APPENDIX DATED 12 APRIL 2012

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Appendix is circulated to the Shareholders of TeleChoice International Limited (the "**Company**") together with the Company's annual report for the financial year ended 31 December 2011 (the "**Annual Report**"). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the Shareholders' Mandate (as defined in this Appendix) and the Share Purchase Mandate (as defined in this Appendix) to be tabled at the Fourteenth Annual General Meeting of the Company to be held at Lotus Room @ The Chevrons 48 Boon Lay Way 3rd Storey Singapore 609961 on 27 April 2012 at 10.30 a.m.

The Notice of the Fourteenth Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of the Company, please forward this Appendix, the Annual Report and the Proxy Form immediately to the purchaser or to the agent through whom the sale was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements or opinions made in this Appendix.

TeleChoice

**TELECHOICE INTERNATIONAL LIMITED**

(Registration No. 199802072R)
(Incorporated in the Republic of Singapore)

# APPENDIX

## in relation to:

**(1) the proposed renewal of the Shareholders' Mandate for Interested Person Transactions; and**

**(2) the proposed renewal of the Share Purchase Mandate.**

# CONTENTS

## DEFINITIONS

**In this Appendix, the following definitions apply throughout unless otherwise stated:**

| | | |
|---|---|---|
| "**AGM**" | : | The annual general meeting of the Company. |
| "**2011 Appendix**" | : | The Company's Appendix to Annual Report dated 13 April 2011, issued in connection with the 2011 AGM. |
| "**2011 AGM**" | : | The annual general meeting of the Company held on 28 April 2011. |
| "**Board**" | : | The Board of Directors of the Company. |
| "**CDP**" | : | The Central Depository (Pte) Limited. |
| "**Companies Act**" | : | The Companies Act, Chapter 50 of Singapore. |
| "**Company**" or "**TeleChoice**" | : | TeleChoice International Limited. |
| "**Directors**" | : | The directors of the Company for the time being. |
| "**Group**" | : | The Company and its subsidiaries. |
| "**Latest Practicable Date**" | : | The latest practicable date prior to the printing of this Appendix, being 13 March 2012. |
| "**Leap International**" | : | Leap International Pte Ltd. |
| "**Listing Manual**" | : | The Listing Manual of the SGX-ST, including all amendments made thereto up to the date of this Appendix. |
| "**Market Day**" | : | A day on which the SGX-ST is open for trading in securities. |
| "**month**" | : | Calendar month. |
| "**NTA**" | : | Net tangible assets. |
| "**Options**" | : | The right to subscribe for Shares granted or to be granted pursuant to the Pre-IPO Scheme or the Post-IPO Scheme. |
| "**Plans**" | : | The Pre-IPO Scheme, the Post-IPO Scheme, the TeleChoice PSP and the TeleChoice RSP. |
| "**Pre-IPO Scheme**" | : | The TeleChoice Pre-IPO Share Option Scheme adopted at an Extraordinary General Meeting of the Company on 7 May 2004, as modified or altered from time to time. |
| "**Post-IPO Scheme**" | : | The TeleChoice Post-IPO Employee Share Option Scheme adopted at an Extraordinary General Meeting of the Company on 7 May 2004, as modified or altered from time to time. |
| "**Securities Account**" | : | Securities accounts maintained by Depositors with CDP, but not including securities accounts maintained with a Depository Agent. |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited. |

## DEFINITIONS

| | | |
|---|---|---|
| "**Share Purchase Mandate**" | : | The mandate to enable the Company to purchase or otherwise acquire its issued Shares. |
| "**Shareholders**" | : | Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares. |
| "**Shares**" | : | Ordinary shares in the capital of the Company. |
| "**STTC**" | : | STT Communications Ltd. |
| "**ST Telemedia**" | : | Singapore Technologies Telemedia Pte Ltd. |
| "**Take-over Code**" | : | The Singapore Code on Take-overs and Mergers. |
| "**TeleChoice PSP**" | : | The TeleChoice International Limited Performance Share Plan, adopted at an Extraordinary General Meeting of the Company on 27 April 2007, as modified or altered from time to time. |
| "**TeleChoice RSP**" | : | The TeleChoice International Limited Restricted Share Plan, adopted at an Extraordinary General Meeting of the Company on 27 April 2007, as modified or altered from time to time. |
| "**Temasek**" | : | Temasek Holdings (Private) Limited. |
| "**treasury shares**" | : | Treasury shares as defined under the Companies Act. |
| "**S$**", "**$**" and "**cents**" | : | Singapore dollars and cents, respectively. |
| "**%**" or "**per cent**" | : | Per centum or percentage. |

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

All timing referred to in this Appendix is made by reference to Singapore time.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding.

**TELECHOICE INTERNATIONAL LIMITED**
(Registration No. 199802072R)
(Incorporated in the Republic of Singapore)

| **Directors:** | **Registered Office:** |
|---|---|
| Bertie Cheng, Chairman and Independent Director | 51 Cuppage Road |
| Yap Boh Pin, Independent Director | #09-01 |
| Yen Se-Hua Stewart, Independent Director | Singapore 229469 |
| Tang Yew Kay Jackson, Independent Director | |
| Lee Theng Kiat, Non-Executive Director | |
| Sio Tat Hiang, Non-Executive Director | |
| Lim Chai Hock Clive, Non-Executive Director | |
| Kwek Buck Chye, Alternate Director to Lee Theng Kiat | |

12 April 2012

To: The Shareholders of
TeleChoice International Limited

Dear Sir/Madam

**1. INTRODUCTION**

1.1 **AGM.** The Directors of TeleChoice are convening an AGM to be held at Lotus Room @ The Chevrons 48 Boon Lay Way 3rd Storey Singapore 609961 on 27 April 2012 at 10.30 a.m. to seek Shareholders' approval for (among others) the following proposals:

(a) the proposed renewal of the Shareholders' Mandate for Interested Person Transactions; and

(b) the proposed renewal of the Share Purchase Mandate.

1.2 **Appendix.** The purpose of this Appendix is to provide Shareholders with information relating to the above proposals to be tabled at the AGM.

**2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

2.1 **The Shareholders' Mandate for Interested Person Transactions.** At the 2011 AGM, approval of the Shareholders was obtained for the renewal of a shareholders' mandate (the "**Shareholders' Mandate**"), for the purposes of Chapter 9 of the Listing Manual, to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" (together, the "**EAR Group**") within the meaning of Rule 904(2) of the Listing Manual, in their ordinary course of businesses, to enter into certain categories of transactions (the "**Interested Person Transactions**") with specified classes of the Company's interested persons (the "**Interested Persons**"), provided that such transactions are entered into on an arm's length basis and on normal commercial terms. Particulars of the Shareholders' Mandate were set out in the Annexure to the 2011 Appendix.

2.2 **Proposed Renewal of the Shareholders' Mandate.** The Shareholders' Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the Fourteenth AGM to be held on 27 April 2012. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the Fourteenth AGM to be held on 27 April 2012, and if so renewed, to take effect until the conclusion of the Fifteenth AGM of the Company, unless revoked or varied by the Company in a general meeting.

The particulars of the Interested Person Transactions in respect of which the Shareholders' Mandate is sought to be renewed, as set out in the Annexure to the 2011 Appendix, remain unchanged.

2.3 **Annexure.** Details of the Shareholders' Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in the Annexure to this Appendix.

2.4 **Audit Committee Statement.** The Audit Committee of the Company, which comprises Mr Yap Boh Pin, Mr Tang Yew Kay Jackson and Mr Sio Tat Hiang*, confirms that:

(a) the methods or procedures for determining the transaction prices under the Shareholders' Mandate, have not changed since the 2011 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

**Mr Sio Tat Hiang, who holds executive positions in STTC and ST Telemedia, has abstained from all deliberations and resolutions of the Audit Committee relating to the Shareholders' Mandate.*

## 3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Background.** Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable. It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting of its shareholders.

The Company's existing Share Purchase Mandate was approved by Shareholders at the 2011 AGM. The authority and limitations on the Share Purchase Mandate were set out in the 2011 Appendix and Ordinary Resolution 13 set out in the notice of the 2011 AGM.

The Share Purchase Mandate was expressed to take effect on 28 April 2011 (being the date of the passing of Ordinary Resolution 13 at the 2011 AGM) and will expire on the earlier of the date of the upcoming Fourteenth AGM to be held on 27 April 2012; and the date by which the Fourteenth AGM is required by law to be held.

Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the Fourteenth AGM of the Company to be held on 27 April 2012.

If approved by Shareholders at the Fourteenth AGM, the authority conferred by the Share Purchase Mandate will continue in force until the earlier of the next annual general meeting of the Company (whereupon it will lapse, unless renewed at a general meeting) and the date by which the next annual general meeting of the Company is required by law to be held, unless such authority is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the next annual general meeting).

3.2 **Rationale.** The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions of up to the 10% limit described in paragraph 3.3 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake a purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Group, management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the return on equity of the Company may be enhanced.

(b) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner. A share repurchase programme will also allow management to effectively manage and minimise the dilution impact (if any) associated with share schemes.

(c) Share repurchase programmes help buffer short-term share price volatility.

(d) The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The purchase or acquisition of Shares will only be undertaken if it benefits the Company and Shareholders. While the Share Purchase Mandate would authorise a purchase or acquisition of Shares of up to the said 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

3.3 **Authority and Limits.** The proposed authority and limits on the Share Purchase Mandate, if renewed at the Fourteenth AGM, are the same as previously approved by Shareholders at the 2011 AGM, and are summarised below:

3.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the Fourteenth AGM. Any of the Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Based on the number of issued and paid-up Shares as at the Latest Practicable Date the issued capital of the Company comprised 453,335,087 Shares (excluding 506,913 Shares which are held as treasury shares) and assuming no further Shares are issued, and no further Shares are held by the Company as treasury shares, on or prior to the Fourteenth AGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 45,333,508 Shares.

3.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the forthcoming Fourteenth AGM at which the Share Purchase Mandate is approved up to:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which purchases and/or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earlier.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system and/or on any other securities exchange on which the Shares may, for the time being, be listed and quoted ("**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchase ("**Off-Market Purchases**") effected, otherwise than on a securities exchange, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act).

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances; and

(iii) the information required under Rule 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.3.4 ***Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share over the last five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST, or as the case may be, Other Exchange, for any corporate action which occurs after the relevant five Market Day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than 110% of the Average Closing Price of the Shares (excluding related expenses of the purchase or acquisition)) for each Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST, or as the case may be, Other Exchange is open for trading in securities.

3.4 **Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury shares).

3.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.6 **Source of Funds.** The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its profits. The Company may use internal resources or external borrowings or a combination of both to fund purchases or acquisitions of Shares pursuant to the Share Purchase Mandate.

3.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of the profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2011, are based on the assumptions set out below.

3.7.1 ***Purchase or Acquisition out of Capital or Profits***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

3.7.2 ***Information as at Latest Practicable Date***

As at the Latest Practicable Date, the issued capital of the Company comprised 453,335,087 Shares (excluding 506,913 Shares which are held as treasury shares). In addition, as at the Latest Practicable Date, there was an aggregate of 6,532,333 Shares in respect of outstanding and unexercised Options granted pursuant to the Pre-IPO Scheme, and unvested conditional awards granted pursuant to the TeleChoice RSP and the TeleChoice PSP. Except in respect of Shares which are issuable on exercise of the outstanding Options granted pursuant to the Pre-IPO Scheme or pursuant to the terms of the conditional awards of Shares granted under the TeleChoice RSP and the TeleChoice PSP, no Shares are reserved for issue by the Company as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 453,335,087 Shares in issue as at the Latest Practicable Date (excluding 506,913 Shares which are held as treasury shares) and assuming no further Shares are issued and no further Shares are held by the Company as treasury shares on or prior to the Fourteenth AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 45,333,508 Shares.

Assuming that the Company purchases or acquires 45,333,508 Shares through Market Purchases at the Maximum Price of S$0.2499 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 45,333,508 Shares is S$11,328,844.

Assuming that the Company purchases or acquires 45,333,508 Shares through Off-Market Purchases at the Maximum Price of S$0.2618 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 45,333,508 Shares is S$11,868,313.

3.7.3 ***Illustrative Financial Effects***

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the consideration paid at the relevant time and whether the Shares purchased or acquired are cancelled or held as treasury shares. For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.7.2 above, the financial effects of the following scenarios:

(a) acquisition of 45,333,508 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares;

(b) acquisition of 45,333,508 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled; and

(c) acquisition of 45,333,508 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled, on the audited financial statements of the Group and the Company for the financial year ended 31 December 2011 are set out below:

(a) *purchases made entirely out of capital and held as treasury shares*

**Market Purchases**

| | Group | | Company | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **As at 31 December 2011** | | | | |
| Share Capital | 21,840 | 21,840 | 21,840 | 21,840 |
| Capital Reserves (non-distributable) | 13,919 | 2,590 | 13,524 | 2,195 |
| Revenue Reserves (distributable) | 36,538 | 36,538 | 22,225 | 22,225 |
| Non-Controlling Interests | 1,433 | 1,433 | — | — |
| Total Equity | 73,730 | 62,401 | 57,589 | 46,260 |
| NTA | 54,344 | 43,015 | 57,589 | 46,260 |
| Current Assets | 147,615 | 137,286 | 52,433 | 42,104 |
| Current Liabilities | 89,994 | 90,994 | 27,646 | 28,646 |
| Total Borrowings | 16,183 | 17,183 | 2,000 | 3,000 |
| Cash and Cash Equivalents | 30,489 | 20,160 | 11,064 | 735 |
| Number of Shares ('000)(1) | 453,335 | 453,335 | 453,335 | 453,335 |
| **Financial Ratios** | | | | |
| NTA per Share ($) | 0.12 | 0.11 | 0.13 | 0.11 |
| Gross Debt Gearing (%) | 22% | 28% | 3% | 6% |
| Net Debt Gearing (%)(2) | Net cash | Net cash | Net cash | 5% |
| Current Ratio (times) | 1.64 | 1.51 | 1.90 | 1.47 |
| Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times) | 40 | 39 | 85 | 69 |
| Basic Earnings per Share (cents) | 1.45 | 1.61 | 0.94 | 1.04 |
| Dividends per Share (cents) | 1.60 | 1.60 | 1.60 | 1.60 |

**Off-Market Purchases**

| | Group | | Company | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **As at 31 December 2011** | | | | |
| Share Capital | 21,840 | 21,840 | 21,840 | 21,840 |
| Capital Reserves (non-distributable) | 13,919 | 2,051 | 13,524 | 1,656 |
| Revenue Reserves (distributable) | 36,538 | 36,538 | 22,225 | 22,225 |
| Non-Controlling Interests | 1,433 | 1,433 | — | — |
| Total Equity | 73,730 | 61,862 | 57,589 | 45,721 |
| NTA | 54,344 | 42,476 | 57,589 | 45,721 |
| Current Assets | 147,615 | 136,747 | 52,433 | 41,565 |
| Current Liabilities | 89,994 | 90,994 | 27,646 | 28,646 |
| Total Borrowings | 16,183 | 17,183 | 2,000 | 3,000 |
| Cash and Cash Equivalents | 30,489 | 19,621 | 11,064 | 196 |
| Number of Shares ('000)(1) | 453,335 | 453,335 | 453,335 | 453,335 |
| **Financial Ratios** | | | | |
| NTA per Share ($) | 0.12 | 0.10 | 0.13 | 0.11 |
| Gross Debt Gearing (%) | 22% | 28% | 3% | 7% |
| Net Debt Gearing (%)(2) | Net cash | Net cash | Net cash | 6% |
| Current Ratio (times) | 1.64 | 1.50 | 1.90 | 1.45 |
| Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times) | 40 | 39 | 85 | 69 |
| Basic Earnings per Share (cents) | 1.45 | 1.61 | 0.94 | 1.04 |
| Dividends per Share (cents) | 1.60 | 1.60 | 1.60 | 1.60 |

**Notes:**

(1) This represents the total number of Shares in the issued share capital of the Company at the Latest Practicable Date, which takes into account 500,000 Shares which were purchased between 31 December 2011 and the Latest Practicable Date and are held as treasury shares.

(2) "Net Debt Gearing" means the ratio of the total net borrowings to shareholders' funds.

*(b) purchases made entirely out of profits and cancelled*

**Market Purchases**

| | Group | | Company | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **As at 31 December 2011** | | | | |
| Share Capital | 21,840 | 21,840 | 21,840 | 21,840 |
| Capital Reserves (non-distributable) | 13,919 | 13,919 | 13,524 | 13,524 |
| Revenue Reserves (distributable) | 36,538 | 25,209 | 22,225 | 10,896 |
| Non-Controlling Interests | 1,433 | 1,433 | — | — |
| Total Equity | 73,730 | 62,401 | 57,589 | 46,260 |
| NTA | 54,344 | 43,015 | 57,589 | 46,260 |
| Current Assets | 147,615 | 137,286 | 52,433 | 42,104 |
| Current Liabilities | 89,994 | 90,994 | 27,646 | 28,646 |
| Total Borrowings | 16,183 | 17,183 | 2,000 | 3,000 |
| Cash and Cash Equivalents | 30,489 | 20,160 | 11,064 | 735 |
| Number of Shares ('000)[(1)] | 453,335 | 408,002 | 453,335 | 408,002 |
| **Financial Ratios** | | | | |
| NTA per Share ($) | 0.12 | 0.11 | 0.13 | 0.11 |
| Gross Debt Gearing (%) | 22% | 28% | 3% | 6% |
| Net Debt Gearing (%)[(2)] | Net cash | Net cash | Net cash | 5% |
| Current Ratio (times) | 1.64 | 1.51 | 1.90 | 1.47 |
| Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times) | 40 | 39 | 85 | 69 |
| Basic Earnings per Share (cents) | 1.45 | 1.61 | 0.94 | 1.04 |
| Dividends per Share (cents) | 1.60 | 1.60 | 1.60 | 1.60 |

**Off-Market Purchases**

| | Group | | Company | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **As at 31 December 2011** | | | | |
| Share Capital | 21,840 | 21,840 | 21,840 | 21,840 |
| Capital Reserves (non-distributable) | 13,919 | 13,919 | 13,524 | 13,524 |
| Revenue Reserves (distributable) | 36,538 | 24,670 | 22,225 | 10,357 |
| Non-Controlling Interests | 1,433 | 1,433 | — | — |
| Total Equity | 73,730 | 61,862 | 57,589 | 45,721 |
| NTA | 54,344 | 42,476 | 57,589 | 45,721 |
| Current Assets | 147,615 | 136,747 | 52,433 | 41,565 |
| Current Liabilities | 89,994 | 90,994 | 27,646 | 28,646 |
| Total Borrowings | 16,183 | 17,183 | 2,000 | 3,000 |
| Cash and Cash Equivalents | 30,489 | 19,621 | 11,064 | 196 |
| Number of Shares ('000)(1) | 453,335 | 408,002 | 453,335 | 408,002 |
| **Financial Ratios** | | | | |
| NTA per Share ($) | 0.12 | 0.10 | 0.13 | 0.11 |
| Gross Debt Gearing (%) | 22% | 28% | 3% | 7% |
| Net Debt Gearing (%)(2) | Net cash | Net cash | Net cash | 6% |
| Current Ratio (times) | 1.64 | 1.50 | 1.90 | 1.45 |
| Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times) | 40 | 39 | 85 | 69 |
| Basic Earnings per Share (cents) | 1.45 | 1.61 | 0.94 | 1.04 |
| Dividends per Share (cents) | 1.60 | 1.60 | 1.60 | 1.60 |

**Notes:**

(1) This represents the total number of Shares in the issued share capital of the Company at the Latest Practicable Date, which takes into account 500,000 Shares which were purchased between 31 December 2011 and the Latest Practicable Date and are held as treasury shares.

(2) "Net Debt Gearing" means the ratio of the total net borrowings to shareholders' funds.

(c) *purchases made entirely out of capital and cancelled*

**Market Purchases**

| | Group | | Company | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **As at 31 December 2011** | | | | |
| Share Capital | 21,840 | 21,840 | 21,840 | 21,840 |
| Capital Reserves (non-distributable) | 13,919 | 2,590 | 13,524 | 2,195 |
| Revenue Reserves (distributable) | 36,538 | 36,538 | 22,225 | 22,225 |
| Non-Controlling Interests | 1,433 | 1,433 | — | — |
| Total Equity | 73,730 | 62,401 | 57,589 | 46,260 |
| NTA | 54,344 | 43,015 | 57,589 | 46,260 |
| Current Assets | 147,615 | 137,286 | 52,433 | 42,104 |
| Current Liabilities | 89,994 | 90,994 | 27,646 | 28,646 |
| Total Borrowings | 16,183 | 17,183 | 2,000 | 3,000 |
| Cash and Cash Equivalents | 30,489 | 20,160 | 11,064 | 735 |
| Number of Shares ('000)(1) | 453,335 | 408,002 | 453,335 | 408,002 |
| **Financial Ratios** | | | | |
| NTA per Share ($) | 0.12 | 0.11 | 0.13 | 0.11 |
| Gross Debt Gearing (%) | 22% | 28% | 3% | 6% |
| Net Debt Gearing (%)(2) | Net cash | Net cash | Net cash | 5% |
| Current Ratio (times) | 1.64 | 1.51 | 1.90 | 1.47 |
| Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times) | 40 | 39 | 85 | 69 |
| Basic Earnings per Share (cents) | 1.45 | 1.61 | 0.94 | 1.04 |
| Dividends per Share (cents) | 1.60 | 1.60 | 1.60 | 1.60 |

### Off-Market Purchases

| | Group | | Company | |
|---|---|---|---|---|
| | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| **As at 31 December 2011** | | | | |
| Share Capital | 21,840 | 21,840 | 21,840 | 21,840 |
| Capital Reserves (non-distributable) | 13,919 | 2,051 | 13,524 | 1,656 |
| Revenue Reserves (distributable) | 36,538 | 36,538 | 22,225 | 22,225 |
| Non-Controlling Interests | 1,433 | 1,433 | — | — |
| Total Equity | 73,730 | 61,862 | 57,589 | 45,721 |
| NTA | 54,344 | 42,476 | 57,589 | 45,721 |
| Current Assets | 147,615 | 136,747 | 52,433 | 41,565 |
| Current Liabilities | 89,994 | 90,994 | 27,646 | 28,646 |
| Total Borrowings | 16,183 | 17,183 | 2,000 | 3,000 |
| Cash and Cash Equivalents | 30,489 | 19,621 | 11,064 | 196 |
| Number of Shares ('000)(1) | 453,335 | 408,002 | 453,335 | 408,002 |
| **Financial Ratios** | | | | |
| NTA per Share ($) | 0.12 | 0.10 | 0.13 | 0.11 |
| Gross Debt Gearing (%) | 22% | 28% | 3% | 7% |
| Net Debt Gearing (%)(2) | Net cash | Net cash | Net cash | 6% |
| Current Ratio (times) | 1.64 | 1.50 | 1.90 | 1.45 |
| Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times) | 40 | 39 | 85 | 69 |
| Basic Earnings per Share (cents) | 1.45 | 1.61 | 0.94 | 1.04 |
| Dividends per Share (cents) | 1.60 | 1.60 | 1.60 | 1.60 |

**Notes:**

(1) This represents the total number of Shares in the issued share capital of the Company at the Latest Practicable Date, which takes into account 500,000 Shares which were purchased between 31 December 2011 and the Latest Practicable Date and are held as treasury shares.

(2) "Net Debt Gearing" means the ratio of the total net borrowings to shareholders' funds.

**The financial effects set out above are for illustrative purposes only. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares as at the date of the Fourteenth AGM, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares as at the date of the Fourteenth AGM. In addition, the Company may cancel all or part of the Shares repurchased, or hold all or part of the Shares repurchased in treasury.**

**The Directors do not intend to exercise the proposed Share Purchase Mandate up to the maximum limit and to such an extent if such exercise would materially and adversely affect the financial position of the Group.**

3.8 **Information on Prior Share Purchases.** The Company has undertaken the following purchase or acquisition of its Shares pursuant to the Share Purchase Mandate in the previous 12 months prior to the date of this Appendix:

| Date of Purchase[(1)] | Total number of Shares purchased | Price paid per Share | Total consideration (including stamp duties, clearing charges, etc) paid for the Shares |
|---|---|---|---|
| 24 May 2011 | 168,000 | S$0.24940 | S$42,144.66 |
| 30 May 2011 | 110,000 | S$0.25264 | S$27,953.21 |
| 31 May 2011 | 430,000 | S$0.25409 | S$109,606.50 |
| 27 February 2012 | 500,000 | S$0.24954 | S$125,167.18 |

**Note:**

(1) All Shares were purchased by the Company by way of Market Purchases pursuant to the Share Purchase Mandate and are held as treasury shares.

3.9 **Listing Rules.** The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices set out in the Listing Manual on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the full-year results of the Company and the period of two weeks before the announcement of the first quarter, second quarter and third quarter results.

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, approximately 29.26% of the issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

3.10 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.10.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and person(s) acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer for the Company under Rule 14 of the Take-over Code.

3.10.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following to be persons acting in concert with each other:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv); and

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(c) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i); and

(v) companies controlled by any of (i), (ii), (iii) or (iv).

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.10.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, provided the conditions set out in Appendix 2 of the Take-over Code are satisfied, Directors and persons acting in concert with them will be exempted from the requirement to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the Resolution 13 authorising the renewal of the Share Purchase Mandate.

Assuming that (a) the existing shareholding percentages of the Company's substantial shareholders as at the Latest Practicable Date remain unchanged; and (b) the Company's existing issued share capital as at the Latest Practicable Date remains unchanged, the Company is not aware of any shareholder of the Company who would be obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code, as a result of the purchase by the Company of the maximum limit of 10% of its issued share capital pursuant to the Share Purchase Mandate.

**Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchase by the Company.**

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Interests in Shares.** The interests of the Directors and the substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are set out below:

| | Number of Shares | | | | Number of Shares comprised in outstanding Options |
|---|---|---|---|---|---|
| **Directors (including those who are substantial Shareholders)** | **Direct interest** | **%** | **Deemed interest** | **%** | |
| Bertie Cheng[(1)] | — | — | 500,000 | 0.11 | — |
| Yap Boh Pin | 150,000 | 0.03 | — | — | — |
| Yen Se-Hua Stewart[(2)] | — | — | 150,000 | 0.03 | — |
| Tang Yew Kay Jackson | 100,000 | 0.02 | — | — | — |
| Lee Theng Kiat | — | — | — | — | — |
| Sio Tat Hiang | 150,000 | 0.03 | — | — | — |
| Lim Chai Hock Clive[(3)] | — | — | 89,498,000 | 19.74 | — |
| Kwek Buck Chye[(4)] | — | — | 150,000 | 0.03 | — |
| **Substantial Shareholders** | | | | | |
| Leap International[(3)] | 88,198,000 | 19.46 | — | — | — |
| Michelle Ho Li Ann[(5)] | — | — | 89,498,000 | 19.74 | — |
| STTC[(6)] | 228,937,500 | 50.50 | — | — | — |
| ST Telemedia[(6)] | — | — | 228,937,500 | 50.50 | — |
| Temasek[(6)] | — | — | 228,937,500 | 50.50 | — |

**Notes:**

(1) Bertie Cheng is deemed to be interested in the 500,000 Shares held in the name of Hong Leong Nominees Pte Ltd.

(2) Yen Se-Hua Stewart is deemed to be interested in the 150,000 Shares held in the name of Advanced Guard Limited.

(3) Lim Chai Hock Clive and his wife, Michelle Ho Li Ann own in aggregate 100% of the interest in Leap International. Lim Chai Hock Clive holds a total deemed interest in 89,498,000 Shares (being 1,300,000 Shares held in the name of Citibank Nominees Singapore Pte Ltd and 88,198,000 Shares held by Leap International), representing 19.74% of the Company's issued and paid-up share capital.

(4) Kwek Buck Chye is deemed to be interested in the 150,000 Shares held by his spouse, Wong Yoke Kheng.

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

(6) STTC is a subsidiary of ST Telemedia, which is a wholly-owned subsidiary of Temasek. Temasek and ST Telemedia are deemed to be interested in the 228,937,500 Shares held by STTC, by virtue of Section 7 of the Companies Act.

4.2 **Abstention from voting.** In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and the EAR Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the shareholder.

The following Directors will abstain from voting their shareholdings in respect of Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate, to be proposed at the Fourteenth AGM:

(a) Mr Lee Theng Kiat and Mr Sio Tat Hiang, who hold executive positions in STTC and ST Telemedia;

(b) Mr Kwek Buck Chye, who holds an executive position in StarHub Ltd, an associate of STTC; and

(c) Mr Lim Chai Hock Clive, a Controlling Shareholder of Leap International.

Temasek, STTC, Leap International and their respective associates, being Interested Persons (as described in paragraph 2 of the Annexure), will also abstain from voting, and will procure that their respective associates will abstain from voting, their Shares, if any, in respect of Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate, at the Fourteenth AGM.

## 5. DIRECTORS' RECOMMENDATIONS

5.1 **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions.** The Directors who are considered independent for the purposes of the proposed renewal of, the Shareholders' Mandate for Interested Person Transactions are Mr Bertie Cheng, Mr Yap Boh Pin, Mr Yen Se-Hua Stewart and Mr Tang Yew Kay Jackson (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry into of the Interested Person Transactions between the EAR Group (as described in paragraph 1 of the Annexure) and the Interested Persons (as described in paragraph 2 of the Annexure) in the ordinary course of business will be entered into to enhance the efficiency of the EAR Group, and are in the best interests of the Company. For the reasons set out in paragraph 4 of the Annexure, the Independent Directors recommend that Shareholders vote in favour of Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions.

5.2 **Proposed Renewal of Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of Resolution 13, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate.

## 6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 51 Cuppage Road #09-01, Singapore 229469 during normal business hours from the date of this Appendix up to the date of the Fourteenth AGM:

(a) the 2011 Appendix; and

(b) the Company's Annual Report for the financial year ended 31 December 2011.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts relating to the proposals contemplated in this Appendix, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

Yours faithfully
For and on behalf of the Board of Directors
TeleChoice International Limited

Bertie Cheng
Chairman

## ANNEXURE

### SHAREHOLDERS' MANDATE

**1. Chapter 9 of the Listing Manual**

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and therefore are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

1.2.1 5% of the listed company's latest audited consolidated NTA; or

1.2.2 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated accounts of TeleChoice International Limited ("**TeleChoice**") and its subsidiaries (the "**TeleChoice Group**") for the financial year ended 31 December 2011, the consolidated NTA of the TeleChoice Group was S$54,344,000. In relation to TeleChoice, for the purposes of Chapter 9, in the current financial year and until such time that the consolidated audited accounts of the TeleChoice Group for the year ending 31 December 2012 are published, 5% of the latest audited consolidated NTA of the TeleChoice Group would be S$2,717,200.

1.4 Chapter 9 of the Listing Manual permits a listed company (for example, TeleChoice) to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations) which may be carried out with the listed company's interested persons.

1.5 Under the Listing Manual:

1.5.1 an "**entity at risk**" means:

(1) the listed company;

(2) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(3) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

1.5.2 an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

1.5.3 an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

1.5.4 an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and

1.5.5 an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

1.6 For the purposes of the Shareholders' Mandate, an "**entity at risk**" means:

1.6.1 TeleChoice;

1.6.2 a subsidiary of TeleChoice that is not listed on the SGX-ST or an approved exchange; or

1.6.3 an associated company of TeleChoice that is not listed on the SGX-ST or an approved exchange, provided that the TeleChoice Group and its interested person(s), have control over the associated company;

(together, the "**EAR Group**").

**2. Classes of Interested Persons**

2.1 The Shareholders' Mandate will apply to the EAR Group's interested person transactions with:

2.1.1 Temasek and its associates (the "**Temasek Group**"); and

2.1.2 Leap International and its associates.

(the "**Interested Persons**" and each an "**Interested Person**").

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

**3. Categories of Interested Person Transactions**

3.1 The Interested Person Transactions with the Interested Persons which will be covered by the Shareholders' Mandate and the benefits to be derived therefrom are as follows:

3.1.1 General Transactions

This category relates to general transactions ("**General Transactions**") by the EAR Group relating to the provision to, or obtaining from, Interested Persons products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses) comprising the following:

(1) sale and procurement of mobile communication devices, accessories and prepaid cards for distribution and trade;

(2) provision and obtaining of professional, management, consultancy, sub-contract or outsourcing services;

(3) provision and obtaining of after-sales services;

(4) provision and obtaining of telecommunication services, equipment, infrastructure and network;

(5) provision or obtaining of fixed and mobile network design and implementation services and equipment;

(6) provision or obtaining info-communications infrastructure, applications, products, services, content and equipment;

(7) provision and obtaining warehousing, logistics, packing, handling, transportation and freight services;

(8) obtaining licences to provide or resell telecommunication services;

(9) provision and obtaining the repair and maintenance and operation of telecommunication equipment and network;

(10) provision and obtaining bill collection services;

(11) engaging dealers to sell prepaid cards;

(12) provision and obtaining printing, advertisement and marketing related services;

(13) provision and obtaining lease and/or rental of properties and equipment;

(14) obtaining of utilities services;

(15) obtaining insurance and insurance related services;

(16) obtaining professional, administrative and support services including finance and treasury, business development, management information systems, human resource, corporate communications (including investor relations), taxation, audit, legal, corporate secretarial services and any other professional services ("**Professional, Administrative and Support Services**"); and

(17) provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (1) to (16) above.

The transactions set out in sub-paragraphs (1) to (16) arise in the normal course of business of the EAR Group, while the transactions set out in sub-paragraph (17) will be those which are necessary for the day-to-day operations of the EAR Group.

The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group in addition to obtaining quotes from, or transacting with, non-interested persons.

3.1.2 Treasury Transactions

Treasury transactions ("**Treasury Transactions**") comprise:

(1) the placement of funds with any Interested Person;

(2) the borrowing of funds from any Interested Person;

(3) the entry into with any Interested Person of forex, swap and option transactions for hedging purposes; and

(4) the subscription of debt securities and/or preference shares issued by any interested person and the issue of debt securities and/or preference shares to any interested person and the buying from, or the selling to, any Interested Person of debt securities and/or preference shares.

The EAR Group can benefit from obtaining competitive rates or quotes from Interested Persons in an expedient manner in addition to third party financial institutions. By transacting directly with an Interested Person, the EAR Group may also eliminate margins which third party intermediaries might ordinarily be expected to earn.

**4. Rationale for and Benefits of the Shareholders' Mandate**

4.1 The transactions with Interested Persons are entered into or to be entered into by the EAR Group in its ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The Directors are of the view that it will be beneficial to the EAR Group to transact or continue to transact with the Interested Persons.

4.2 The Directors believe that the EAR Group will be able to benefit from its transactions with the Temasek Group. The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential interested person transactions with the Interested Persons arise, thereby reducing substantially, the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

4.3 The Shareholders' Mandate is intended to facilitate transactions in the EAR Group's normal course of business which are transacted from time to time with the Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interest of TeleChoice and its minority shareholders.

4.4 Disclosure will be made in TeleChoice's annual report of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate is in force.

**5. Review Procedures for Transactions with Interested Persons**

5.1 The EAR Group has established the following procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms:

5.1.1 General Transactions

(1) Review Procedures. In general, there are procedures established by the EAR Group to ensure that the General Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties. In particular, the following review procedures have been implemented:

(i) Provision of services or the sale of products. The review procedures are:

(aa) all contracts entered into or transactions with Interested Persons will require the prior approval of TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) and are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/ process/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(bb) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons will require the prior approval of TeleChoice Group's President and TeleChoice's Chief Financial Officer ("**CFO**"), who will make a decision in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by TeleChoice Group for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(ii) Obtaining of services or purchasing of products. The review procedures are:

(aa) all contracts entered into or transactions with Interested Persons will require the prior approval of TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) and are to be carried out after obtaining quotations (whenever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products. The pricing will be no higher than the most attractive rate obtained through unrelated third party quotations to ensure that the price and terms offered by the Interested Person are fair and reasonable and competitive to those offered by other unrelated third parties for the same or similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

(bb) in the event that such competitive quotations cannot be obtained, TeleChoice Group's President and the CFO will determine whether the price and terms offered by the Interested Person are fair and reasonable. In determining the transaction price payable by the Interested Persons for such services or products, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

(2) Threshold limits. In addition to the review procedures, the EAR Group will monitor the General Transactions entered into by the EAR Group, by categorising the transactions as follows:

(i) Sale or purchase of handsets and accessories to or from StarHub Ltd ("**StarHub**") (as the case may be), or the provision of procurement and order fulfilment services to StarHub (the "**StarHub Transactions**"):

(aa) individual transactions less than S$20.0 million in value will be reviewed and approved by TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons);

(bb) individual transactions in value equal to or exceeding S$20.0 million and below S$200.0 million will be reviewed and approved by the Audit Committee; and

(cc) where the aggregate value of all transactions with StarHub in the current financial year is equal to or exceeds S$200.0 million, the latest and all future transactions equal to or above S$100,000 will be reviewed and approved by the Audit Committee.

(ii) All General Transactions (other than the StarHub Transactions and the Professional, Administrative and Support Services):

(aa) individual transactions less than S$5.0 million in value will be reviewed and approved by TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons);

(bb) individual transactions in value equal to or exceeding S$5.0 million and below S$50.0 million will be reviewed and approved by the Audit Committee; and

(cc) where the aggregate value of all transactions in the current financial year with an Interested Person is equal to or exceeds S$50.0 million, the latest and all future transactions equal to or above S$100,000 will be reviewed and approved by the Audit Committee.

(iii) Professional, Administrative and Support Services

Prior to approving the transactions, the Audit Committee will satisfy itself that the fee structure is fair and reasonable and the terms are on an arm's length basis and on normal commercial terms.

5.1.2 Treasury Transactions

(1) Review Procedures

(i) Placements

Prior to the placement with Temasek or any company within the Temasek Group by the EAR Group of its funds, TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) will require that quotations be obtained from Temasek or such Temasek Group company and at least two of the principal bankers of the EAR Group for rates for deposits with such bankers of an equivalent amount, and for the equivalent period, of the funds to be placed by the EAR Group. The EAR Group will place its funds with Temasek or such company within the Temasek Group, provided that the interest rate quoted is not less than the highest of the rates quoted by such principal bankers.

(ii) Borrowings

Prior to borrowing funds from Temasek or any company within the Temasek Group by the EAR Group, TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) will require that quotations be obtained from Temasek or such Temasek Group company and at least two of the principal bankers of the EAR Group for rates of loans from such bankers of an equivalent amount, and for the equivalent period, of the funds to be borrowed. The EAR Group will borrow funds from Temasek or such company within the Temasek Group, provided that the interest rate quoted is not more than the lowest of the rates quoted by such principal bankers.

(iii) Forex, Swaps and Options

Prior to entering into forex, swaps and options transaction with Temasek or any company within the Temasek Group by the EAR Group, TeleChoice Group's President or other officer designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) will require that rate quotations be obtained from Temasek or such Temasek Group company and at least two of the principal bankers of the EAR Group. The EAR Group will only enter into such forex, swaps and option transactions with Temasek or such company within the Temasek Group, provided that such rates quoted are no less favourable than the rates quoted by such bankers.

(iv) Debt Securities and Preference Shares

Prior to the subscription of debt securities and preference shares issued by, or purchase of debt securities or preference shares from, Interested Persons, TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) will only enter into the subscription or purchase of such debt securities or preference shares issued, provided that the price(s) at which the EAR Group subscribes for or purchases such debt securities or preference shares will not be higher than the price(s) at which such debt securities or preference shares are subscribed for or purchased by third parties. Prior to the issue or sale to Interested Persons of debt securities or preference shares, TeleChoice Group's President or other officers designated by the President (all of whom shall not have any interest, whether direct or indirect, in such Interested Persons) will only issue or sell such securities or preference shares to Interested Persons provided that the price(s) at which the EAR Group issues or sells such debt securities or preference shares will not be lower than the price(s) at which such debt securities or preference shares are issued or sold to third parties.

The EAR Group will also comply with all applicable laws and regulations in connection with the issue or sale of such debt securities or preference shares to any Interested Person.

For the purpose of the Shareholder's Mandate, the preference shares to be subscribed or purchased from Interested Persons or to be issued or sold to Interested Persons, will not carry any voting rights, except in the circumstances set out in Section 180(2)(a), (b) and (c) of the Companies Act.

(2) Threshold limits

In addition to the review procedures, the EAR Group will monitor the Treasury Transactions entered into by the EAR Group as follows:

(i) Placement and Debt Securities and Preference Shares

Where the aggregate value of funds placed with, and debt securities or preference shares subscribed which are issued by, or purchased from, and debt securities or preference shares issued or sold to, the same Interested

Person (as such term is construed under Chapter 9 of the Listing Manual) shall at any time exceed an amount equivalent to 50% of the consolidated shareholders' fund of the Company (based on its latest audited accounts), each subsequent placement of funds with, or subscription or purchase of debt securities or preference shares issued by, the same Interested Person shall require the prior approval of the Audit Committee.

Placements of funds with, and subscription of debt securities or preference shares issued by, or purchased from, or the issue or sale of debt securities or preference shares to, the same Interested Person which do not in the aggregate exceed the respective limits set out above will not require the prior approval of the Audit Committee and shall be reviewed on a quarterly basis by the Audit Committee.

(ii) Borrowings and Debt Securities and Preference Shares

Where the aggregate value of funds borrowed from, and debt securities or preference shares issued by or sold to, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) shall at any time exceed an amount equivalent to 50% of the consolidated shareholders' funds of the Company (based on its latest audited accounts), each subsequent borrowing of funds from, or the issue or sale of debt securities or preference shares to, the same Interested Person shall require the prior approval of the Audit Committee.

Borrowing of funds from, and debt securities or preference shares issued or sold to, the same Interested Person which do not in the aggregate exceed the respective limits set out above will not require the prior approval of the Audit Committee and shall be reviewed on a quarterly basis by the Audit Committee.

(iii) Forex, Swaps and Options

Where the aggregate of the principal amount of all forex, swap and option transactions entered into with the same Interested Person exceeds at any one time the equivalent of 50% of the consolidated shareholders' funds of the Company (based on its latest audited accounts), each subsequent forex, swap and option transactions entered into with the same Interested Person shall require the prior approval of the Audit Committee.

Entry into of forex, swap and option transactions with the same Interested Person where the principal amounts thereof do not in the aggregate exceed the limit set out above will not require the prior approval of the Audit Committee and shall be reviewed on a quarterly basis by the Audit Committee.

5.2 Transactions falling within the above categories, if any, will be reviewed at least quarterly by the Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

5.3 The EAR Group has also implemented the following procedures for the identification of Interested Persons and the recording of all of the EAR Group's Interested Person Transactions:

5.3.1 TeleChoice will maintain a register of Interested Person Transactions carried out with Interested Persons;

5.3.2 TeleChoice's CFO will send out the register of Interested Person Transactions on the first week of each quarter to various persons in charge ("**IC**") of review for the details of the Interested Person Transactions to be updated. The latest copy of Interested Persons and the list of the Temasek Group of companies as well as Temasek group structure will also be provided. The respective ICs will have to review the rationale, frequency and approval and whether the transactions are conducted at arm's length. The ICs also have to ensure that the source documents and the recording of the Interested Person Transactions are in order, correct and complete. The ICs will then have the list of Interested Person Transactions approved by the respective heads of TeleChoice Group's business segments. The approved list will be returned to the CFO in 2 weeks; and

5.3.3 Following the review of the list by TeleChoice's CFO, the list will be submitted to TeleChoice Group's President for approval prior to the submission to the Audit Committee for review and approval.

5.4 In addition, the Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of its internal controls.

5.5 In the event that TeleChoice Group's President, a member of the Board or a member of the Audit Committee (where applicable) is interested in any interested person transaction, he will abstain from reviewing that particular transaction. TeleChoice's Board of Directors will also ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all Interested Person Transactions entered into pursuant to the Shareholders' Mandate.

5.6 The Audit Committee and the Board shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the EAR Group and the Interested Persons are conducted on normal commercial terms.

5.7 The Audit Committee and the Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within TeleChoice as they deem appropriate.

## 6. Review by Audit Committee

6.1 The Audit Committee (currently comprising Mr Yap Boh Pin, Mr Tang Yew Kay Jackson and Mr Sio Tat Hiang*) has reviewed the terms of the Shareholders' Mandate, as proposed to be modified and renewed, and is satisfied that the review procedures for Interested Person Transactions with the EAR Group, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that such Interested Person Transactions will be made with the relevant class of Interested Persons in accordance with normal commercial terms, and are hence not prejudicial to TeleChoice and its minority shareholders.

* *Mr Sio Tat Hiang, who holds executive positions in STTC and ST Telemedia, has abstained from all deliberations and resolutions of the Audit Committee relating to the Shareholders' Mandate.*

6.2 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of TeleChoice and its minority shareholders, TeleChoice will revert to its shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons.

6.3 The Audit Committee will review all other existing and future Interested Person Transactions not subject to the Shareholders' Mandate to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of TeleChoice and its minority shareholders.

6.4 The Audit Committee will also review all Interested Person Transactions to ensure that all the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual), are complied with.

TOPPAN VITE PTE. LTD. SCR1203001