TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R

UPDATES ON THE GROUP'S BUSINESS PERFORMANCE
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 third quarter ("3Q2021") and nine months ended 30 September 2021 ("9M2021").

FINANCIAL HIGHLIGHTS*

Revenue (S$'M)	1Q2021	2Q2021	3Q2021	9M2021	9M2020	+/- (%)
Personal Communications Solutions Services ("PCS")	21.0	21.0	19.4	61.4	75.3	-18
Info-Communications Technology Services ("ICT")	16.7	9.9	10.9	37.5	35.3	6
Network Engineering Services ("Engineering")	12.5	12.5	12.3	37.3	48.4	-23
Group	**50.2**	**43.4**	**42.6**	**136.2**	**159.0**	**-14**
Profit/(Loss) Before Tax (S$'M)	**1Q2021**	**2Q2021**	**3Q2021**	**9M2021**	**9M2020**	**+/- (%)**
PCS	0.2	(0.5)	0.1	(0.2)	(0.1)	-100
ICT	(1.2)	(0.7)	(0.9)	(2.8)	(0.4)	-600
Engineering	(0.7)	0.0	(0.3)	(1.0)	(1.0)	-
Group	**(1.7)**	**(1.2)**	**(1.1)**	**(4.0)**	**(1.5)**	**-166**

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

The Group registered revenue of S$136.2 million in 9M2021, a 14% decrease compared to S$159.0 million in 9M2020 on the back of lower contribution from PCS and Engineering Divisions. The S$4.0 million loss before tax recorded in 9M2021 was 166% higher than the 9M2020 loss before tax of S$1.5 million. This was mainly attributed to the lower government grants and lower rental support received in 9M2021 which partially alleviated some of the Group's fixed costs. There were also costs incurred for the Group's new initiatives in 9M2021. Lower operating expenses and lower financing cost had partially mitigated the lower gross profit in 9M2021. If the government grants and rental support received were to be excluded, the Group operating loss in 9M2021 would have been about the same level as that of 9M2020. This is mainly attributed to the PCS Division's profit improvement which was partially offset by the higher operating loss from the ICT Division.

For 3Q2021, the Group revenue was slightly lower at S$42.6 million as compared to S$43.4 million in 2Q2021. The Group's operating performance in 3Q2021 was similar to 2Q2021 with improvements from the PCS Division owing to several new phone launches in 3Q2021. ICT Division's loss was primarily due to lower project revenue recognition as customers remained prudent in capex spending with the resultant delay in securing new customers for its new Internet of Things ("IoT") and cloud services. Engineering Division's performance continued to be impacted by the COVID-19 pandemic and it recorded losses mainly from its Singapore operations. Its Indonesian operations continue to record lower profit due to project delays and higher operational costs. These were partially mitigated by profits from its Philippines operations in 3Q2021 on the back of revenue from new higher-margin projects.

CONSUMER BUSINESS

PCS Division

The Division augmented its retail operations in 3Q2021 with a new StarHub outlet at Bugis Junction and a revamped outlet at Causeway Point to better serve customers. It also expanded its product offerings such as the launch of the popular Samsung Z and A series, as well as Huawei's latest Mate series devices and their AI Life App supported smart home appliances. The Division continued to make encouraging headway in expanding its product portfolio of innovative lifestyle and healthcare wearables. It successfully launched Quair, a clean air device in Malaysia with several key influencers and well-known personalities brought on board as part of its marketing campaign. Its Apeman range of action and dash cameras in Singapore and Malaysia experienced good take-up following aggressive marketing campaigns on Shopee and Lazada during the "9.9" and "10.10" annual sale events. The Division is also on track to expand its Neeuro brain solutions in Singapore with planned training courses at selected community centres.

ENTERPRISE BUSINESS

ICT Division

The Division continued with its pivot towards growing its service-based capabilities, particularly in the development of in-house IoT, analytics and cloud solutions for smart building and facility maintenance, campus management, CRM, HRM and DevOps. Its managed services, cloud-based Unified Communications and Contact Centre offerings have been further augmented with the launch of AI-enabled chatbot and voicebot services to help enterprises address complex omni-channel customer engagement challenges and to enable smarter customer experience.

Engineering Division

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. The Division will continue to focus on ensuring the smooth execution of its projects. Notwithstanding the challenging operating environment, the Division's order book remains strong with ongoing regional and local network upgrading and 5G rollout.

OUTLOOK

Singapore's economy is on a recovery path, registering a year-on-year growth of 6.5% in the third quarter of 2021.[1] It is forecasted to expand between 6% to 7% in 2021,[2] premised on global economic growth led by the US, Europe and Japan. This outlook is moderated by slower growth in China and the Southeast Asian economies. The aggressive rollout of vaccination in advanced economies and in Singapore have enabled reopening plans to proceed. Nevertheless, the increasing rate of COVID-19 infections due to the highly contagious Delta variant has made the trajectory of the pandemic fluid and uncertain. Geopolitical threats, reduced governmental support, high energy and raw material prices and other inflationary risks pose further threats to economic recovery.

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[1] Ministry of Trade and Industry, "Singapore's GDP Grew by 6.5 Per Cent in the Third Quarter of 2021." 14 Oct 2021

[2] Ministry of Trade and Industry, "MTI Upgrades 2021 GDP Growth Forecast to "6.0 to 7.0 Per Cent"." 11 Aug 2021

In view of the above factors, the Group maintains a cautious outlook for FY2021. Our balance sheet remains healthy with net cash and net current asset position as at 30 September 2021. The Group also has adequate banking facilities to meet any short-term funding needs and to continue operation for the foreseeable future. The Group will continue to be prudent in its spending and vigilant in cost management while leveraging technology and upskilling our workforce to increase efficiency and productivity.

Our outlook of the long-term prospects remains unchanged. 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 drive growth of the Group's businesses.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO
12 November 2021