



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

**UPDATES ON THE GROUP'S BUSINESS PERFORMANCE
FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

The Board of Directors (the "**Board**") of TeleChoice International Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to provide the Group's business performance update for the first quarter ended 31 March 2021 ("**1Q2021**").

FINANCIAL HIGHLIGHTS*

Revenue (S\$'M)	1Q2021	1Q2020	+/- (%)
Personal Communications Solutions Services ("PCS")	21.0	29.3	-28
Info-Communications Technology Services ("ICT")	16.7	10.5	60
Network Engineering Services ("Engineering")	12.5	17.1	-27
Group	50.2	56.9	-12
Profit/(Loss) Before Tax (S\$'M)	1Q2021	1Q2020	+/- (%)
PCS	0.2	(0.9)	125
ICT	(1.2)	(0.6)	-105
Engineering	(0.7)	(0.3)	-147
Group	(1.7)	(1.8)	6

* The above figures have not been audited or reviewed by our auditors.

The Group registered revenue of S\$50.2 million in 1Q2021, a 12% decrease compared to S\$56.9 million in 1Q2020 on the back of lower contribution from PCS and Engineering Divisions. The S\$1.7 million loss recorded in 1Q2021 was 6% lower than the 1Q2020 loss of S\$1.8 million. The lower gross profit due to lower revenue was mitigated by additional government grants and lower operating and financing costs. Profit improvement from PCS Division was offset by the higher losses recorded from ICT and Engineering Divisions.

CONSUMER BUSINESS

PCS Division

PCS Division registered a significant profit improvement in 1Q2021 compared to a loss incurred in 1Q2020. Revenue was lower due to short supply of some of the popular handset models, but this was partially mitigated by the earlier launch of the new Samsung Galaxy S21 series. Gross margin improved as compared to the equivalent period a year ago when the COVID-19 situation caused lower traffic at shopping malls and temporary shop closures prior to the Circuit Breaker Measures in April 2020 for Singapore. Retail traffic in its Malaysia operations continued to be lacklustre, resulting in lower profits due to lower variable commissions received with fewer walk-in customers.

Despite the challenging conditions, the Division has succeeded in increasing its sales for *Apeman* range of action and dash cameras in Singapore and Malaysia. It also plans to distribute such products in a third market by the end of the year. The Division has also partnered with *Neeuro*, a digital health and education technology company, for the launch of *Neeuro Senzeband* to provide brain health solutions. In addition, the Division has secured a new distribution contract with *Quair*, an innovative clean air solution provider, to market its range of wearable and lightweight air purifiers in Singapore and Malaysia.

ENTERPRISE BUSINESS

ICT Division

ICT Division has experienced a gradual pick-up in its enterprise business activities with the further opening of the economy and easing of work from home measures in Singapore. The Division registered higher revenue in 1Q2021 although it continued to incur a loss. The higher revenue was attributed to maintenance renewals which were at lower margins. The Division's loss was primarily due to lower project revenue recognition, product sales and voice usage as customers remained prudent in capex spending with resultant delay in project tendering and awards. The Group also incurred increased expenses relating to its new Internet of Things ("**IoT**") and Cloud initiatives.

To leverage opportunities from the increasing adoption of enterprise IoT solutions, the Division is investing to bolster its IoT service capabilities. It is developing its in-house IoT service platform with the ability to acquire, store, process, analyse and visualise data. This will streamline the implementation of IoT projects and enable IoT solutions to be delivered in a faster, cheaper and more consistent manner.

The Division will also be launching cloud-based Unified Communications and Contact Centre solutions which will help enterprises address their increasingly complex omni-channel customer engagement challenges. These solutions will include AI-enabled chatbot and voicebot services to drive call centre operational efficiency and greater customer satisfaction.

Engineering Division

Engineering Division's performance in 1Q2021 continued to be impacted by the COVID-19 pandemic situation and it recorded losses mainly from its Singapore and Philippines operations. Loss in Singapore was mainly due to lower revenue recognition from its in-building cellular coverage services while in the Philippines, the Division managed to narrow its loss on the back of revenue from its new higher-margin projects. Its Indonesian operations recorded lower profit due to project delays and higher operational costs.

The overall operating environment for the Division remains challenging, especially for its regional operations. Mandatory COVID-19 restrictions have resulted in project inefficiencies and rising costs of project implementation, which in turn impacted its operating margin.

On a positive note, new network rollout and upgrading opportunities across the region, especially with the onset of pervasive 5G rollout, present opportunities for the Division. It is experiencing continued demand for its services and its order book remains strong. The Division will continue to focus on ensuring the smooth execution of its projects, notwithstanding the adverse operating environment.

OUTLOOK

The pandemic's impact will continue to be felt for some time on account of the uneven rollout of vaccinations, new waves of infection and the emergence of new strains of the COVID-19 virus. Although Singapore's economy is anticipated to rebound into growth territory in 2021, with the Monetary Authority of Singapore projecting the growth of the economy to top 6 percent, recovery to

pre-COVID-19 levels is still a long way off. Geopolitical dynamics, the gradual tapering of governmental support and headwinds from inflation risk are further threats.

In view of the fragile economic conditions, the Group maintains a cautious outlook for FY2021. The Group's balance sheet remains healthy with net cash and net current asset position as at 31 March 2021. The Group also has adequate banking facilities to meet any short-term funding needs and to continue operation for the foreseeable future.

In the current financial year, the Group will continue to take a prudent approach, adhering to its overall strategies in managing costs and resource optimisation. It will augment its core competencies to further add value to its customers, leverage technology to be more efficient and productive, and strengthen its workforce through skills upgrading and training.

The longer-term prospects for the Group remain cautiously positive. The roll-out of 5G networks in Singapore and the region, the continued regional network upgrading, the increased demand for cloud migration and IoT services in keeping with digitalisation trends, and the ongoing evolution of smart devices are expected to provide the growth impetus for the Group's businesses.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO
12 May 2021