | |
|----------------------------------------------------|--------------------------------------------|----------------|-----------------------------------------|---------------|------------------------------|---------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue and expenses | | | | | | | | |
| Total revenue from external customers | 370,932 | 358,800 | 75,151 | 82,615 | 67,412 | 62,273 | 513,495 | 503,688 |
| Inter-segment revenue | 9 | 31 | 234 | 135 | 125 | - | 368 | 166 |
| Total revenue | 370,941 | 358,831 | 75,385 | 82,750 | 67,537 | 62,273 | 513,863 | 503,854 |
| Interest income | 82 | 85 | 286 | 366 | 36 | 47 | 404 | 498 |
| Interest expenses | 275 | 368 | 269 | 392 | 739 | 558 | 1,283 | 1,318 |
| Depreciation of property, plant and equipment | 641 | 761 | 199 | 276 | 1,353 | 1,128 | 2,193 | 2,165 |
| Amortisation of intangible assets | 174 | 171 | 272 | 496 | 30 | 19 | 476 | 686 |
| Reportable segment profit before income tax | 6,328 | 7,259 | 980 | 102 | 2,255 | 2,778 | 9,563 | 10,139 |
| Share of profit of an associate (net of tax) | - | - | 318 | 152 | - | - | 318 | 152 |
| Reportable segment assets | 68,829 | 63,570 | 58,962 | 60,074 | 47,096 | 46,043 | 174,887 | 169,687 |
| Investment in an associate | - | - | 2,501 | 2,231 | - | - | 2,501 | 2,231 |
| Capital expenditure | | | | | | | | |
| - Property, plant and equipment | 365 | 398 | 83 | 86 | 874 | 1,581 | 1,322 | 2,065 |
| - Intangible assets | 657 | 103 | 443 | 2 | - | 64 | 1,100 | 169 |
| Reportable segment liabilities | 46,760 | 41,523 | 32,490 | 33,122 | 23,014 | 21,983 | 102,264 | 96,628 |

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other material items:

| | 2017 | 2016 |
|----------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Revenue | | |
| Total revenue for reportable segments | 513,863 | 503,854 |
| Elimination of inter-segment revenue | (368) | (166) |
| Consolidated revenue | 513,495 | 503,688 |
| Profit or loss | | |
| Total profit or loss for reportable segments | 9,563 | 10,139 |
| Share of profit of an associate | 318 | 152 |
| Consolidation profit before income tax | 9,881 | 10,291 |
| Assets | | |
| Total assets for reportable segments | 174,887 | 169,687 |
| Investments in an associate | 2,501 | 2,231 |
| Consolidated total assets | 177,388 | 171,918 |
| Liabilities | | |
| Total liabilities for reportable segments | 102,264 | 96,628 |

| | Other material items 2017 | | | Other material items 2016 | | |
|---------------------------------|----------------------------------|-------------|------------------------|----------------------------------|-------------|------------------------|
| | Reportable segment totals | Adjustments | Consolidated totals | Reportable segment totals | Adjustments | Consolidated totals |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest income | (404) | 93 | (311) | (498) | 91 | (407) |
| Interest expenses | 1,283 | (93) | 1,190 | 1,318 | (91) | 1,227 |
| Capital expenditure | | | | | | |
| - Property, plant and equipment | 1,322 | - | 1,322 | 2,065 | - | 2,065 |
| - Intangible assets | 1,100 | - | 1,100 | 169 | - | 169 |

(b) Geographical segments

| | 31 December 2017 | | 31 December 2016 | |
|--------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | Revenue \$'000 | Non-current assets \$'000 | Revenue \$'000 | Non-current assets \$'000 |
| Singapore | 450,085 | 14,369 | 442,992 | 13,875 |
| Indonesia | 45,219 | 1,267 | 40,461 | 1,888 |
| Malaysia | 11,388 | 125 | 9,981 | 318 |
| Hong Kong | 4,048 | 2,501 | 8,859 | 2,231 |
| Other countries | 2,755 | 187 | 1,395 | 6 |
| Consolidated total | 513,495 | 18,449 | 503,688 | 18,318 |



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16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

- a) Business segment
Refer to Note 8 – Review of Group Performance
- b) Geographical segment
Refer to Note 15 (b)

17. Breakdown of sales

| | FY2017 S\$'000 | FY2016 S\$'000 | Increase/(Decrease) | |
|----------------------------------------------------------------------------------------------|-------------------|-------------------|---------------------|------|
| | | | S\$'000 | % |
| Total revenue reported for first half year | 263,584 | 258,513 | 5,071 | 2.0 |
| Operating profit after tax before deducting minority interests reported for first half year | 2,097 | 1,699 | 398 | 23.4 |
| Total revenue reported for second half year | 249,911 | 245,175 | 4,736 | 1.9 |
| Operating profit after tax before deducting minority interests reported for second half year | 6,159 | 5,956 | 203 | 3.4 |

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

| | FY2017 S\$'000 | FY2016 S\$'000 |
|------------------------------------------------------------|-------------------|-------------------|
| Ordinary shares (tax exempt 1- tier) - Final (Proposed) | 7,270 | 7,270 |
| Total Annual Dividend | 7,270 | 7,270 |

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that none of the personnel occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President

Date: 23 February 2018