TeleChoice

TRANSFORMING FOR RESILIENCE

ANNUAL REPORT 2021

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CORPORATE PROFILE

ABOUT TELECHOICE INTERNATIONAL LIMITED

TeleChoice International Limited ("TeleChoice") is a regional diversified provider and enabler of innovative info-communications products and services. It is a portfolio company of ST Telemedia, a strategic investor focused on communications and media, data centres and infrastructure technology businesses across Asia, the US and Europe.

Incorporated in Singapore on 28 April 1998 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 25 June 2004, TeleChoice offers a comprehensive suite of info-communications services and solutions for the Consumer and Enterprise Groups under three business divisions.

CONSUMER BUSINESS GROUP

PERSONAL COMMUNICATIONS SOLUTIONS SERVICES ("PCS")

This Division is a leading provider of distribution, supply chain fulfilment and retail managed services relating to mobile communication devices and accessories.

In Singapore, it operates a retail chain under the Planet Telecoms brand. It is the only StarHub Ltd ("StarHub") Exclusive Partner to manage four StarHub Platinum Shops. In addition, it is the master distributor of StarHub's prepaid card business. PCS also manages retail concept stores for major mobile device manufacturers such as Samsung and Oppo.

In Malaysia, PCS provides supply chain fulfilment and managed retail services to U Mobile Sdn Bhd, a data-centric and multiple award-winning mobile data service company.

This Division is also engaged in the provision of product management, marketing, e-commerce and last mile delivery for smart and green products and services. These comprise solutions in Green Living, Smart Connect and Smart Learning for modern and eco-conscious consumers. Some of the emerging brands in the Division's portfolio include Apeman dash and adventure cameras, Quair wearable air purifier, Neeuro brain health training, Lebooo sonic dental solutions, Opple and ABKO consumer electronics, appliances and gadgets, and LifeSmart smart home solutions.

PCS Division also operates an e-commerce site, www.eplanetworld.com, which offers the latest smart mobile devices, accessories as well as smart and green gadgets and wearables for online shoppers.

ENTERPRISE BUSINESS GROUP

INFO-COMMUNICATIONS TECHNOLOGY SERVICES ("ICT")

This Division is a leading regional integrated info-communications solutions provider. It offers consultancy and system integration services for enterprise IT infrastructure, and cutting-edge business solutions and applications.

Its extensive offerings include on-premise and cloud-based solutions and services for campus management, customer relationship management, contact centre and unified communications and Internet of Things ("IoT") applications as well as fixed and wireless networking solutions. It also provides consultancy and managed services to help companies adopt cloud, big data, analytics, IoT, integrated learning and smart building solutions to transform their businesses.

In addition, ICT provides Internet Protocol television solutions for the hospitality industry and has a Service-Based Operator licence that offers IDD, SMS broadcast and other enterprise mobility solutions and services.

NETWORK ENGINEERING SERVICES ("ENGINEERING")

This Division is a regional provider of network engineering services and supplier of specialised telecommunications products.

It designs, builds and manages telecommunications networks, and provides a comprehensive suite of specialised products and solutions to address the network infrastructure needs of fixed and mobile operators in Asia-Pacific. Its services encompass radio network planning and optimisation, transmission network planning, network implementation, maintenance and project management for cellular (including 5G) network services.

Engineering also offers an extensive range of innovative and cost-effective products for telecommunications access and coverage needs, as well as for power supply and power backup requirements.

For more information, please visit our website www.telechoice.com.sg

OPERATIONAL HIGHLIGHTS

PERSONAL COMMUNICATIONS SOLUTIONS SERVICES ("PCS")

- **Partnership with principals and customers**
  - **Product launches, distributorship and retail management**
    - Oppo's first retail partner to run their full-fledged Oppo Concept Shops
    - Sole Huawei distributor for handsets, accessories and wearables to support open channel, managed concept shops and proprietary retail stores
    - Awarded Singapore and Malaysia distributorship for Quair
    - Awarded exclusive distributorship for local education solutions provider Neeuro
    - Launch of Huawei complementary brands, Leboo and Opple, under their Think Smart products and services
  - **Market and channel expansion**
    - Penetration into new Consumer Electronics Info Tech channel ("CEIT"), Harvey Norman
    - Exclusive Samsung supplier to Best Denki, Gain City and other CEIT channels
    - Established inroads to serve corporate partners and their channels
    - Established niche reseller channels such as SIA KrisShop and SAFRA
    - Expanded into corporate sales and tie ups for employee incentives and rewards
  - **Marketing activities and promotional support**
    - Rolled out various Samsung Authorised Retailers and Huawei iRetail programmes to drive channel sales
    - Launched and implemented pre-order activities for Samsung flagship devices such as Galaxy Fold, Flip and S Series
    - Engagement of influential KOLs to roll out both offline and online product promotional launches in Singapore and Malaysia
    - "Live" content generation on multiple social media platforms to engage customers and build brand following and loyalty

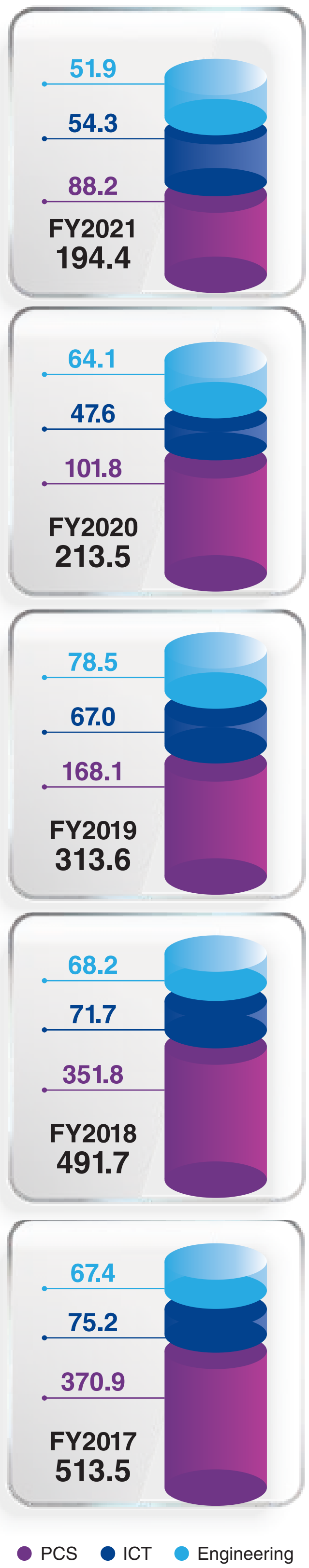
INFO-COMMUNICATIONS TECHNOLOGY SERVICES ("ICT")

- **Business Development & Projects**
  - Secured a series of sizeable enterprise IT infrastructure, campus management, unified communications and contact centre, and Internet Protocol TV wins in the education, financial, healthcare and hospitality sectors
  - Took steps to strategically balance its system integration revenue with subscription-based recurring revenue streams by launching:
    - OneCC, an omni-channel AI powered Contact Centre as a Service (CCaaS) solution
    - An IoT Platform as a Service solution to address the demand for "smart" building solution. It is now a pre-approved Energy Efficient Government Grant digital solutions vendor for Energy Management Information Systems (EMIS) which allows its clients to tap onto NEA's Energy Efficient Fund to subsidise up to 50% of their capex expenses (up to $250,000)
  - Maintained its leading Campus Management solutions provider position with successful delivery of additional digitalisation capabilities in tech refresh projects to two Singapore-based institutions of higher learning (IHLs)
  - Delivered a number of key cloud projects in the government sector that involved apps migration into SG Government Cloud
  - Made headway into the government segment while maintaining IT infrastructure (systems, storage and cloud) presence in the commercial space
  - Secured a series of healthcare wins which further consolidated its position as a UC/CC market leader in the Singapore healthcare sector
  - Secured its first healthcare sector CRM win in the Singapore H-Cloud, paving the way for subsequent healthcare wins in the same hospital cluster
  - Won a sizable multi-year, multi-million dollar project to build the next generation of national level eExams solution housed in the Government Commercial Cloud (GCC)
- **Awards**
  - Recognition by customers/principals:
    - Avaya – Diamond Partner 2021
    - Avaya – Partner Forum Special Recognitions Award 2021
    - Avaya – Top Performing Enterprise Value Added Reseller 2021
    - ASC – Recording Cloud Gold Partner 2021
    - Genesys – Bronze Partner 2021
    - IBM – Innovation Award (Service) 2021
    - IBM – Top Performing Business Partner (Storage) 2021
    - IBM – Top Performing Business Partner (Systems) 2021
    - NSFocus APAC – Excellent Performance Partner 2021

NETWORK ENGINEERING SERVICES ("ENGINEERING")

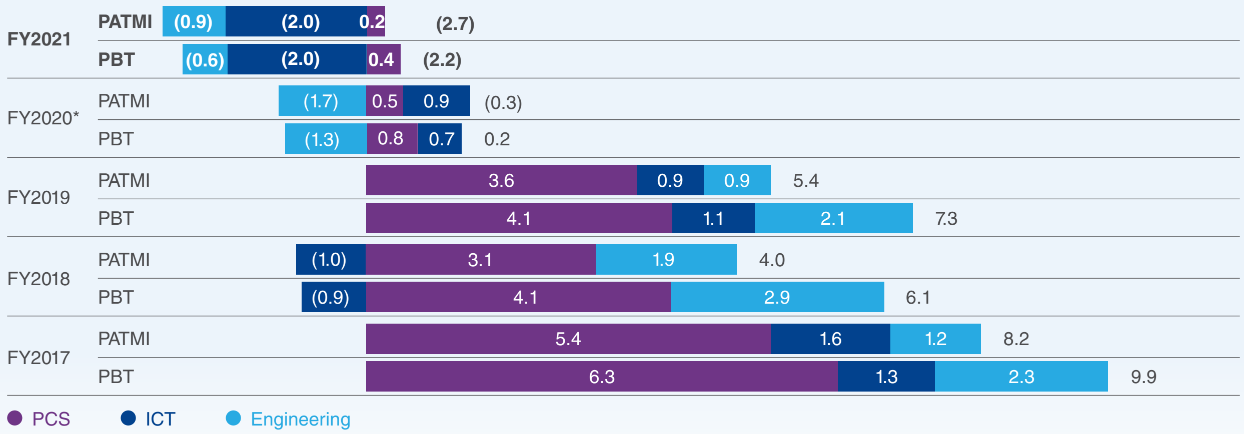
- **Business Development and Projects**
  - Continued to maintain leadership position for network rollout, radio network planning and optimisation services in the region
  - Expanded its customer base in the Philippines and Malaysia for better revenue diversification
  - Efforts to market its power solutions offering beyond the traditional telecommunications market have borne initial success with increased power solution revenue coming from enterprise customers
  - Won a number of multi-operators in-building coverage (IBC) projects, including Tan Tock Seng Hospital's (TTSH) Integrated Care Hub (ICH) and PSA Tuas mega port, which were among the largest IBC projects for 2021 in Singapore
  - Made further inroads into managed services with Ericsson by securing a two-year managed services contract extension for Indosat RAN and a new two-year managed service contract for backup power generators to support Indosat network operations
  - Secured a steady stream of significant multiyear, multimillion-dollar projects from operators and major equipment vendors. Sizable project wins include:
    - Huawei:
      - ✓ Two-year frame contract for radio network planning and optimisation services in Indonesia and the Philippines
      - ✓ One-year and three-year frame contract for network rollout services in the Philippines and Indonesia respectively
      - ✓ Two-year frame contract for IBC services in the Philippines
    - StarHub:
      - ✓ Multiyear battery replacement contract for network maintenance
    - Nokia:
      - ✓ Open frame contract for network roll-out and network performance optimisation services in Indonesia
    - ZTE:
      - ✓ Two-year frame contract for Ditotel IBC services in the Philippines
      - ✓ Two-year frame contract for network rollout and optimisation services in Malaysia
- **Awards**
  - Recognition by customers/principals:
    - Huawei Indonesia – Best Partner Project Manager Award 2021
    - Huawei Indonesia – Best Quality Award 2021
    - Huawei Indonesia – Heroes of the Pandemic Award 2021
    - Huawei Malaysia – Annual Contribution Award for RF 2021

REVENUE ($ MILLION)



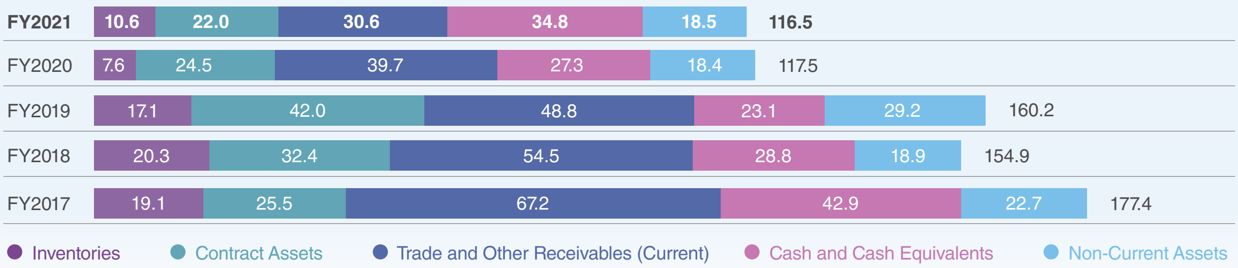
FINANCIAL HIGHLIGHTS

EARNINGS ($ MILLION)



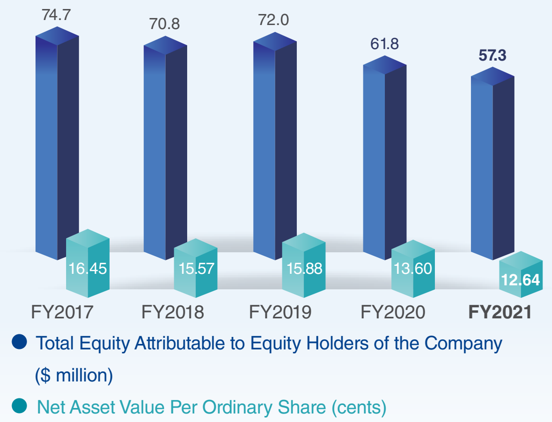
* excluded impairment of goodwill

TOTAL ASSETS ($ MILLION)



DIVIDENDS DECLARED AGAINST PATMI ($ MILLION)

TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



VISION

CONNECTING PEOPLE,
EMPOWERING BUSINESS

MISSION

TO BE THE LEADING PROVIDER
OF INFOCOMM SOLUTIONS
THROUGH INNOVATIVE
PRODUCTS AND SERVICES

VALUES

INTEGRITY
COMMITMENT
EXCELLENCE
SOCIALLY RESPONSIBLE
FUN@WORK
VALUE CREATION

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

While FY2021 was a year of gradual recovery from the devastating effects of the COVID-19 pandemic, it was far from smooth sailing. Supply chain disruptions, rising raw material prices and lower productivity and efficiency due to ongoing safe distancing measures and movement restrictions in markets we operate in, continued to impact the Group's results. Nevertheless, the second half of the year ("2H2021") brought optimism for better times ahead, with all the Group's business divisions recording improved performance as compared to the first half of the year.

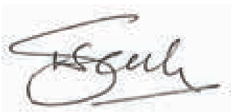
FINANCIAL HIGHLIGHTS

Group revenue fell by 8.9% to $194.4 million in FY2021 as compared to $213.5 million in FY2020, due to lower revenue contribution from Personal Communications Solutions Services ("PCS") and Network Engineering Services ("Engineering") Divisions. We recorded lower gross profit of $16.4 million as compared to $17.5 million in FY2020. However, gross margin improved to 8.4% on account of higher gross margin from PCS and Engineering Divisions. In 2H2021, all three of the Group's business divisions recorded better operating performance, leading the Group to a narrower loss after tax of $2.7 million in FY2021 as compared to net lost after tax of $5.6 million in the previous year.

We kept a strong balance sheet with net asset value per share of 12.64 cents as compared to 13.60 cents in FY2020. Cash and cash equivalents were $34.8 million as at 31 December 2021 compared to $27.3 million as at 31 December 2020. The Group's working capital position improved with higher cash generated from operations and lower bank borrowings due to a reduction in sales activities arising from the prevailing economic uncertainties. The Group maintained net cash position with cash generated from operations amounting to $27.7 million in FY2021 as compared to $24.3 million in FY2020.

COMMITMENT TO SHAREHOLDER RETURNS

The Board remains committed to shareholder returns notwithstanding these challenging times. In light of the Group's healthy cash position and balance sheet, the Board has proposed a final dividend of 0.125 cents per share, amounting to total annual dividend of $0.6 million. If approved by shareholders, the dividend will be paid on 25 May 2022.



RONALD SEAH LIM SIANG
Chairman

VINCENT LIM
President & CEO

TRANSFORMING FOR RESILIENCE

During the year, we continued to take transformative actions through creating additional value with strategic partnerships and new distribution channels, innovative and emerging products and services, as well as leveraging new opportunities presented by disruptive technologies and ecosystems. To this end, all our business divisions made significant headway in their efforts to transform their service offerings, pivoting to areas of high growth potential such as smart and green solutions, Internet of Things ("IoT"), Cloud-based initiatives and 5G networks.

Photo by The Singapore Corporate Awards

The Consumer Business Group which comprises PCS Division, has strengthened its service offerings and expanded its product range. While rationalising some non-performing retails stores, PCS Division has begun work with a new principal, Oppo, in operating new fully-fledged concept stores. It has also further augmented its partnership with Samsung with the opening of a new Samsung Experience Store equipped with the first Samsung Health Pod in Singapore. Additionally, it is offering smart and green technology applications and devices to leverage growing consumer demand for smart and sustainable living. One of its maiden products, Quair wearable personal air purifier, has been well-received in Singapore and Malaysia.

Under the Enterprise Business Group, ICT Division has been steadily pivoting its business, focusing on service-based offerings such as ICT projects and managed services including those for smart building maintenance. In the year, the Division managed to secure a series of sizeable enterprise project wins in the education, financial, healthcare and hospitality sectors. It has also been transforming its business with subscription-based recurring revenue streams. During the year, the Division launched two new initiatives, OneCC, an omni-channel AI powered Contact Centre as a Service ("CCaaS") solution, and an IoT Platform as a Service ("PaaS") to address the demand for "smart buildings" solutions. Engineering Division's regional operations, although impacted by movement control orders, registered some improvements. The Division secured new higher margin projects in the Philippines and even in Indonesia, where operational conditions were not ideal, the Division registered profits with gross margin improvement and lower financing costs.

On the corporate development front, we enhanced our environmental, social, and governance ("ESG") standards by reinforcing green practices in our operations, strengthening our Board and human capital in terms of diversity, and maintaining best practices in governance, risk management and controls.

Our focus on ESG, coupled with the rationalisation and pivoting of our businesses, ensured we continued to stay relevant, competitive and resilient in the digital economy. These initiatives follow our transformative growth path and the seeds of change that we planted have amplified over time and have now borne initial fruits. As a testament to our strategic and transformative actions, TeleChoice was awarded the Corporate Excellence and Resilience Award 2020/2021 by the Singapore Corporate Awards, which affirmed listed companies that upheld best practices in corporate governance and exemplify leadership, innovation and resilience during the COVID-19 pandemic. The award serves as an inspiration for us to push on in our corporate excellence journey and to further strengthen our business resilience.

THE YEAR AHEAD

The worst of the economic downturn brought about by the COVID-19 pandemic appears to be over. Both Singapore and regional economies are expected to pick up pace in FY2022. However, the recent outbreak of the Russia-Ukraine war has heightened geopolitical tensions, which may spill over to the region. Significantly, the war has exacerbated inflationary pressures from ongoing supply chain disruptions, with oil and commodity prices soaring to new highs. Singapore, as an open economy, will not be insulated from these external shocks and it is crucial that we brace ourselves for volatility and the possibility of another lean year ahead. We should also bear in mind that the shadow of COVID-19 still hovers over us, threatening to derail full economic recovery and the opening of borders, with the ever-present potential of more virulent virus strains emerging despite aggressive vaccination roll-outs.

In spite of these uncertainties in the operating environment, we are cautiously optimistic. We remain confident of our abilities to successfully navigate the challenges given the competencies and the position of strength we have built steadfastly since the Group's inception, coupled with the gradual recovery and growth prospects of our markets and the industry. In the year ahead, we will continue to focus on maintaining our strong balance sheet through financial discipline and improving our cost structure to maximise operational efficiencies. We will also accelerate our growth strategy and implementation of transformative changes in keeping with the developments and disruptions in technology and consumer demands. Additionally, we will continue to explore and leverage opportunities to expand our business capabilities and build new markets for both near and long-term growth.

ACKNOWLEDGEMENT

In concluding, we would like to extend our appreciation to our Board of Directors for their steady, guiding hand and wise counsel during the course of the year. We would also like to express our gratitude to our dedicated management and staff for their relentless hard work, determination and tenacity. Lastly, to our shareholders, customers and partners, thank you for the unwavering support during this challenging year. We remain committed to all of our stakeholders in our efforts to bring sustainable value to them and the Group.

Ronald Seah Lim Siang
Chairman

Vincent Lim
President & CEO

BOARD OF DIRECTORS

1 RONALD SEAH LIM SIANG 2 STEPHEN GEOFFREY MILLER 3 TANG YEW KAY JACKSON

1 RONALD SEAH LIM SIANG
Chairman and Independent Director

- Appointed on 3 May 2012
- Last re-elected on 28 April 2021

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- *M&C REIT Management Limited and M&C Business Trust Management Limited (as managers of CDL Hospitality Trusts)*

CURRENT PRINCIPAL COMMITMENTS
- *Soft Capital SG (sole proprietorship – business consultancy services)*

Mr Seah is the Chairman of the Board. He is also the Chairman of the Remuneration Committee, the Nominating Committee and the Executive Committee.

Mr Seah also serves as an Independent Director on the board of M&C REIT Management Limited and M&C Business Trust Management Limited. He is currently the Chairman of Nucleus Connect Pte. Ltd., a Non-Executive Director of Straits Investment Management Pte. Ltd., and the sole proprietor of Soft Capital SG, a business consultancy.

Over a 25 year period between 1980 and 2005, Mr Seah held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as Vice-President of Direct Investments of AIG Global Investment Corporation (Singapore) Ltd. Between 2001 and 2005, Mr Seah was also the Chairman of the Board of AIG Global Investment Corporation (Singapore) Ltd.

From 1978 to 1980, Mr Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr Seah served on the panel of experts of the Commercial Affairs Department of Singapore.

Mr Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Honors (Upper)) in Economics from the then University of Singapore in 1975.

4 CHEAH SUI LING
5 YEO SIEW CHYE STEPHEN
6 HO KOON LIAN IRENE
7 LIM CHAI HOCK CLIVE

2 STEPHEN GEOFFREY MILLER

Deputy Chairman and Non-Executive Director

- Appointed on 26 January 2017
- Last re-elected on 26 May 2020

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- *StarHub Ltd*

CURRENT PRINCIPAL COMMITMENTS

- *Singapore Technologies Telemedia Pte Ltd (President & Group Chief Executive Officer and Director)*
- *Asia Mobile Holdings Pte. Ltd. (Director)*
- *STT GDC Pte. Ltd. (Director)*
- *Antina Pte. Ltd. (Director)*
- *Armor Defense Inc. (Director)*
- *2nd Watch, Inc. (Director)*
- *Australian Chamber of Commerce, Singapore (Board Member)*

Mr Miller is the Deputy Chairman of the Board. He is also a member of the Remuneration Committee, the Nominating Committee and the Executive Committee.

Mr Miller is the President & Group Chief Executive Officer of Singapore Technologies Telemedia Pte Ltd ("ST Telemedia") and is a member of ST Telemedia's Board of Directors.

Mr Miller joined ST Telemedia in 2005 and has held various senior positions including President & Chief Operating Officer and Chief Financial Officer. He played a crucial role in enhancing ST Telemedia's business competitiveness and asset portfolio while simultaneously maintaining prudent financial management.

Prior to joining ST Telemedia, Mr Miller was Financial Advisor to ST Telemedia on the combination of its data centre business with Equinix and Pihana Pacific, creating the world's largest carrier-neutral data centre network.

Mr Miller has more than 25 years of global investment, financial management, strategic planning and CMT industry experience. He spent over 14 years of his career in investment banking with Credit Suisse, primarily heading its telecommunications and media group throughout Asia and the Pacific.

Mr Miller holds a Bachelor's Degree in Commerce, with First Class Honours in Economics and Finance, from the University of New South Wales, Australia.

BOARD OF DIRECTORS

3 TANG YEW KAY JACKSON
Independent Director

- Appointed on 1 November 2006
- Last re-elected on 28 April 2021

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- *Nil*

CURRENT PRINCIPAL COMMITMENTS
- *Nil*

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

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

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

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

4 CHEAH SUI LING
Independent Director

- Appointed on 3 June 2020
- Last re-elected on 28 April 2021

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- *M&C REIT Management Limited (as the manager of CDL Hospitality Real Estate Investment Trust)*
- *M&C Business Trust Management Limited (as the trustee-manager of CDL Hospitality Business Trust)*
- *Parkway Trust Management Limited (as the manager of ParkwayLife REIT)*

CURRENT PRINCIPAL COMMITMENTS
- *Pathology Asia Holdings Pte. Ltd. (Independent Director & Chair of Audit Committee)*
- *ECOSPIRITS Pte. Ltd. (Executive Board Chair)*
- *Wavemaker Partners (Operating Partner)*

Ms Cheah serves as a member of the Audit Committee.

Ms Cheah is an Operating Partner with Wavemaker Partners, a venture capital firm based in Singapore and Los Angeles that focuses on technology company investments. She also serves as Executive Board Chair of privately held ESG startup ECOSPIRITS Pte. Ltd.. In addition, she holds board directorships at ParkwayLife REIT, CDL Hospitality REIT and Pathology Asia Holdings Pte. Ltd. She is Chair of Audit Committee at ParkwayLife REIT and Pathology Asia Holdings Pte. Ltd.

Ms Cheah has over 20 years of international investment banking and corporate experience. Most of her career was spent across Singapore, Paris, Hong Kong, London and New York, focusing on capital raising transactions and cross border mergers and acquisitions for corporate clients. Between 2010 to 2013, she was Co-Head of Corporate Finance for South East Asia at BNP Paribas. Prior to that, she was a senior coverage banker for Singapore in the investment banking division of JP Morgan. She started out her career at Merrill Lynch Investment Banking.

Ms Cheah graduated Magna Cum Laude with a Bachelor of Arts in Economics and French from Wellesley College, Massachusetts in the US.

5 YEO SIEW CHYE STEPHEN
Independent Director

- Appointed on 3 June 2020
- Last re-elected on 28 April 2021

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- *Nil*

CURRENT PRINCIPAL COMMITMENTS
- *Nil*

Mr Yeo serves as a member of the Remuneration Committee.

Mr Yeo was the founding director of S2S Consulting. Mr Yeo began his career in Singapore Ministry of Defence as Director of Systems and Computers. He spearheaded the introduction of ICT in command and control systems during his stint there. He was CEO of National Computer Board, Singapore from 1995 to 1999, where he promoted the development of e-Government and ICT in healthcare, education, trade and economic development. He then moved to the commercial sector for the next 14 years where he served as President and CEO of Singapore Computer Systems Limited, President of EDS International (SE Asia) and Managing Director for SE Asia of British Telecom Global Services.

Mr Yeo consults with companies in the area of leveraging ICT for strategic advantage. He also helps to nurture emerging ICT companies. In the past 20 years, he had served on the boards of companies, statutory boards and educational institutions. He had served as chair of Institute of Systems Science (ISS) of National University of Singapore, Institute of Communications and Information Science (ICIS) of Nanyang Technological University of Singapore (NTU), board member of the NTU Business School, founding chair of the School of IT of Republic Polytechnic (RP) and member of the Board of Governors of RP. He had also served as board member of Telecoms Authority of Singapore, National Library Board, Asia Pacific Jets Pte Ltd, NTUC Link and NTUC LearningHub. He was also deputy chair of National Computer Systems Pte Ltd before it was subsumed into Singapore Telecommunications Limited.

Mr Yeo graduated with a Bachelor of Arts (Honours) in Engineering Science from Oxford University, UK, obtained a Master of Science in Industrial Engineering from the National University of Singapore, Singapore and a Master of Business Administration in International Business from the University of Southern California, US.

6 HO KOON LIAN IRENE
Non-Executive Director

- Appointed on 5 May 2015
- Last re-elected on 23 April 2019

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- *Nil*

CURRENT PRINCIPAL COMMITMENTS
- *STT Communications Ltd (Non-Executive Consultant)*

Ms Ho serves as a member of the Audit Committee and the Executive Committee.

Ms Ho has more than 20 years of financial management experience and is currently a Consultant in STT Communications Ltd ("STTC"). Prior to that, she held the position of Chief Financial Officer & Executive Vice President of STTC with responsibilities including the overseeing aspects of STTC's financial strategy and operations, including controller, tax, internal audit, treasury as well as analysis for mergers and acquisitions ("M&A").

Ms Ho also worked at the former Singapore Technologies Pte Ltd and held various senior financial positions at its high tech companies, as well as at a Singapore-listed semiconductor company as its managing director overseeing M&A activities.

Ms Ho holds a Bachelor of Commerce (double major in Accounting & Information Systems) from the University of New South Wales, Australia. She has also been a member of the Certified Practising Accountants Australia since 1992.

BOARD OF DIRECTORS

7 LIM CHAI HOCK CLIVE
Non-Executive Director

- Appointed on 29 September 1999
- Last re-elected on 23 April 2019

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- *Nil*

CURRENT PRINCIPAL COMMITMENTS
- *Leap International Pte Ltd (Managing Director)*
- *Leap Securities Pte. Ltd. (Director)*
- *Leap Foundation Ltd (Chairman)*
- *Regent College (Visiting Associate Professor of Marketplace Theology)*
- *Biblical Graduate School of Theology (Adjunct Lecturer)*
- *Trinity Theological College (Adjunct Lecturer)*
- *Network of Asian Institute of Management Association Singapore (NAIMAS) (Chairman)*

Mr Lim serves as a member of the Executive Committee.

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

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

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

Mr Lim is currently a Director of Leap International Pte Ltd, a private investment holding company. Mr Lim holds an MBA from the Asian Institute of Management, Manila, a Master of Arts (Christian Studies) from Regent College, Vancouver, Canada, and a Doctoral Degree from Gordon Conwell Theological Seminary, MA, USA.

EXECUTIVE MANAGEMENT

1 VINCENT LIM SHUH MOH 2 LEE YOONG KIN 3 PAULINE WONG 4 WONG LOKE MEI 5 GOH SONG PUAY

1 VINCENT LIM
President & CEO

Mr Lim joined TeleChoice International Limited ("TeleChoice" or the "Group") in October 2013, and is responsible for the Group's management, growth and strategic direction.

Mr Lim brings with him more than 30 years of IT and telecommunications experience in Singapore and the region. His career spans various industries such as maritime, banking and finance, and computing. Prior to joining TeleChoice, Mr Lim was Vice-President of Enterprise Data and Managed Services in Singtel Enterprise Group, where he was responsible for presales and product specialist function, global delivery competencies and vendor management. He oversaw more than $420 million of product businesses across Singtel Enterprise Group, which includes its business in Australia, and led a team of more than 500 people.

Mr Lim was also previously the Group General Manager of NCS Pte Ltd, Chief Executive Officer of SCS Enterprise Systems Pte Ltd ("SCS"), and Managing Director of Infonet Systems & Services Pte Ltd ("Infonet") (part of GES International group of companies). His notable achievements include the development of SCS' Enterprise Computing Business unit which registered exponential growth under his leadership, securing several multimillion-dollar contracts including the Standard Operating Environment contract, and the successful divestment of a subsidiary to an overseas telecom operator. He was also instrumental in starting the world's largest cyber gaming and internet access centre in Singapore in collaboration with StarHub Ltd, during his term at Infonet.

EXECUTIVE MANAGEMENT

2 LEE YOONG KIN
Senior Vice-President

- Enterprise Business Group

Mr Lee joined TeleChoice in December 2006, as business head of its Network Engineering Services Division. Since April 2013, he has assumed the additional role of business head for the Info-Communications Technology Services Division. He is currently responsible for the profitability, overall growth and strategic direction of both Divisions which operate under the Enterprise Business Group.

He has over 30 years of senior business and operational experience in the IT and telecommunications industry, having worked with ST Telemedia, ST Electronics (Info-Comm Systems) Pte Ltd, and CSE Global Ltd. His previous positions include Managing Director of Equinix Singapore Pte Ltd., which he co-founded in 1999, and General Manager and a Board member of ST Teleport Pte Ltd, a company which he set up in 1994.

Mr Lee holds a Bachelor of Engineering (First Class Honours) and an MBA from the National University of Singapore.

3 PAULINE WONG
Senior Vice-President

- Consumer Business Group

Ms Wong joined TeleChoice in December 1999 as Operations Manager for the Personal Communications Solutions Services (“PCS”) Division (then known as Distribution Services Division). She has been a key contributor to the significant growth and success of the PCS Division. In 2006, she was appointed to lead and oversee the overall management of the PCS Division, including its regional and retail operations and is also responsible for developing strategies and identifying new market opportunities to grow the business. In 2021, she spearheaded the Division’s foray into the provision of smart and green solutions to meet consumer changing needs for eco-friendly, sustainable and innovative products and services.

Ms Wong has more than 20 years of experience in the telecommunications industry, spanning corporate planning, strategy setting, business operations, fulfilment, and managed services and retail management. Prior to joining TeleChoice, Ms Wong was the Area Manager for Telecom Equipment Pte Ltd (a subsidiary of Singapore Telecommunications Limited).

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

4 WONG LOKE MEI
Chief Financial Officer

Ms Wong was appointed Chief Financial Officer in 2007, having been Vice-President, Finance, since 2005. She oversees the financial affairs and reporting for the Group, and supports the Group's investor relations and risk management activities.

Ms Wong has over 20 years of experience in finance and accounting, most of which were with the ST Telemedia group of companies. She joined the Group in June 1995 as an Accountant, and participated in the listing of TeleChoice on the Mainboard of the Singapore Exchange Securities Trading Limited in June 2004.

Ms Wong holds a Bachelor of Accountancy from the National University of Singapore, and an MBA from Heriot-Watt University, Edinburgh, United Kingdom. Ms Wong is also a member of the Institute of Singapore Chartered Accountants.

5 GOH SONG PUAY
Vice-President

• Human Resource

Mr Goh is responsible for the management of local and regional human resource functions of the Group, including human capital development, leadership and organisational development.

Mr Goh has more than 20 years' human resource experience across a broad spectrum of industries. Prior to joining the Group in 2004, Mr Goh held various senior positions, including Assistant Vice-President (HR) at StarHub Pte Ltd (now known as StarHub Ltd), and Director (HR) at i-STT Pte Ltd, a subsidiary of ST Telemedia. He was also Director (HR) for the National University Hospital.

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

EMBRACING TRANSFORMATION

Repositioning our business, staying agile and adaptive for a resilient tomorrow

STRENGHTENING BUSINESS RESILIENCE

Bolstering our capabilities, resources and human capital to emerge stronger

OPERATIONS REVIEW

PERSONAL COMMUNICATIONS SOLUTIONS SERVICES ("PCS")

PCS Division recorded revenue of $88.2 million, representing 45.4% of Group revenue, and PBT of $0.4 million in FY2021. The 13.4% decrease in revenue compared to FY2020 was due to lower mobile phones and prepaid card sales. The Division, however, reported significant operating profit improvement in FY2021 as footfalls in shopping malls increased with the easing of COVID-19 restriction measures and the closure of non-performing retail stores. The encouraging sales from Quair's Plasma Mini, an innovative wearable air purifier, which the Division had begun distributing in June 2021, also helped shore up profits.

PCS Division expanded its product portfolio beyond mobile devices and related accessories to health tech wearables and other lifestyle products. In addition to Quair's Plasma Mini, the Division distributed Apeman's range of action and dash cameras in Singapore and Malaysia. It has also partnered with Neeuro Pte Ltd, a digital brain health and education technology company to market their neurological agility and fitness solutions, SenzeBand and Memorie App, in Singapore. These new products were distributed and marketed through its extensive omnichannel network including consumer electronics info tech retail channels, online e-commerce channels such as its own branded eplanetworld store, and other established online shopping platforms like Lazada and Shopee.

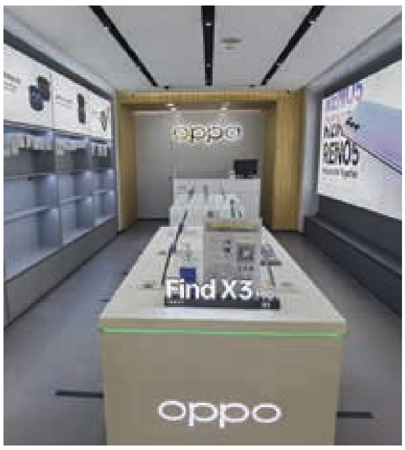
PCS Division continued to maintain close relationships with its principals, partners and channel retailers. It drove channel sales through the roll-out of retail programmes for Samsung and Huawei including pre-order activities and launch programmes. The latest Samsung flagship devices such as the popular Samsung Z and A series, and Huawei's latest Mate series devices and their AI Life App which supported smart home appliances, were well-received. It also continued to partner with StarHub as one of its major distributors for their prepaid cards although sales in the year continued to be impacted due to COVID-19 travel constraints as well as dormitory restrictions.

For its retail management services, the Division reopened its StarHub outlet at Bugis Junction and revamped its outlet at Causeway Point to improve customer experience. It also offered mobile handset delivery and last mile services for StarHub. Additionally, the Division opened a new Samsung Experience Store at Orchard ION, which is the first store to feature the Samsung Health Pod, a dedicated space to experience the new Galaxy health monitoring features. The Division operated and managed nine retail outlets in total comprising its own Planet Telecoms retail chain, StarHub Platinum outlets, Samsung Experience Stores, and Oppo Concept Stores across Singapore.

In Malaysia, PCS Division continued to work closely with U Mobile, providing integrated managed services encompassing retail management, staff management, customer experience journey, as well as support for both operations and marketing campaigns. However, retail traffic in its Malaysia operations was lacklustre due to the surge in COVID-19 cases, resulting in lower profits from lower variable commissions received with fewer walk-in customers.

INFO-COMMUNICATIONS TECHNOLOGY SERVICES ("ICT")

ICT Division registered revenue of $54.3 million or 27.9% of Group revenue. This is a 14.2% increase from FY2020 and is reflective of the improved sentiment from the enterprise segment, especially the financial services industry, with the resumption of capex investment after severe spending cuts in FY2020. However, the initial capex spending had mostly been in infrastructure investment and tech refresh which comprised largely lower margin maintenance renewals and



hardware sales. The Division continued to see prudent capex expenditure spending sentiment in the general enterprise segments, with delays in project tendering and postponements of previously planned projects. The government sector's project tender-to-award cycle was lengthened as resources and attention were diverted to focus on the more pressing COVID-19 pandemic situation.

ICT Division incurred a loss before tax of $2.0 million. This was largely due to lower project and services revenue recognition coupled with lower product sales and IDD voice usage. Severe shortage of ICT resources in Singapore with increased staff attrition rate gave rise to a corresponding rise in staff-related costs. The Division's profitability was also impacted by investment expenses relating to its new Internet of Things Platform (IoTP) and Contact Centre as a Service ("CCaaS") initiatives.

Despite the tough COVID-19 operating environment, ICT Division managed to secure a series of sizeable enterprise IT infrastructure, campus management, unified communications, contact centre, and Internet Protocol TV wins in the education, financial, healthcare and hospitality sectors. It consolidated its position as a CRM/UC & CC market leader in the local healthcare sector by securing a series of wins, and also won a notable multi-year, multi-million dollar project to build the national level next generation eExams solution housed in the Government Commercial Cloud (GCC).

On the operational front, it had successfully delivered tech refresh projects with additional digitalisation capabilities to two Singapore-based institutions of higher learning (IHLs), and a number of key cloud projects in the public sector that involved apps migration into the SG Government Cloud.

FY2021 was also a year of investment and pivoting for growth. ICT Division had taken steps to strategically balance the lumpy, one-off nature of its traditional system integration revenue with subscription-based recurring revenue streams with the launch of two new initiatives. The first is OneCC, an omni-channel AI powered CCaaS solution. OneCC offers best-in-class cloud-based contact centre solution featuring speech-enabled IVR, voicebots and chatbots to help enterprises address their complex omnichannel customer engagement challenges to enable highly integrated and enhanced customer experiences.

The second initiative is its IoT Platform as-a-Service ("PaaS") to address the demand for "smart buildings" solutions. Its IoT PaaS has the ability to acquire, store, process, analyse and utilise real-time data to provide operational insights and "smarten" building management. It can also streamline the implementation of IoT projects and enabled IoT solutions to be delivered in a faster, cost effective and more consistent manner. Areas of its initial focus will be on smart solutions for offices, buildings and facility management.

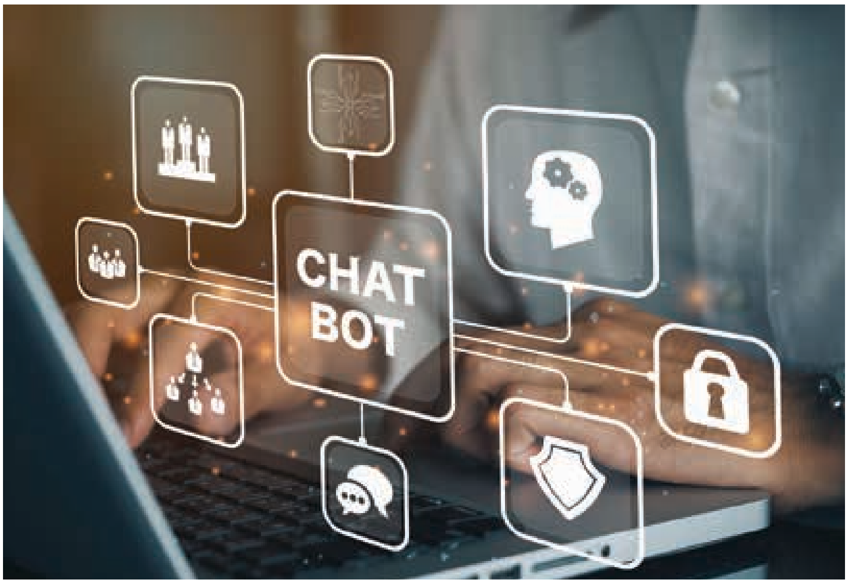
OPERATIONS REVIEW

NETWORK ENGINEERING SERVICES ("ENGINEERING")

Engineering Division recorded revenue of $51.9 million, which was 26.7% of Group revenue. The Division registered a loss before tax of $0.6 million in FY2021 which was lower than the losses incurred in FY2020. This was mainly on account of the performance of its Philippines operations which managed to significantly narrow its losses on the back of higher revenue and higher margin projects. Its Indonesian operations recorded a 29% drop in revenue as it undertook fewer low margin projects in the midst of the deteriorating COVID-19 developments in second half of FY20221 to protect its bottom-line. Losses were also incurred in its Singapore operations which had to grapple with lower revenue recognition and lower gross margins from delays in project delivery.

Across all of the Division's regional operations, site-based project implementation has been very challenging largely due to the resource mobility constraints, site access restrictions and logistic inefficiency as a result of the many mandatory COVID-19 safety measures. This affected operating efficiency and workforce productivity and had resulted in implementation delays in many projects. The Singapore operations was further impacted by the tight foreign workers supply situation. The adverse operating environment, coupled with rising operational costs, had resulted in project margins erosion.

Despite the very challenging operating environment, the Division maintained its leadership position for network roll-out and radio network planning and optimisation services in the region. It continued to secure a steady stream of significant multiyear, multimillion-dollar contracts and won accolades and recognitions from operators and major equipment vendors. As part of its revenue diversification efforts, the Division managed to expand its customer base in the Philippines and Malaysia and had also taken steps in Indonesia to sell its power solutions beyond its traditional telecommunications customer base, extending into the enterprise market.



In Singapore, it won a number of multi-operators in-building coverage (IBC) projects, including those at Tan Tock Seng Hospital's (TTSH) Integrated Care Hub (ICH) and PSA Tuas mega port, which are among the largest IBC projects in 2021. In Indonesia, it made further inroad into managed services by securing a two-year managed services contract extension and a new two-year managed service contract from Ericsson to manage Indosat's radio access network RAN and backup power generators respectively.

On the back of the many ongoing regional network swap-out and upgrading projects, and with regional telecommunication operators launching their 5G network roll-out, the Division's order book remains strong.

PROSPECTS AND FUTURE PLANS

The Group will continue to widen its competences and expand its markets for all three business divisions. It will also continue to explore business opportunities in synergistic areas to further enhance its business capabilities and services both locally and overseas.

The Consumer Business Group's PCS Division will continue to work closely with its partners, adding more and new value in the year ahead with its fulfilment, distribution channel and retail management as well as marketing and promotional solutions. The further lifting of social and safety restrictions, the expansion of Vaccinated Travel Lanes and the launch of new mobile devices in the year will augur well for the Division. It will also continue to leverage opportunities afforded by the increase in demand for smart and green appliances and lifestyle solutions. To this end, it will provide product management, marketing, e-commerce and last mile delivery for "Green Living, Smart Connect and Smart Learning" products and services targeted at modern and eco-conscious consumers. Some of the emerging brands in its portfolio include Apeman dash and adventure cameras, Quair wearable air purifier, Neeuro brain health training, Lebooo sonic dental solutions, Opple and ABKO consumer electronics, appliances and gadgets, and LifeSmart smart home solutions.

The Enterprise Business Group's ICT Division will push ahead with its pivots towards heavier service-centric solutions and higher margin offerings by expanding its Cloud solution and managed services and strengthening its new CCaaS and

IoT PaaS initiatives. The trend towards enterprise digitalisation will present many opportunities for the Division.

The Engineering Division will actively participate in new project tenders to grow its order book by capitalising on the many 4G network upgrading and 5G network roll-outs in Singapore and the region. The Division will continue to focus on diversifying its customer base and exploring opportunities beyond the traditional telecommunications market.

EXPANDING INTO NEW MARKETS

Developing new core competencies and expanding existing ones to sharpen competitive advantage in the digital world

PLANET TOUCHPOINTS

NORTH

OPPO CONCEPT STORE

1 Woodlands Square
#03-12 Causeway Point
Singapore 738099
Tel: +65 6273 2388
Nearest MRT: NS9 TE2 Woodlands
Opening hours: 11am to 9pm daily

SAMSUNG EXPERIENCE STORE

23 Serangoon Central
#04-42 NEX Mall
Singapore 556083
Tel: +65 6636 7392
Nearest MRT: NE12 CC13 Serangoon
Opening hours: 11am to 9pm daily

STARHUB CAUSEWAY POINT

1 Woodlands Square
#03-08/09/10 Causeway Point
Singapore 738099
Tel: +65 6499 8951
Nearest MRT: NS9 TE2 Woodlands
Opening hours: 11am to 9pm daily

STARHUB WATERWAY POINT

83 Punggol Central
#B1-27 Waterway Point
Singapore 828761
Tel: +65 6385 9551
Nearest MRT: NE17 PTC Punggol
Opening hours: 11am to 9pm daily

CENTRAL

OPPO CONCEPT STORE

200 Victoria Street
#01-55 Bugis Junction
Singapore 188021
Tel: +65 6253 7728
Nearest MRT: EW12 DT14 Bugis
Opening hours: 11am to 9pm daily

SAMSUNG EXPERIENCE STORE

2 Orchard Turn
#B3-14 ION Orchard
Singapore 238801
Tel: +65 6235 0185
Nearest MRT: NS22 TE14 Orchard
Opening hours: 11am to 9pm daily

STARHUB BUGIS JUNCTION

200 Victoria Street
#01-51/51A Bugis Junction
Singapore 188021
Tel: +65 6980 7308
Nearest MRT: EW12 DT14 Bugis
Opening hours: 11am to 9pm daily

EAST

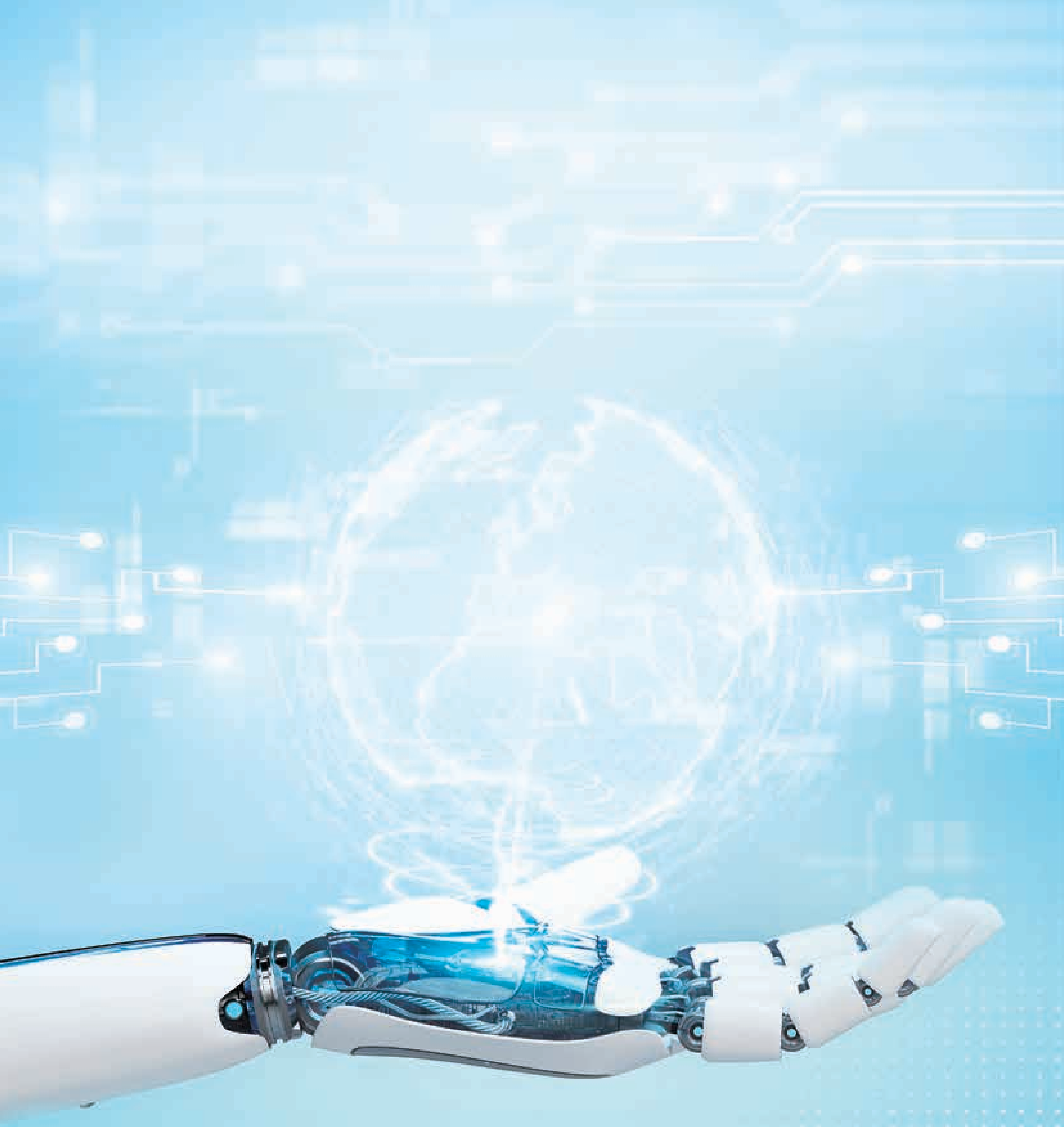
SAMSUNG EXPERIENCE STORE

311 New Upper Changi Road
#B1-07 Bedok Mall
Singapore 467360
Tel: +65 6785 1118
Nearest MRT: EW5 Bedok
Opening hours: 11am to 9pm daily

WEST

STARHUB WESTGATE

3 Gateway Drive
#03-28 Westgate
Singapore 608532
Tel: +65 6591 9260
Nearest MRT: EW24 NS1 JE5
Jurong East
Opening hours: 11am to 9pm daily



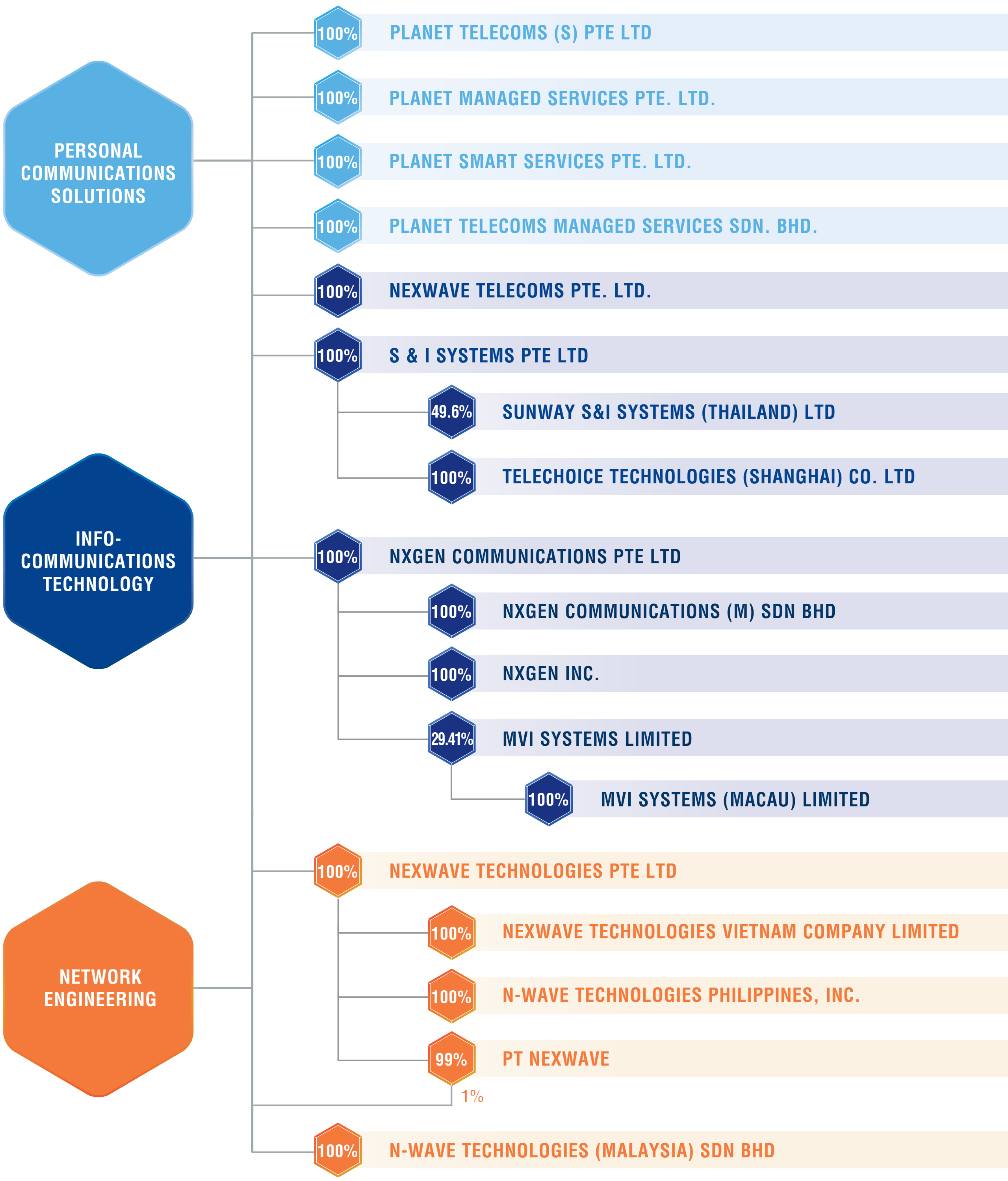
GETTING FUTURE-READY

Seizing new opportunities and disruptive technologies for sustainable growth

GROUP STRUCTURE

AS AT 31 DECEMBER 2021

TELECHOICE INTERNATIONAL LIMITED



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald Seah Lim Siang
(Chairman and Independent Director)
Stephen Geoffrey Miller
(Deputy Chairman and Non-Executive Director)
Tang Yew Kay Jackson
(Independent Director)
Cheah Sui Ling
(Independent Director)
Yeo Siew Chye Stephen
(Independent Director)
Ho Koon Lian Irene
(Non-Executive Director)
Lim Chai Hock Clive
(Non-Executive Director)

COMPANY SECRETARY

Lai Wai Kit Andrew

Registered Office

25 North Bridge Road
Level 7
Singapore 179104

EXTERNAL AUDITORS

KPMG LLP
Audit Partner: Jeya Poh Wan
S/O K. Suppiah
(Partner since financial year ended 31 December 2019)

DIRECTORY OF SUBSIDIARIES AND ASSOCIATES

CORPORATE

Singapore

TeleChoice International Limited
6 Serangoon North Avenue 5
#03-16
Singapore 554910
Tel: +65 6826 3600
Fax: +65 6826 3610
Website: www.telechoice.com.sg

PERSONAL COMMUNICATIONS SOLUTIONS SERVICES

Singapore

TeleChoice International Limited
Planet Telecoms (S) Pte Ltd
Planet Managed Services Pte. Ltd.
Planet Smart Services Pte. Ltd.
5A Toh Guan Road East
#06-02A
Singapore 608830
Tel: +65 6826 3600
Fax: +65 6568 2000

Malaysia

Planet Telecoms Managed Services Sdn. Bhd.
Level 7 07-01 Amoda Building
No 22 Jalan Imbi
55100 Kuala Lumpur
Malaysia
Tel: +60 3 2110 3597
Fax: +60 3 2110 3598

INFO-COMMUNICATIONS TECHNOLOGY SERVICES

Singapore

NexWave Telecoms Pte. Ltd.
NxGen Communications Pte Ltd
S & I Systems Pte Ltd
6 Serangoon North Avenue 5
#03-16
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Fax: +65 3157 1550/3700/2301

China

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47301 Petaling Jaya
Selangor Darul Ehsan
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Tel: +60 3 7880 6611
Fax: +60 3 7880 8393

Philippines

NxGen Inc.
Unit 717 7th Floor
Globe Telecom Plaza 1
Pioneer Street
Mandaluyong City 1550
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Tel: +632 7915 5323/6248

CORPORATE INFORMATION

Thailand

Sunway S&I Systems (Thailand) Ltd
719 KPN Tower 21st Floor
Rama 9 Road
Bangkapi Huay Kwang
Bangkok 10310
Thailand

Hong Kong

MVI Systems Limited
11/F Sitoy Tower
164 Wai Yip Street
Kwun Tong Kowloon
Hong Kong
Tel: +852 2961 4268
Fax: +852 3007 2276

Macau

MVI Systems (Macau) Limited
Avenida da Praia
Grande No. 762-804
Edf. China Plaza
14 Andar G
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Tel: +852 2961 4268
Fax: +852 3007 2276

Taiwan

MVI Systems (Taiwan)
Representative Office
6/F No. 34
Jianguo 2nd Road
Sanmin District
Kaohsiung City 807
Taiwan
Tel: +886 7 236 6822

NETWORK ENGINEERING SERVICES

Singapore

NexWave Technologies Pte Ltd
6 Serangoon North Avenue 5
#03-16
Singapore 554910
Tel: +65 6826 3600
Fax +65 6826 3610

Malaysia

N-Wave Technologies (Malaysia) Sdn Bhd
D3A12 Block D Kelana Square
Jln SS7/26 Kelana Jaya
47301 Petaling Jaya Selangor
Malaysia
Tel: +60 3 7880 6611
Fax: +60 3 7880 8393

Indonesia

PT NexWave
Jalan Tebet Raya
No 5 Tebet Barat Tebet
Jakarta Selatan 12810
Indonesia
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Fax: +62 21 829 2502

Philippines

N-Wave Technologies Philippines, Inc
Unit 717 7th Floor
Globe Telecom Plaza 1
Pioneer Street
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Philippines
Tel: +632 7915 5323/6248

Vietnam

NexWave Technologies Vietnam
Company Limited
Level 14 Saigon Centre Tower 1
65 Le Loi Boulevard District 1
Ho Chi Minh City
Vietnam
Tel: +84 283 971 9202

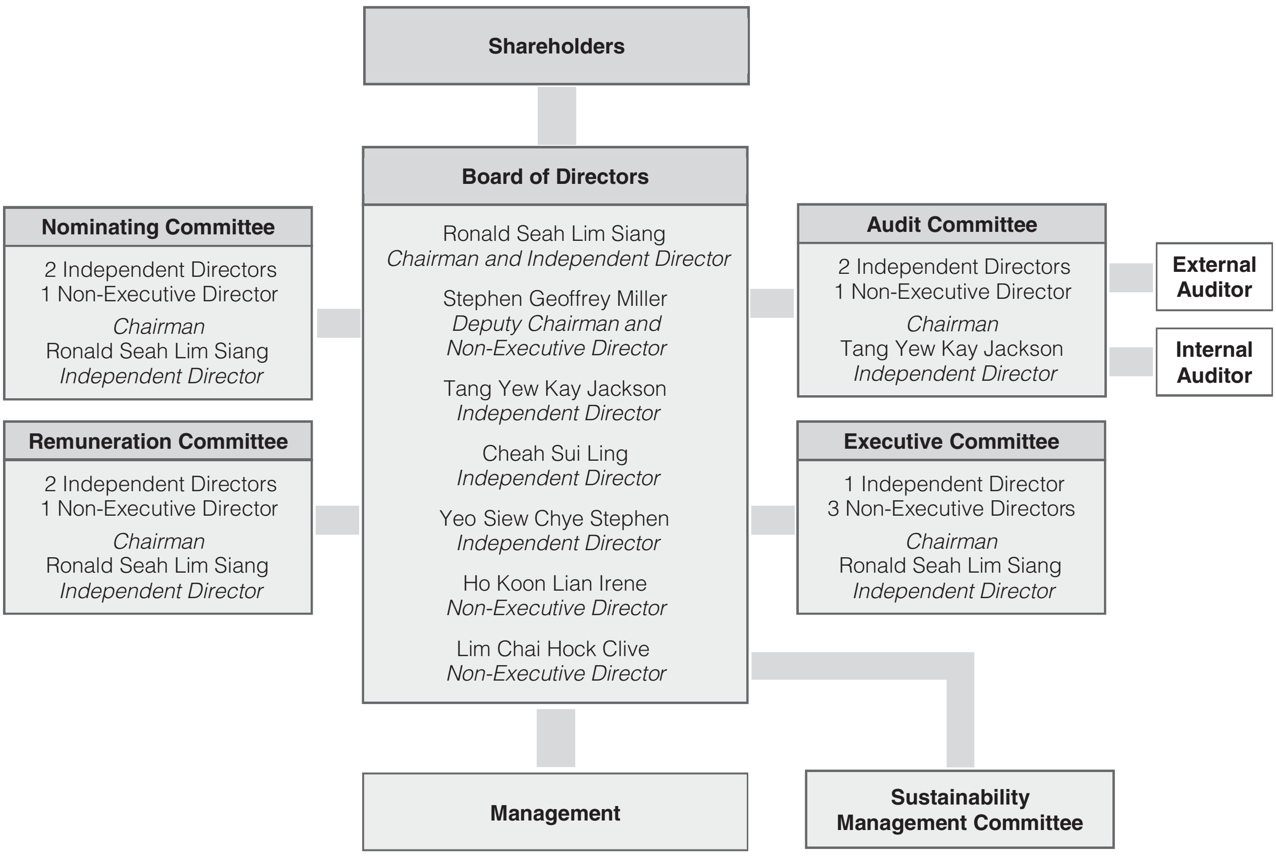
CORPORATE GOVERNANCE

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

This Report describes our corporate governance practices, with reference to the principles set out in the revised Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018 ("**Code 2018**"), for the financial year ended 31 December 2021 ("**FY2021**").

Our Company has complied with the principles and provisions as set out in the Code 2018 for FY2021 in all material respects, except as specifically stated. Where our Company's practices vary from any provisions of the Code 2018, these variations are identified together with an explanation of the reason for the variation and an explanation on how the practices which our Company has adopted are consistent with the intent of the relevant principle.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE

(A) BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Board duties and responsibilities

Our Board is collectively responsible for, and works with Management to achieve, the long-term success of our Company and value creation for our shareholders. Our Board is responsible for guiding our overall strategic direction, corporate governance, setting organisational culture and providing oversight in the proper conduct of our businesses. Our Board supervises the achievements of Management's performance targets which align the interests of our Board and Management with that of the shareholders, whilst balancing the interests of all shareholders.

The Board also sets the tone for the Group in respect of organisational culture and values, and ensures proper accountability within the Group. Our Company has in place an internal code of business conduct and ethics ("**Code of Business Conduct and Ethics**") which sets out the professional and ethical framework to guide our behaviour and within which business decisions should be made at our Company. Please also refer to the sections "Whistleblowing Policy" and "Anti-Corruption Policy" on page 50 for further information.

Our Board meets regularly to review our key activities and business strategies. Regular Board Meetings are held quarterly to deliberate on strategic matters and policies including significant acquisitions and disposals, the annual budget, review the performance of the business and approve the release of the first quarter and third quarter business updates and half-year and full-year financial results. Where necessary, we convene additional Board sessions to address significant transactions or developments. Where a physical Board meeting is not possible, timely communication with members of our Board is effected through electronic means, which include electronic mail, teleconference and/or videoconference. Our Constitution provides for Directors to participate in meetings by teleconference or videoconference. Where necessary, Management will arrange to brief each Director, before seeking our Board's approval.

Unless delegated, all transactions of our Company are approved by our Board. Material items that require Board approval include the following:

- Strategic direction of our Company and our subsidiaries ("**Group**")
- Corporate strategies and policies
- Annual operating and capital budgets of our Group
- Release of business performance updates for first and third quarters
- Release of half-year and full-year financial result
- Annual report and financial statements
- Convening of shareholders' meetings
- Recommendations of dividend payments and other distributions to shareholders
- Issue of shares

CORPORATE GOVERNANCE

- Material acquisitions and disposals of assets
- Capital and operating expenditure above specified limits
- Investments and divestments above specified limits
- Interested person transactions
- Board assurance framework
- Banking facilities
- Sustainability reporting

All Directors are required to act objectively in the best interests of our Company as fiduciaries at all times. Consistent with this principle, any Director who has an interest or relationship that is likely to interfere or impact on his/her independence or conflict with a subject under discussion or consideration by our Board is required to immediately declare his/her interest or relationship or conflict and, if required by our Board, abstain from participation in further discussion and/or voting on the matter.

Access to information

We recognise the importance of the provision of complete, adequate and timely information relating to our Group to our Board in order to enable our Directors to make informed decisions and discharge their duties and responsibilities. Management provides our Board members with monthly business and financial reports that include updates on our key operational activities and financial performance, a comparison of our actual performance with budget, and highlighting key business indicators and major issues that are relevant to our performance, position and prospects. The monthly flow of information and reports allows our Directors to make informed decisions and also to keep abreast of key challenges and opportunities between our Board meetings.

The agenda and Board papers for Board Meetings are circulated to our Directors prior to the Board Meetings to facilitate review and preparation for the Board Meetings. During the quarterly Board Meetings, Management will typically provide our Board with an update on our Group's business and operations in the relevant quarter and the financial performance for that quarter, and any other significant matters or issues that may have arisen. This provides our Board with continuous oversight of the progress of our business and financial performance throughout the financial year, and also an opportunity for active engagement between our Board and Management.

Aside from Board Meetings, frequent dialogue takes place between Management and members of our Board, and our President & Chief Executive Officer ("**President & CEO**") encourages all Directors to interact directly with all members of our Management team.

Our Board has separate and independent access to our Senior Management and the Company Secretary at all times and are free to conduct independent or collective discussions with Management and the Company Secretary and seek independent professional advice, if necessary, on any area of interest or concern. The appointment and removal of the Company Secretary are subject to the approval of the Board.

CORPORATE GOVERNANCE

Board committees

Our Board has established an Executive Committee ("**EC**") to oversee major business and operational matters. Our EC comprises Ronald Seah Lim Siang, Stephen Geoffrey Miller, Ho Koon Lian Irene and Lim Chai Hock Clive. Management regularly consults and updates our EC on all major business and operational issues.

Our Board is also supported by other Board committees which are delegated with specific responsibilities, being the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each of these Board committees has its own terms of reference that set out its authority and duties. A description of, among other things, the composition and activities of the Board committees is set out under "Principle 4: Board Membership" and "Principle 5: Board Performance" (in respect of the Nominating Committee), "Principle 6: Procedures for Developing Remuneration Policies" and "Principle 7: Level and Mix of Remuneration" (in respect of the Remuneration Committee), and "Principle 9: Risk Management and Internal Controls" and "Principle 10: Audit Committee" (in respect of the Audit Committee) of this Report.

Delegation of authority

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

Understanding of Directors' roles

Our Board implements measures with a view to ensuring that both newly appointed as well as existing Directors are familiar with our Group's business and operations as well as their duties and responsibilities as directors.

In relation to new Directors, our practice is to issue a letter of appointment setting out their duties and obligations as executive directors, non-executive directors or independent directors (as the case may be) upon their appointment. New Directors are given briefings by Management on the business activities of our Group and its strategic directions. New Directors are also given manuals containing, among others, relevant information on our Group and information about their statutory and other responsibilities as Directors. Unless the Nominating Committee assesses that training is not required for a newly appointed Director because he or she has other relevant experience (which basis of assessment will be disclosed in accordance with the SGX-ST Listing Manual ("**Listing Manual**")), newly appointed Directors who have no prior experience as directors of a listed company will also be required to attend relevant training as prescribed by the Listing Manual.

On an ongoing basis, our Board as a whole is kept up-to-date on pertinent developments in our Group's business and operations, as well as the industry and legal and regulatory environment in which our Group operates. In particular, Management monitors changes to regulations and accounting standards closely. Updates and briefings on regulatory requirements are conducted either during Board sessions or by circulation of papers. Directors are also encouraged to attend seminars and training (including those conducted by Singapore Institute of Directors ("**SID**") in conjunction with SGX-ST) that may be relevant to their responsibilities and duties as directors, at our Company's cost, to continually develop and refresh their professional knowledge and skills and to keep themselves abreast of relevant developments in our Group's business and the regulatory and industry-specific environments in which our Group operates. This enables our Directors to serve effectively and contribute to our Board. Our Directors are regularly provided with a list of upcoming seminars and trainings conducted by the SID and/or SGX-ST.

CORPORATE GOVERNANCE

Pursuant to Rule 720(7) of the Listing Manual which came into effect on 1 January 2022, we will arrange for all existing Directors to undergo training on sustainability matters as prescribed by SGX-ST.

Principle 2: Board Composition and Guidance

Board composition

To be effective, we believe our Board should comprise a majority of Non-Executive Directors independent of Management, with the right core competencies and appropriate balance and diversity of skills, knowledge and experience and other aspects of diversity, such as gender and age, from time to time determined by our Board to enable them to contribute effectively.

Our Board currently comprises seven (7) Directors, all of whom are Non-Executive Directors and independent of Management. Our Board comprises a majority of Independent Directors, namely Ronald Seah Lim Siang, Tang Yew Kay Jackson, Cheah Sui Ling and Yeo Siew Chye Stephen. The Chairman of our Board, Ronald Seah Lim Siang, is also an Independent Director. Our Board is able to exercise objective judgement on corporate affairs independently, in particular, from Management. This helps to ensure a strong element of independence in all our Board's deliberations.

Board independence

As noted above, our Board comprises all Non-Executive Directors, out of which a majority are Independent Directors, i.e. Ronald Seah Lim Siang, Tang Yew Kay Jackson, Cheah Sui Ling and Yeo Siew Chye Stephen. Our Board is led by our Chairman, Ronald Seah Lim Siang, who is also an Independent Director. Our Board is able to exercise objective judgement on corporate affairs independently, in particular, from Management. This helps to ensure a strong element of independence in all our Board's deliberations.

Our Board, taking into account the views of our NC, assesses the independence of each Director annually in accordance with the guidance in the Code 2018 and Practice Guidance dated 1 July 2021. Based on such assessment, and taking into account the guidance in the Code 2018 and the Practice Guidance dated 1 July 2021, our Board has determined that Ronald Seah Lim Siang, Tang Yew Kay Jackson, Cheah Sui Ling and Yeo Siew Chye Stephen are independent.

Please see further the section under the heading "Assessment of Independence" under "Principle 4: Board Membership".

Board diversity

We recognise the benefits of diversity in terms of skills, knowledge and experience, as well as broader aspects of diversity such as gender and age, and believe that an appropriate balance of diversity will raise the level of Board discussions, enhance the decision making process and better support our Company in achieving our strategic objectives. Although we have not formally adopted a diversity policy, our Board has implemented a framework for assessing Board performance and diversity. Pursuant to Rule 710A, our Board will be looking to formally adopt a diversity policy to set out our policy in promoting diversity on our Board. The diversity policy will be disclosed in the next Annual Report for FY2022.

Our Board comprises three (3) Non-Executive Directors and four (4) Independent Directors. Our Directors are business leaders and professionals of high calibre and integrity, collectively with a broad range of core

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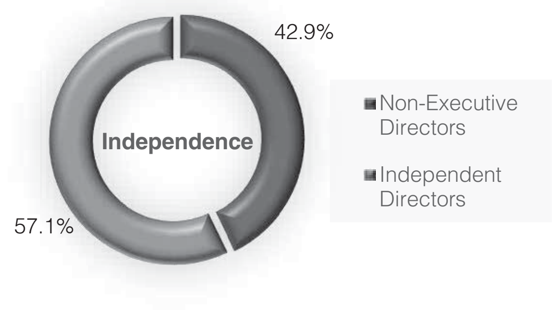
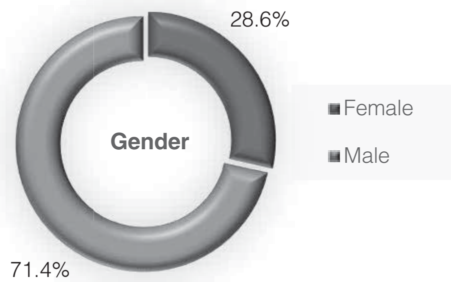
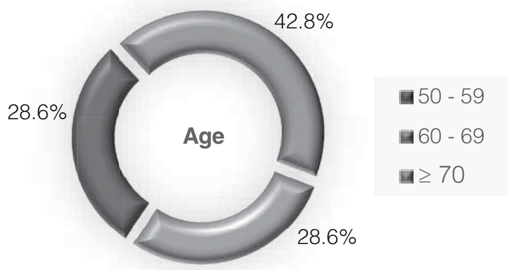
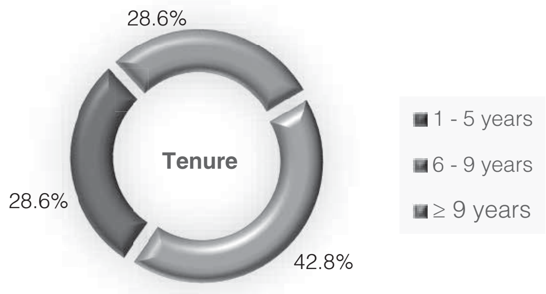
competencies and experience in enterprise and banking, accounting and finance, investment, risk management, regulatory, technology, business and industry knowledge, management and strategic planning experience. Our Board currently includes two (2) female Directors, one of whom serves as a member of our EC and both of whom serve as members of our AC. Our Directors have varying age profiles ranging from 50s to 70s, and have served on our Board for varying tenures. As part of Board renewal, our Board had appointed two (2) new Independent Directors in June 2020.









The profiles of each Director are found on pages 8 to 12 of this Annual Report.

The composition of our Board enables Management to benefit from an outside diverse and objective perspective of issues that are brought before our Board. It also enables our Board to interact and work with Management through a robust exchange of ideas and views to help shape strategic directions. This, coupled with a clear separation of the role of our Chairman and our President & CEO, provides a healthy professional relationship between our Board and Management, with clarity of roles and robust oversight. In addition, our Non-Executive Directors and Independent Directors also meet separately without the presence of Management as and when the need arises, and the chairman of such meetings will provide feedback to the Board and/or Chairman as appropriate.

Principle 3: Chairman and President & Chief Executive Officer

We believe there should be a clear separation of the roles and responsibilities between our Chairman and the President & CEO. Our Chairman and the President & CEO are separate persons and are not related to each other in order to maintain an effective balance of power, increased accountability and greater capacity of our Board for independent decision making.

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

Our President & CEO, Lim Shuh Moh Vincent, is charged with full executive responsibility for the running of our businesses, making operational decisions and implementing business directions, strategies and policies. Our President & CEO is supported on major business and operational issues by the oversight of our EC.

Our Board is not required to have, and does not have, a lead independent director as our Chairman is an Independent Director.

Principle 4: Board Membership

Board and Board committees

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

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

Details of frequency and participation at our Board, AC, RC, NC, EC and general meetings for FY2021 are set out in Table 1.

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Table 1: FY2021 – Directors' Attendance at Board, Board Committees and Annual General Meetings

Director	Board		Audit Committee		Remuneration Committee		Nominating Committee		Executive Committee		Annual General Meeting	
	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)	No. of Meetings Held	No. of Meetings Attended (% Attendance)
Ronald Seah Lim Siang	4	4 (100%)	NA	NA	1	1 (100%)	1	1 (100%)	0	–	1	1 (100%)
Stephen Geoffrey Miller	4	4 (100%)	NA	NA	1	1 (100%)	1	1 (100%)	0	–	1	1 (100%)
Tang Yew Kay Jackson	4	4 (100%)	4	4 (100%)	NA	NA	1	1 (100%)	NA	NA	1	1 (100%)
Cheah Sui Ling	4	3 (75%)	4	4 (100%)	NA	NA	NA	NA	NA	NA	1	1 (100%)
Yeo Siew Chye Stephen	4	4 (100%)	NA	NA	1	1 (100%)	NA	NA	NA	NA	1	1 (100%)
Ho Koon Lian Irene	4	4 (100%)	4	4 (100%)	NA	NA	NA	NA	0	–	1	1 (100%)
Lim Chai Hock Clive	4	4 (100%)	NA	NA	NA	NA	NA	NA	0	–	1	1 (100%)

Nominating Committee

Our NC is chaired by an Independent Non-Executive Director, Ronald Seah Lim Siang, and also comprises Tang Yew Kay Jackson (Independent Non-Executive Director) and Stephen Geoffrey Miller (Non-Executive Director). The members of our NC are all Non-Executive Directors, a majority of whom (including the Chairman) are Independent Directors.

Our NC's responsibilities include:

a. recommendations to our Board on the selection, appointment and re-appointment of our Company's Directors;

b. determining the independence of a Director on an annual basis;

c. deciding how our Board's performance and the performance of the Chairman, Board committees and each individual Directors are to be evaluated;

d. recommendations to our Board on the review of board succession plans for Directors and Key Management Personnel (defined as the President & CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company); and

e. recommendations to our Board on training and professional development programs for our Board.

Selection, appointment and re-appointment of Directors

In proposing candidates for appointment as new Directors or existing Directors for re-election pursuant to their retirement by rotation, our NC considers several factors, including the composition, the diversity and the need for progressive renewal of our Board, each candidate's competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour) and potential conflicts of interest. This ensures that the Board composition reflects an appropriate mix having regard to skills, experience, expertise, diversity and independence, which enables our Board to stay engaged and agile in meeting the needs of our Group.

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In relation to the appointment of a new Director, potential candidates may be proposed by existing Directors, Management or through third-party referrals. External consultants are engaged to assist with the selection process, if necessary. Our NC will carefully evaluate each potential candidate and such evaluation will, where appropriate, extend to whether he or she has fully discharged his or her duties and obligations during his or her previous directorship of any listed company, has previously served on the board of any company with an adverse track record or a history of irregularities, has been under investigation by any professional association or regulatory authority, or has resigned from the board of any such company for any reason that may cast doubt on his or her ability to act as a Director.

Our Constitution requires one-third of our Directors to retire and subject themselves to re-election by shareholders at every annual general meeting ("**AGM**") ("**one-third rotation rule**"). In other words, no Director stays in office for more than three (3) years without being re-elected by our shareholders.

In addition, a newly-appointed Director is required to submit himself or herself for retirement and re-election at the AGM immediately following his/her appointment. Thereafter, he or she is subject to the one-third rotation rule.

Assessment of independence

Our Board, taking into account the views of our NC, assesses the independence of each Director annually in accordance with the guidance in the Code 2018 and Practice Guidance dated 1 July 2021 ("**Practice Guidance**"). In accordance with the Code 2018, a Director is considered independent if he or she is independent in conduct, character and judgement, and has no relationship with our Company, our related corporations, our substantial shareholders or our officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of our Company.

Our Board and our NC also take into account the existence of relationships or circumstances, including those identified by the Practice Guidance and the Listing Manual, in assessing the independence of a Director. Such relationships or circumstances include the employment of a Director by our Company or any of our related corporations during the financial year in question or in any of the previous three (3) financial years, a Director being on our Board for an aggregate period of more than nine (9) years, the acceptance by a Director of any significant compensation from our Company or any of our subsidiaries for the provision of services during the financial year in question or the previous financial year, other than compensation for board service, and a Director being related to any organisation to which our Company or any of our subsidiaries made, or from which our Company or any of our subsidiaries received, significant payments or material services during the financial year in question or the previous financial year.

To facilitate the assessment of the independence of our Directors, each Director is required to promptly disclose to our Board any relationship or change in circumstances which may lead to his status as an Independent Director being affected.

Based on the declarations of independence provided by our Directors and taking into account the guidance in the Code 2018 and the Practice Guidance, our Board has determined that Ronald Seah Lim Siang, Tang Yew Kay Jackson, Cheah Sui Ling and Yeo Siew Chye Stephen are independent.

One of our Independent Directors, Ronald Seah Lim Siang, has declared that he and his brother, Peter Seah Lim Huat, are both directors in related corporations of our Company which have business transactions with our Group. Ronald Seah Lim Siang continues to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director on our Board. He has continued to express his individual view points, debated issues and objectively scrutinised and challenged Management. After taking into account the views of our NC, our Board is of the view that Ronald Seah Lim Siang remains independent in his exercise of Board duties.

Ronald Seah Lim Siang and Tang Yew Kay Jackson have served on our Board for more than nine (9) years. Pursuant to Rule 210(5)(d)(iii), the re-appointment of each of Ronald Seah Lim Siang and Tang Yew Kay Jackson as Directors had already been approved by shareholders in compliance with the two-tier voting requirement at the AGM held on 28 April 2021. In view of the foregoing, and for the reasons disclosed in the Annual Report in respect of FY2020, our Board considers Ronald Seah Lim Siang and Tang Yew Kay Jackson to be independent. Each of Ronald Seah Lim Siang and Tang Yew Kay Jackson will continue to serve as an Independent Director until the earlier of (a) the retirement or resignation of Ronald Seah Lim Siang and Tang Yew Kay Jackson (as the case may be); and (b) the conclusion of the third AGM following the 2021 AGM. Apart from Ronald Seah Lim Siang and Tang Yew Kay Jackson, there are no other Independent Directors who have served on our Board for more than nine (9) years.

Assessment of Directors' Commitment

Our Nominating Committee assesses annually whether a Director is able to and has been adequately carrying out his or her duties and responsibilities as a Director and, in particular, whether a director who serves on multiple boards is able to commit the necessary time and attention to serve on our Board. In this regard, our NC has established an internal guideline that (a) a Director holding a full time position should not be a director of more than four (4) listed companies; and (b) a "professional" Director should not be a director of more than six (6) listed companies. However, our NC recognises that the individual circumstances and capacity of each Director are different and there may be circumstances in which a different limit on board appointments is appropriate. As such, our NC has the discretion to deviate from this guideline on a case-by-case assessment.

The directorships of our Directors in other listed companies and their principal commitments are set out in their respective profiles on pages 8 to 12 of this Annual Report. All of our Directors currently fall within the internal guideline in terms of directorships in other listed companies.

Our NC is of the view that, during FY2021, our Directors have devoted sufficient time and attention to the affairs of our Company and have been able to discharge their duties and responsibilities as Directors effectively. Our NC has also reviewed and is satisfied that none of our Directors held such a significant number of listed company directorships and other principal commitments as to potentially affect their ability to serve on our Board and, in particular, that those Directors who hold multiple listed company directorships and other principal commitments have devoted sufficient time and attention to the affairs of our Company and adequately discharged their duties and responsibilities as Directors during FY2021.

Principle 5: Board Performance

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

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

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

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

Remuneration Committee

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

Our RC is responsible for reviewing cash and long-term incentive compensation policies for our President & CEO, Senior Management and key staff. Our RC is chaired by an Independent Non-Executive Director, Ronald Seah Lim Siang, and also comprises Yeo Siew Chye Stephen (Independent Non-Executive Director) and Stephen Geoffrey Miller (Non-Executive Director). The members of our RC (including the Chairman) are all Non-Executive Directors, a majority of whom (including the Chairman) are Independent Directors. From time to time, we may co-opt an outside member into our RC to provide additional perspectives on talent management and remuneration practices.

Our RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. Aon Solutions Singapore Pte. Ltd. ("**Aon**") was appointed to provide professional advice on certain human resource matters. Aon only provides human resource consulting services to our Company and has no other relationships with our Company. In its deliberations, our RC takes into consideration industry practices and norms in compensation. Our President & CEO is not present during the discussions relating to his own compensation, and terms and conditions of service, and the review of his performance. However, our President & CEO will be in attendance when our RC discusses the policies and compensations of our Senior Management and key staff, as well as major compensation and incentive policies such as share options, stock purchase schemes, framework for bonus, staff salary and other incentive schemes.

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

Our RC is guided by its terms of reference which are aligned with requirements under the Code 2018.

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Our RC's responsibilities include:

a. reviewing and recommending to our Board the cash and long-term incentive compensation policies and framework and fee schedule for Directors and Key Management Personnel of our Company;

b. administering and reviewing any proposed amendments to the TeleChoice Restricted Share Plan, the TeleChoice Performance Share Plan and such other similar share schemes or plans that may be adopted by our Company from time to time;

c. reviewing and recommending to our Board for approval, on an annual basis, the specific remuneration packages of each Director and the Key Management Personnel of our Company. Where our RC deems appropriate, it may, in consultation with the Chairman of our Board, make the relevant recommendations in respect of the remuneration of Director or Key Management Personnel, to the entire Board for approval; and

d. undertaking such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters which require the attention of our RC.

The term "Key Management Personnel" means the President & CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company.

Management Remuneration Policy and Framework

Remuneration for Key Management Personnel comprises a fixed component, a variable cash component, a share-based component and benefits-in-kind, as elaborated below:

A. Fixed Component:

The Fixed Component comprises the annual base salary, annual wage supplement and monthly allowances.

B. Variable Cash Component:

The Variable Cash Component, including the Performance Bonus and the Discretionary Bonus, is a remuneration component linked to the achievement of annual performance targets for each Key Management Personnel as agreed with our Board at the beginning of each financial year. Performance objectives aligned to the overall business metrics and strategic goals of our Company are cascaded down throughout the organisation through the use of Performance Scorecards, thereby creating greater alignment between the performance of our Company, business units and the individual employees. These performance objectives could be in the form of both quantitative and qualitative measures which are aligned to our Company's business strategy. In determining the final payout for each Key Management Personnel, the RC considers the overall performance of our Company, funding affordability and individual performance.

C. Share-Based Component:

The aggregate number of new shares to be issued, when aggregated with existing shares (including treasury shares, if any, and cash equivalents) delivered and/or to be delivered pursuant to the TeleChoice Restricted Share Plan ("**TeleChoice RSP**") (as amended) and the TeleChoice Performance Share Plan ("**TeleChoice PSP**") (as amended) (collectively referred to as "**Share Plans**") then in force, shall not exceed fifteen per

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cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) from time to time. To align the interest of the Key Management Personnel and that of shareholders, the Key Management Personnel are required to retain a certain percentage of shares acquired through the share-based plans, up to the lower of: (1) a percentage of total number of shares acquired under the Share Plans for FY2007 and onwards based on position level; or (2) the number of TeleChoice shares to be retained in order to meet the minimum value, which is set at a percentage of annual base salary based on position level.

Please refer to the section on Equity Compensation Benefits in the Directors' Statement on pages 91 to 93 of this Annual Report for the details of the Share Plans as well as awards granted under the Share Plans.

TeleChoice RSP

Under the TeleChoice RSP (as amended), conditional awards vest over a three-year period, once the RC is, at its sole discretion, satisfied that the performance and extended service conditions are attained. For RSP grants for 2017 onwards, the total number of shares to be awarded depends on the level of attainment of the individual performance targets.

TeleChoice PSP

Under the TeleChoice PSP (as amended), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets which are set based on corporate objectives aimed at sustaining longer-term growth. After the awards vest, the shares comprised in the awards are issued at the end of the performance and/or service period once the RC is, at its sole discretion, satisfied that the prescribed performance targets have been achieved. The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period, currently prescribed to be a three-year period. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. The performance measures used in the TeleChoice PSP grants are Total Shareholder Return against Cost of Equity Hurdles (i.e. measure of absolute performance), Relative Total Shareholder Return against the FTSE Straits Times All Share Index (i.e. measure of relative performance), and Return on Capital Employed (i.e. measure of capital efficiency). Our Company has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels based on the performance period from FY2019 to FY2021.

D. Benefits-In-Kind:

Benefits provided are comparable with local market practices and include non-cash benefits such as leave, medical benefits and handphones.

In performing the duties as required under its terms of reference, our RC ensures that remuneration paid to the Key Management Personnel is strongly linked to the achievement of business and individual performance targets, industry practices and compensation norms and the need to ensure the continuing development of talents. The performance targets as determined by our RC are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short-term and long-term quantifiable objectives. Our RC also considers the tight talent market for Senior Management in setting total compensation levels. Our RC is satisfied that the level and mix of remuneration is appropriate and is aligned with pay-for-performance principles.

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Under the Code 2018, the compensation system should take into account the risk policies of our Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. Our RC has reviewed the various compensation risks that may arise and introduced mitigating policies to better manage risk exposures identified. Our RC also undertakes periodic reviews of the compensation related risks.

From FY2014, our Company has implemented a contractual "Clawback" provision in the event that an executive Director or Key Management Personnel of our Company engages in fraud or misconduct, which results in restatement of our Company's financial results or a fraud/misconduct resulting in financial loss to our Company. Our Board may pursue to reclaim the unvested components of remuneration from an executive Director or Key Management Personnel from all incentive plans for the relevant period, to the extent such incentive has been earned but not yet released or disbursed. Our Board, taking into account our RC's recommendation, can decide whether and to what extent, such recoupment of the incentive is appropriate, based on the specific facts and circumstances of the case.

Remuneration of Management

Details of remuneration paid to our President & CEO and top four (4) Key Management Personnel for FY2021 are set out in Table 2 below.

Table 2: FY2021 – President & Chief Executive Officer and Top Four (4) Key Management Personnel's Remuneration

Name	Fixed Component %	Variable Cash Component %	Share-Based Component %	Benefits-In-Kind %	Remuneration Bands[1]
Lim Shuh Moh Vincent	70.8	13.5	14.9	0.8	C
Lee Yoong Kin	81.5	7.5	10.2	0.8	B
Pauline Wong Mae Sum	73.1	17	9.7	0.2	B
Wong Loke Mei	80.7	11	8	0.3	A
Goh Song Puay	80.6	11.3	7.5	0.6	A

Notes:
(1) Remuneration Bands:
"A" refers to remuneration between $250,001 and $500,000.
"B" refers to remuneration between $500,001 and $750,000.
"C" refers to remuneration between $750,001 and $1,000,000.

For FY2021, the aggregate total remuneration paid to the President & CEO and top four (4) Key Management Personnel (who are not Directors) amounted to approximately $2,621,778.

For competitive reasons, we have disclosed the remuneration of our President & CEO only in bands of $250,000. Our Board notes that this Report has already disclosed the policy and framework for remuneration of Management, including details on the different components of the remuneration. Our Board is of the view that the disclosure of such information, together with disclosure of the remuneration of our President & CEO in bands of $250,000 with a breakdown of the level and mix of the remuneration in the above table, provide shareholders with sufficient insight into the compensation of our President & CEO and is consistent with the intent of Principle 8.

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For FY2021, there were no termination, retirement and post-employment benefits granted to Key Management Personnel.

There is no employee who is a Substantial Shareholder, or an immediate family member of a Director or the President & CEO or a Substantial Shareholder, whose remuneration exceeds $100,000 a year.

Remuneration for Non-Executive Directors

We remunerate our Non-Executive Directors with Directors' fees which take into account the nature of their responsibilities. The remuneration structure is based on a scale of basic retainer fees as Director and additional fees for serving on Board Committees as set out in Table 3 below. The Directors' remuneration for FY2021 will be subject to shareholders' approval at the forthcoming AGM.

Table 3: FY2021 – Scale of Fees

Basic Retainer Fee	$
Board Chairman(1)	85,000
Board Member	42,000
Fee for appointment to the Audit Committee	
Committee Chairman(1)	26,000
Committee Member	20,000
Fee for appointment to the Remuneration Committee	
Committee Chairman(1)	17,000
Committee Member	9,500
Fee for appointment to the Nominating Committee	
Committee Chairman(1)	17,000
Committee Member	7,500

Note:
(1) Board and Committee Chairman Fee includes Annual Basic Retainer as Board Member or Committee Member (as the case may be).

To align the interests of our Directors to that of our shareholders, Directors who served on our Board during FY2021 (other than Lim Chai Hock Clive, in respect of whom please refer to the paragraph below) will be remunerated as to approximately 70 percent (70%) of his/her total Directors' remuneration in cash and approximately 30 percent (30%) of his/her total Directors' remuneration in the form of a restricted share award pursuant to the TeleChoice RSP (as amended). The number of shares to be awarded will be based on the volume-weighted average price ("**VWAP**") of a share listed on the SGX-ST over the 14 market days commencing on (and including) the first ex-dividend date that immediately follows the date of this AGM (and in the event that no dividend is declared at such last concluded AGM, the VWAP of a share listed on the SGX-ST over the 14 market days commencing after the date of such last concluded AGM). The number of shares to be awarded will be rounded down to the nearest thousand shares, and any residual balance settled in cash. The restricted share awards will consist of the grant of fully paid shares, without any performance or vesting conditions attached. However, in order to encourage alignment of interests of our Directors with the interests of shareholders, a Director is required to hold such number of shares equivalent to at least (i) the prevailing annual basic Board retainer fee, based on the VWAP of a share listed on the SGX-ST over the 14 market days from (and including) the first ex-dividend date (if any) following the date of our Company's last concluded AGM (and in the event that no dividend is declared at such last concluded AGM, the VWAP of a share listed on the SGX-ST over the 14 market days commencing after the date of such last concluded AGM); or (ii) the total number of shares awarded to that Director under the TeleChoice RSP (as amended) for FY2013 and onwards, whichever is lower. Notwithstanding the foregoing, a Director is permitted to dispose of all of his shares after the first anniversary of the date of his/her cessation as a Director of our Company.

In relation to Lim Chai Hock Clive, it is proposed that the entire amount of his Director's remuneration for FY2021 be paid to him in cash in full. Lim Chai Hock Clive is a controlling shareholder of our Company, and approval of independent shareholders by way of a separate resolution for the grant of the specific number of share awards to him is required under Rule 853 of the Listing Manual. However, as the number of share awards to be granted to Lim Chai Hock Clive would have been computed only after the date of the AGM (as described above), such number of awards would not be known until after the AGM, and it is therefore not possible to seek approval for the grant of the specific number of share awards to him at the AGM. In view of the difficulties that our Company would face in complying with the Rule 853 of the Listing Manual for the grant of share awards to Lim Chai Hock Clive, our Company is therefore proposing to pay him in cash in full instead.

The following Table 4 shows the total composition of Directors' remuneration for FY2021.

Table 4: FY2021 – Directors' Remuneration

	Total Directors' Remuneration(1)		
Name	**Cash-based ($)**	**Share-based ($)**	**Total ($)**
Ronald Seah Lim Siang	83,300	35,700	119,000
Stephen Geoffrey Miller	41,300(2)	17,700	59,000
Tang Yew Kay Jackson	52,850	22,650	75,500
Cheah Sui Ling	43,400	18,600	62,000
Yeo Siew Chye Stephen	36,050	15,450	51,500
Ho Koon Lian Irene	43,400(2)	18,600	62,000
Lim Chai Hock Clive(3)	42,000	–	42,000

Notes:
(1) The aggregate amount of these fees is subject to approval by shareholders at the upcoming AGM for FY2021.
(2) These fees are payable to STT Communications Ltd.
(3) As explained above, Lim Chai Hock Clive will be paid his Director's remuneration of $42,000 in cash in full.

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Our Group has in place an Enterprise Risk Management ("**ERM**") Framework, which governs the process of identification, prioritisation, assessment, management and monitoring of key financial, operational, compliance and IT risks to our Group. The key risks of our Group are deliberated by Management and reported to our AC. Integral to the ERM is a Group-wide system of internal controls.

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Our Board, with the advice of our AC, determines our Group's level of risk tolerance and risk policies and our AC oversees Management in the design, implementation and monitoring of the risk management and internal control systems. Our Board and our AC are supported by Management and various independent professional service providers such as external and internal auditors to review the adequacy and effectiveness of our Group's risk management and internal controls systems.

Our Board, with the concurrence of our AC, commented that our Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and IT risks of our Group. Our Board acknowledges that it is responsible for our Group's overall risk management and internal control system framework, but recognises that there is no system that will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Our Board has received the following assurances from:

a. the President & CEO and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of our Group's operations and finances; and

b. the President & CEO and other relevant Key Management Personnel that our Group's risk management and internal control systems are effective and adequate.

Principle 10: Audit Committee

Audit Committee

Our AC consists of three (3) Non-Executive Directors, two of whom (including the Chairman) are Independent Directors. Our AC members are Tang Yew Kay Jackson as Chairman, Cheah Sui Ling and Ho Koon Lian Irene. Our AC members bring with them invaluable professional and managerial expertise in the accounting and financial sectors.

Our AC's responsibilities include reviewing our annual audit plan, internal audit processes, the adequacy and effectiveness of internal controls and Interested Person Transactions for which there is a shareholders' mandate renewable annually. In addition, our AC is also responsible for overseeing our Group's risk management framework and policies, including advising our Board on our Group's overall risk tolerance and policies; overseeing Management on the design, implementation and monitoring of the risk management and internal control systems; and reviewing the adequacy and effectiveness of our Group's risk management and internal control systems. Major identified risk categories include strategic, operational, market, compliance and information technology risks. The risk management processes are tailored to address these categories of risks.

Our AC is supported by Senior Management representatives who:

a. oversee and ensure that our risk management policies are adequate and remain effective;

b. conduct regular reviews to ensure that our business units and key functions adequately prioritise and address risk management issues; and

c. prepare regular updates on risk management issues for our AC.

CORPORATE GOVERNANCE

Our AC has separate and independent access to the external and internal auditors, without the presence of our President & CEO and other Senior Management members, in order to have free and unfettered access to information that our AC may require.

Our AC has full authority to commission and review findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or violation of any law likely to have a material impact on our operating results. Our AC is also authorised to investigate any matter within its charter with the full co-operation of Management. Our AC reviews and approves the half-yearly and annual financial statements and the appointment and re-appointment of the external and internal auditors before recommending them to our Board for approval.

In 2021, our AC held four (4) meetings and met with the external and internal auditors without the presence of Management, at least once during the year, to discuss matters it believes should be raised privately.

External auditors

Our Board is responsible for the initial appointment of the external auditors. Shareholders then approve the appointment at the AGM of our Company. The external auditors hold office until its removal or resignation. Our AC assesses the external auditors based on the requirements of the Listing Manual as well as other factors such as the performance and quality of its audit and the independence and objectivity of the auditors, and recommends its appointment to our Board.

Our AC also reviews the nature and extent of non-audit services, if any, provided by the external auditors during the year to assess the external auditors' independence, adequacy and effectiveness. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 25 of the financial statements on page 165 of this Annual Report. Having been satisfied that the independence of the external auditors is not impaired by their provision of non-audit services, and that Rules 712 and 715 of the Listing Manual have been complied with, our AC has recommended to our Board that KPMG LLP be nominated for re-appointment as the external auditors at the next AGM. To further maintain the independence of KPMG LLP, our AC ensures that the audit partner in-charge of our Group is rotated every five (5) years. The audit partner in-charge was last rotated for the financial year ended 31 December 2019. None of our Directors (including our AC members) or Senior Management is or has in the past two (2) years been a former partner, director or employee of our Group's external auditors.

Financial Reporting

The AC reviewed the draft financial statements and half-year results before recommending their approval to our Board. As part of this review, our AC considered significant accounting policies, estimates and significant judgements. Our AC also reviewed reports on findings from internal and external audits.

CORPORATE GOVERNANCE

The key audit matters ("**KAM**") in relation to the financial statements considered by our AC and how these were addressed are summarised as follows:

KAM	AC commentary
Impairment assessment of goodwill	
The annual impairment of goodwill testing is considered to be a key audit matter as significant judgement is required to determine the assumptions to be used to estimate the recoverable amount. The recoverable amount of the cash generating unit ("**CGU**"), which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted cash flow model. This model is based on several key assumptions, including estimates of long term revenue growth rate, operating profit margin and discount rate.	The AC considered the goodwill impairment analysis provided by Management and the views of the external auditors on this issue. The AC reviewed and challenged the key assumptions used in Management's calculations including revenue growth rate, operating profit margin and the discount rate. In its view, the AC also considered reports on forecasts for 2022 to 2024 prepared by Management, firm commitments secured from customers and pipelines, as well as the level of headroom in the value in use model prepared by Management. The AC considered the sensitivity analysis undertaken by Management and the external auditors and the impact on the headroom. On the basis of these reviews, the AC agreed with Management that no impairment on goodwill was necessary as at 31 December 2021.
Valuation of inventories	
The valuation of inventory and the inventory allowance involves subjective estimates and are influenced by assumptions concerning future demand and sales prices.	The AC reviewed and challenged the basis used by Management in estimating the inventory allowance required for slow moving inventory. The AC considered the nature and extent of the work performed by external auditors in ascertaining the adequacy of inventory allowance. The AC also reviewed reports from the Company's internal auditors on inventory valuation. On the basis of these reviews, the AC agreed with Management that the Group's inventory allowance was adequate for the financial year ended 31 December 2021.

CORPORATE GOVERNANCE

KAM	AC commentary
Revenue recognition	
Significant judgement is required in determining the stage of completion used for long term projects and for bundled contracts, appropriate allocation of contract value to the different performance obligation is crucial for proper revenue recognition.	The AC reviewed the revenue recognition policies of the Group's various revenue streams and considered them to be appropriate. The AC considered the nature and extent of the work performed by external auditors in ascertaining appropriateness of the Group's revenue recognition policies. The AC also reviewed reports from the Company's internal auditors in relation to work performed on revenue recognition. On the basis of these reviews, the AC concluded that the positions and judgements taken by Management reasonably reflected the extent of the work done and the revenue to be recognised.

All of the matters considered above were discussed with the President & CEO and the CFO and the external auditors. Our AC was satisfied that each of the matters set out above have been appropriately tested and reviewed by the external auditors and the disclosures relating to each of these matters made in the financial statements were appropriate.

Internal Auditors

The internal audit function of our Group is carried out by the internal auditors, Ernst & Young Advisory Pte. Ltd., an independent firm. The internal auditors are guided by the Standards for Professional Practice of Internal Auditing, prescribed by the Institute of Internal Auditors.

The AC conducts a review of the adequacy, effectiveness, scope and independence of the internal audit function annually to ensure that the internal auditors have direct and unrestricted access to the Chairman of our Board and our AC and that our Group maintains an effective internal audit function that is adequately staffed and independent of the audited activities. Our AC is satisfied that the internal audit function is independent, effective and adequately resourced to perform its functions effectively.

The internal auditors report functionally to our AC and administratively to the President & CEO and the CFO. Our AC approves the appointment, termination and remuneration of the internal auditors.

The primary role of the internal audit function is to help to evaluate the adequacy and effectiveness of our Group's controls and compliance processes. Our Group's internal audit approach is aligned with our Group's Risk Management Framework by focusing on key financial and compliance risks. The annual internal audit plan is established in consultation with, but independent of, Management. The annual internal audit plan is then reviewed and approved by our AC. All internal audit findings, recommendations and status of remediation, are circulated to our AC, the President & CEO and relevant Senior Management every quarter.

CORPORATE GOVERNANCE

The internal auditors present the internal audit findings to our AC each quarter. Our AC meets with the internal auditors at least once a year, without the presence of Management. The internal auditors have unfettered access to all our Group's documents, records, properties and personnel, including access to our AC, and has appropriate standing within our Group.

(D) SHAREHOLDERS RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

Principle 13: Engagement with Stakeholders

TeleChoice respects and upholds shareholders' rights to be treated fairly and equally. We uphold and promote the right of shareholders to be sufficiently informed in a timely manner of corporate developments, undertakings and events that impact the Company or our business and shareholder interests. We also engage shareholders through various communication channels consistently.

Shareholder Rights and Conduct of General Meetings

The Company is committed to ensuring that material information is disclosed in compliance with the Listing Manual, the Code 2018 and the Practice Guidance on an adequate, accurate and timely basis to facilitate shareholders' ability to make informed investment decisions.

Our Company also supports the Code 2018's principle to encourage greater shareholders' participation at general meetings. Separate resolutions are proposed on each separate issue at our general meetings. To enhance transparency in the voting process, the Company has implemented poll voting for all resolutions tabled at our general meetings. A registered shareholder who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote at our general meetings. A registered shareholder who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at our general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Our Constitution also confers on our Directors the discretion to approve and implement, subject to appropriate security measures, such voting methods to allow members who are unable to vote in person at any general meetings the option to vote in absentia, including by mail, electronic mail or facsimile. Our Company has not implemented voting in absentia by mail, electronic mail or facsimile due to concerns relating to the authentication of shareholder identity and other related security and integrity issues.

Shareholders are given the opportunity at our general meetings to share their view and raise queries to our Directors and Senior Management on matters relating to our Company and our operations. All Directors together with Senior Management attend our general meetings, and the external auditors are also invited to be present at our general meetings to assist in answering questions from our shareholders relating to the conduct of the audit and the preparation and content of the auditors' report. The company secretary prepares minutes of our general meetings, which capture the essence of the comments or queries from meeting attendees and responses from our Board and Senior Management. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET on the same day of the general meeting. Minutes of general meetings are made available on SGXNET and on our Company's website, http://www.telechoice.com.sg.

CORPORATE GOVERNANCE

In FY2021, arising from the COVID-19 situation and in accordance with the various legislative measures passed and implemented to allow alternative arrangements for general meetings of companies, the annual general meeting ("**AGM**") was convened and held by electronic means. Shareholders were afforded the opportunity to participate by:

- Observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;
- Submitting questions in advance; and
- Appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

Engagement with Shareholders and Stakeholders

We believe in engaging with shareholders, and analysts and other stakeholders (the "investment community") consistently. Our Investor Relations ("**IR**") team is the main intermediary between the Company and our shareholders and the investment community and facilitates effective and regular communication with them. The IR team also keeps the Board and Senior Management apprised of the investment community's views and sentiments.

The Company communicates to our shareholders our major corporate and financial announcements, including first quarter and third quarter business updates, half-year and full-year financial results as well as share price or trade sensitive information, press releases, presentations, and distribution of notices via SGXNET and our Company's website which is updated on a regular basis. Both current information and archives of previously announced information can be found on our Company's website. Shareholders and the investment community may also opt to sign up for our IR email alert service available on our Company's website to be kept informed of the latest updates. Shareholders and the investment community may contact the IR team via email at enquiry@telechoice.com.sg who will respond promptly and effectively.

The Company also actively engages our shareholders via AGM and Extraordinary General Meetings (if necessary) and holds analyst briefings following the release of our half-year and full-year financial results. Annual reports and/or circulars and notices of general meetings are made available to shareholders via electronic communications and/or printed copies. Notices of general meetings are issued to shareholders (including foreign shareholders) at least 14 days prior to the scheduled meetings, providing ample time for shareholders to review the documents ahead of the meetings and appoint their proxies to attend the meetings if they wish. As part of our commitment towards more environmental-friendly and sustainable practices, our annual reports and circulars are available online at our Company's website.

The Company is cognizant of the importance of generating returns to shareholders. Since FY2004, the Board has set a benchmark to propose and pay annual dividends of at least 30% of our annual net profit after tax, subject to the Group's earnings, cash flow and capital requirements. In determining the dividend, the Board balances the need for a satisfactory return to shareholders against the Company's investment requirement to ensure sustainable growth. Any dividend payouts are clearly communicated to shareholders via the financial results and cash dividend announcements through SGXNET and the Company's website.

ADDITIONAL INFORMATION

Dealing in securities

To help ensure compliance with the applicable securities and insider trading laws, including the best practices set out in the Listing Manual, we have adopted and implemented our Guidelines on Dealing in Securities of TeleChoice ("**Guidelines**"). We send regular compliance notices to all Directors and employees. In accordance with Rule

CORPORATE GOVERNANCE

1207(19) of the Listing Manual, all our Directors and employees are prohibited from dealing in our securities during the period of two (2) weeks before the respective announcement of our first quarter and third quarter business updates, and one (1) month before the announcement of our half-year and full-year financial results. Restrictions are lifted from the date of the announcement of the respective results. Similar dealing restrictions also apply in our Company's acquisition of its securities pursuant to its share purchase mandate. All our Directors and employees, and those of our subsidiaries and associates, are advised not to deal in our securities on short term considerations and are also advised to comply with the Guidelines and observe applicable insider trading laws at all times.

Whistleblowing Policy

In line with our commitment to a high standard of internal controls and our zero tolerance approach to fraud, we have put in place a whistle blower policy ("**Whistleblowing Policy**") providing employees a direct channel to our AC, for reporting misconduct or wrongdoing relating to our Group and its officers, including suspected fraud and possible impropriety in financial reporting, unethical conduct, dishonest practices or other similar matters. Our AC is responsible for overseeing and monitoring whistleblowing pursuant to the Whistleblowing Policy.

We have established a process whereby whistleblowing reports can be sent to our current internal auditor, Ernst & Young Advisory Pte. Ltd. ("**EY**"), which has been designated as an independent function to channel and escalate all whistleblowing reports to our AC. Upon receipt of any reports, our AC will determine the course of action to take, which may include:

a. conducting its own investigation or review;

b. instruct the relevant members of Management to conduct investigation or review;

c. engage EY to investigate whistleblowing reports made in good faith;

d. report the matter to the authorities if there is reason to believe that a crime has been committed.

Based on the results of the relevant investigation or review, our AC will determine what remedial or other action would be appropriate to be taken.

The Whistleblowing Policy aims at encouraging the reporting of misconduct or wrongdoing. The Whitstleblowing Policy provides for the confidentiality of the identity of the whistleblower, and also prohibits any form of discrimination, detrimental or unfair treatment, retaliation and/or harassment against a whistleblower.

The Whistleblowing Policy is available on our intranet and website for easy access by all employees and the public.

Anti-Corruption Policy

To further emphasise the importance of corporate governance, we have introduced an Anti-Corruption Policy in October 2018 which was subsequently updated in November 2021. All new employees are required to read, understand and be assessed on these policies as part of the onboard process. There were no incidents of corruption during this period that has a material impact on our Group's operating results or financial position.

SUSTAINABILITY REPORT

CONTENTS

SUSTAINABILITY REPORT

ABOUT THIS REPORT

We are pleased to present TeleChoice International Limited's ("TeleChoice" or "the Group") annual Sustainability Report which covers our environmental, social and governance ("ESG") performance for the financial year from 1 January 2021 to 31 December 2021 ("FY2021").

This report includes our ESG performance for the Group's business operations in Singapore and excludes overseas operations unless stated otherwise. Singapore operations contributed the majority of our revenue at 77% while our overseas operations contributed 23% in FY2021. In terms of staff strength, Singapore operations accounted for 68% while our overseas operations accounted for 32% in FY2021. We will gradually expand the scope of our reporting to include our overseas entities and to include more comprehensive information and data in future reports.

BOARD STATEMENT

The TeleChoice Board of Directors ("the Board") has ultimate responsibility for this report, including its due compliance with the SGX-ST guidelines on corporate governance and sustainability reporting.

The Board has the overall responsibility for directing the management in the development of sustainability strategy formulation and identifying and endorsing the material ESG factors to be included in the Sustainability Report.

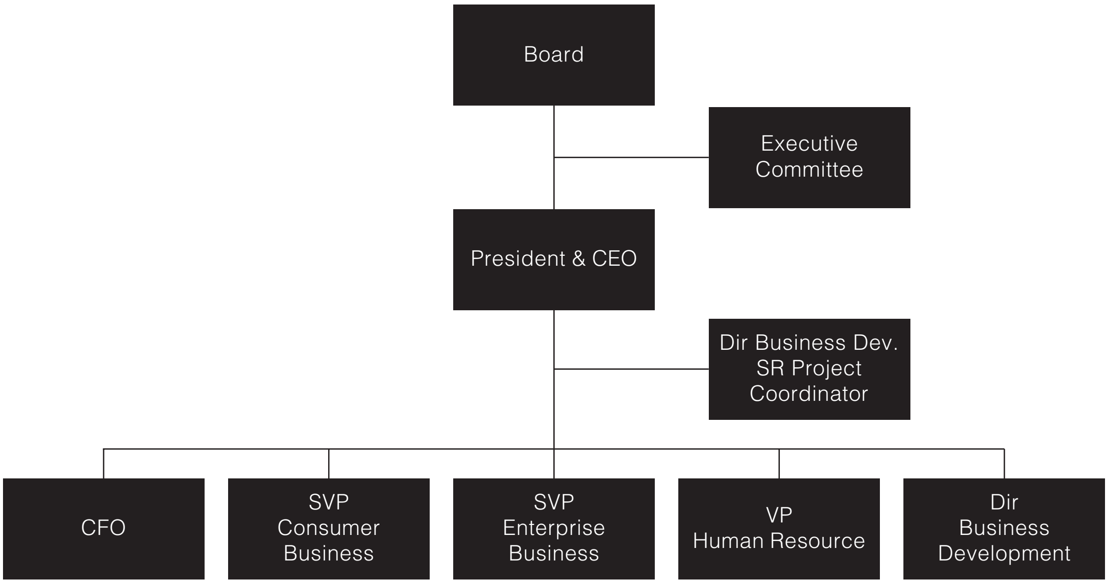
Apart from determining the material ESG factors as set out in this report, the Board also provides oversight of the management and monitoring of these material ESG factors through regular reporting of the key performance indicators, and determines the Group's response to the attendant risks and opportunities.

SUSTAINABILITY GOVERNANCE AND REPORTING PROCESS

At TeleChoice, the Board provides strategic direction for addressing sustainability impacts, risks and opportunities. The Board's Executive Committee ("EC") is responsible for reviewing and considering material ESG factors to support sustainable growth of the business. The EC also provides views and recommendations on sustainability strategies and sustainability reporting for the Board's review and approval. Responsibilities of the EC include determining and reviewing ESG targets and overseeing the management and monitoring of material ESG factors.

SUSTAINABILITY REPORT

The Sustainability Management Committee ("SMC"), chaired by the President & CEO and represented by senior executives, is responsible for formulating and implementing sustainability strategies, establishing targets, reviewing ESG performance and providing direction for the preparation of sustainability reports. The SMC also provided directions concerning the report content, priorities of issues, reporting scope and boundary. The SMC is assisted by a sustainability reporting project coordinator who leads a project team in collecting, verifying, assessing the ESG performance data and information in preparation of this report.



REPORTING FRAMEWORK

This report has been prepared in accordance with the 2016 Global Reporting Initiative ("GRI") standards: Core option and also complies with the SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide. We have included a GRI Content Index at the end of the report.

We have chosen the GRI standards given its wide and internationally accepted use and its applicability in terms of material topics and measurements to our various businesses. The GRI standards also align with widely recognised international protocols and instruments for responsible business behaviour.

The GRI Standards are regularly updated, and the latest GRI Standards 2021 comes into effect on/after 1 January 2023. In February 2019, the Global Sustainability Standards Board ("GSSB") approved the GRI Sector Program to improve clarity and consistency in sustainability reporting. The aim of the Sector Program is to develop GRI Sector Standards for 40 to 45 high-impact sectors. We intend to progressively adopt the latest Standards and to incorporate elements of the relevant Sector Standards when they are available in due course so as to report according to best practices.

SUSTAINABILITY REPORT

REPORT CONTENT AND QUALITY

We had considered the significance of material ESG topics, concerns and expectations of our stakeholders, ESG risks and opportunities and general sustainability trends in our sector in determining the content of our report in FY2021. We have reviewed those materiality issues in light of the existing business landscape, industry trends and prevailing regulations.

We have used the GRI Standards defining report quality by applying the principles of accuracy, balance, clarity, comparability, reliability and timeliness.

Data provided in the report has been mainly derived from official records to ensure reasonable accuracy and consistency. We have used internationally accepted measurement units for presenting ESG data. Financial figures are in Singapore dollars unless specified otherwise. Additionally, we have applied the GHG Protocol Corporate Accounting and Reporting Standard for measuring and reporting our carbon emissions footprint.

RESTATEMENTS

We have made a restatement to our General Waste data for Paper and Plastic for FY2020 to 2,830 kg from 1,540 kg. The increase in waste was attributed to a backlog in FY2020 as a result of the circuit breaker measures which curtailed our business operations. Please refer to the Environment, Waste Management section of this report for more information.

ASSURANCE

We did not obtain external assurance for this Sustainability Report. We have relied on internal verification mechanisms to ensure the accuracy of information. Our ESG performance data is reported in good faith and to the best of our knowledge. ESG data is verified using an internal mechanism and checks. Financial statements included in the Annual Report, however, have been audited by independent auditors.

We intend to seek independent assurance in a phased approach going forward in compliance with external assurance becoming a reporting requirement in the future.

AVAILABILITY

This report is published as a part of our Annual Report which is available for download on our website at www.telechoice.com.sg

FEEDBACK

We welcome stakeholders' views and questions regarding this report. Contact us at sustainability@telechoice.com.sg

SUSTAINABILITY REPORT

CHAIRMAN AND CEO STATEMENT

Having experienced the worst of the COVID-19 pandemic, we focused our efforts in 2021 in regaining our business momentum and redoubling our efforts at accelerating our business transformation journey through diversification in our consumer and enterprise offerings. We also continued to keep our employees health and safety as a priority in our business continuity plans as we strove to normalise operations gradually while being in strict compliance with COVID-19 safety measures.

While we have had to adapt and adjust on many fronts, one thing that has remained a constant, is our attention to enhancing our ESG practices. It is our belief that sustainable practices in these areas are the foundation and impetus for continued value creation for the organisation and our stakeholders. It is also the key to building resilience in the organisation to withstand shocks, navigate disruptions and harness trends for continued long-term growth. On this front, we are proud that our efforts have been recognised through the conferment of the Corporate Excellence and Resilience Award for listed companies with market capitalisation of $300 million and below at the Singapore Corporate Awards Special Edition 2020/2021. We will continue to move forward with our corporate sustainability programme and improve in those areas which require attention while bettering our performance in those which have yielded positive results.

In late August 2021, SGX, in two consultation papers, proposed enhancements to transparency and accountability on sustainability issues. Among these is a common set of 27 core ESG metrics which are currently being reported by issuers. Having done a comparison of these core metrics with our current report, we are pleased to note that we are reporting on these core metrics which are applicable to us. We are continuing to align fully with the proposed manner of reporting on the stated metrics. We will also ensure compliance with any future SGX proposed enhancements and other new initiatives that may be introduced by relevant authorities should they be applicable.

In closing, we would like to thank our stakeholders in supporting us in our sustainability journey. In particular, our appreciation goes out to our staff for their hardwork and perseverance despite these challenging times.

RONALD SEAH	**VINCENT LIM**
Chairman	President & CEO

SUSTAINABILITY REPORT

ESG Performance ESG Factors	FY2021	FY2020	FY2019
ENVIRONMENTAL			
Total electricity used (kWh)	538,593	539,817	662,928
Electricity used per m^2 (kWh)	98	110	136
Energy intensity per m^2 (GJ)[1]	0.35	0.40	0.49
CO_2 emissions (tCO_2)[2]	391	387	475
General waste (Kg)[3]	3,310	3,430	2,050
SOCIAL			
Employees			
Total number of full-time employees	322	339	397
New hires	73	23	87
Female employees (%)	40	38	40
Female managers and supervisors (%)	40	41	38
Female Heads of Department (%)	40	36	40
Average training hours per employee (hrs)	13	10	17
Training expenditure per employee ($)	60	54	183
Employee annual attrition rate (%)	30	21	23
Community			
Employee volunteering (days)	13	26	24
FINANCIAL			
Revenue ($m)	194.4	213.5	313.6
Total expenses ($m)	200.0	219.8	307.0
Profit/loss before tax ($m)	(2.2)	(5.1)	7.3
Profit/loss after tax and non-controlling interests ($m)	(2.7)	(5.6)	5.4
Staff costs[4] ($m)	42.4	47.3	53.6
Income tax expenses ($m)	0.5	0.5	1.9
Dividends declared ($m)	0.6	2.3	4.5

Notes
1. *Energy intensity pertains to purchased electricity*
2. *Includes Scope-1 and Scope-2 emissions*
3. *Waste refers to waste generated from resources and materials used in the course of business as defined in GRI 301 standards*
4. *Included in total expenses*

SUSTAINABILITY REPORT

OUR STAKEHOLDERS

We are committed to creating long-term value for all our stakeholders.

We deal with a diverse range of stakeholders across our Business Divisions. These include our customers, business partners, suppliers and contractors, investors, regulators and government agencies, communities and employees.

Our approach is to proactively engage with our primary stakeholders who may be impacted by our business operations or who have the potential to affect our business. We believe building trusted relationships with stakeholders is key to sustainable business growth. Through our business policies and strategies, we endeavour to create value for all stakeholders.

Our engagement approaches involve both formal and ongoing methods. Examples of our engagements include employee engagement surveys and customer satisfaction surveys. We also gain invaluable insights into our stakeholders' expectations and concerns through our routine interactions with them. We use these learnings to make informed management decisions.

A summary of our stakeholders and how we engage with them is presented below.

STAKEHOLDERS	TOPICS AND CONCERNS RAISED	HOW WE ENGAGE	HOW WE ACT
Customers	• Service quality • Attractive pricing • Responsiveness • Good credit terms • Ethical practices • Work safety • Technical expertise	• Customer feedback and engagement forum • Customer survey • Regular meetings* • Sales presentations • Project management committee meetings*	• Taking a proactive approach • Implementing Quality Control standards • Establishing explicit Service Level Agreements ("SLAs") • Strictly adhering to ethical code of conduct • Establishing and conforming to work safety policy • Regular training to build skills • Maintaining safety certifications such as BizSafe and OHSAS 18001
Business Partners	• Key Performance Indicators • Sales growth • Protection of brand image • Customer experience • Trade promotions • Sustainability performance	• Regular communication through meetings* and electronic channels • Sustainability Reports	• Ongoing training and development of employees • Contribution to trade promotions and marketing campaigns • Measure and monitor energy use in our stores

SUSTAINABILITY REPORT

STAKEHOLDERS	TOPICS AND CONCERNS RAISED	HOW WE ENGAGE	HOW WE ACT
Employees	• Fair employment policies • Competitive compensation and benefits • Reward for performance • Work-life balance • Career advancement • Training and personal development • Group reputation • Safe work environment	• Orientation session • Employee engagement surveys • Regular meetings* • Feedback channels • Performance appraisals • Exit interviews	• Implementing fair employment policies and practices • Conducting employee engagement surveys • Maintaining employee feedback channels • Talent management • Salary benchmarking with market practices • Ongoing training and development • BizSafe compliant workplace
Investors	• Good governance • Regular dividends • Risk management • Business growth	• Annual General Meetings* • Maintenance of an investor relations site which lists the various financial and related announcements • Annual reports and sustainability reports • Financial data through quarterly business updates, results announcements and other material information posted on SGXNET • Regular analysts' meetings* and conference calls to provide information to enable them to produce impartial and insightful reports for investors and the public at large	• Hiring best talent for management team • Succession planning • Ensuring good corporate governance • Ensuring robust risk management • Timely disclosure of material information

SUSTAINABILITY REPORT

STAKEHOLDERS	TOPICS AND CONCERNS RAISED	HOW WE ENGAGE	HOW WE ACT
Government agencies and regulators	• Compliance • Social responsibility	• Regulatory licensing and filings • Notices • Meetings and seminars	• Ensuring regulatory compliance
Community	• Socially responsible • Contribute to local economy	• Social outreach programmes • Sustainability Reports	• Implementing CSR programmes • Contribution to Community Chest and other not-for profit/charitable organisations • Employee volunteering

* Due to the COVID-19 pandemic safety regulations and safe distancing measures, most, if not all face-to-face meetings including the Annual General Meeting, have been conducted virtually.

Engaging Associations

We actively engage with industry associations relevant to our business interests through memberships and by sharing our experience. Some of our association memberships include:

- Singapore Computer Society
- Singapore Business Federation

MATERIAL FACTORS

Our approach to sustainability centres on the management of the environmental, social and economic impacts of our business operations and their potential effect on our stakeholders. Our strategy is to manage our most significant sustainability impacts, risks and opportunities with the aim of creating long-term value for all stakeholders.

Materiality Methodology

We identified the material ESG factors using the Global Reporting Initiative's GRI Standards for Sustainability Reporting which includes guidance for materiality analysis for our inaugural report in FY2017. We have reviewed the material EGG factors using the same methodology for this year's report.

SUSTAINABILITY REPORT

The following steps were undertaken to arrive at the list of material factors for reporting:

01 IDENTIFICATION	We identified sustainability issues that reflect our business' impact on the environment, society and economy and their significance to our stakeholders
02 PRIORITISATION	We shortlisted the issues that represent the most significant environmental, social and economic impacts of our operations
03 VALIDATION	We considered the significance of our material impacts to stakeholders and how they might influence the assessments and decisions of stakeholders
04 REVIEW	We sought feedback from stakeholders on this report to review our material topics for the next reporting cycle
05 BENCHMARK	We examined sustainability reporting trends among local info-communications and technology ("ICT") and peer companies for benchmarking and made reference to the SGX Sustainability Reporting Guide to complete the materiality assessment

Materiality Assessment

TeleChoice management team reviewed the material ESG factors based on their knowledge of respective business areas, potential impacts of the Group's business operations, insights from their day-to-day engagement with a range of stakeholders, common challenges facing the ICT industry and the prevailing business and regulatory environment. The team also considered the Group's long-established values and long-term business goals to align these with sustainability strategies.

For this report, we did not engage external stakeholders explicitly to elicit their views on the identified ESG factors. However, the internal stakeholders, including the senior management, have used their experience in dealing with respective stakeholders and their understanding of stakeholder expectations and concerns in prioritising material factors for reporting.

SUSTAINABILITY REPORT

Board Approval

The senior management extensively discussed the identified list of material factors and then presented them to the Board. The Board reviewed and approved the material factors for sustainability reporting.

Presented below is a summary of our material factors and their boundaries.

Material Topics	Group's Involvement	Material for Business Division(s)
Environment		
Energy	Direct	**Indirect energy** Personal Communications Solutions Services **Direct energy** • Info-communications Technology Services • Network Engineering Services
GHG Emissions	Direct	All
People		
Employment	Direct	All
Attracting and Retaining Talent	Direct	All
Diversity and Equal Opportunity	Direct	All
Training and Education	Direct	All
Occupational Health and Safety	Direct and Indirect	• Info-communications Technology Services • Network Engineering Services
Customers		
Customer Satisfaction	Direct and Indirect	All
Customer Privacy	Direct	All
Community		
Local Communities	Direct	All
Economic Performance		
Economic Performance	Direct and Indirect	All
Indirect Economic Impacts	Direct	All
Anti-corruption	Direct and Indirect	All

SUSTAINABILITY REPORT

CUSTOMERS

TeleChoice adopts a customer-centric approach aimed at ensuring an excellent customer experience.

As a leading regional provider of distribution, fulfilment and retail managed services to major mobile device manufacturers and operators, it is critical for us to ensure excellent customer experience at our retail stores, call centers and other touchpoints. Our ability to serve customers efficiently is paramount to growing our business with brands that rely on us for serving their customers.

High-quality customer service is equally important for our enterprise customers to whom we offer ICT and network engineering services. Offering trusted and reliable solutions and high standards of service support are at the core of our customer-centric approach.

We have implemented stringent quality control measures across our businesses to enhance the customer experience.

Ongoing engagement and seeking regular feedback are part of our efforts to deliver superior customer service.

Customer Experience

We measure customer experience at our retail stores through the Net Promoter Score ("NPS") management tool. NPS allows us to measure our customers' overall perception of our service. Based on responses, NPS groups customers into three categories of Promoters (score 9-10), Passives (score 7-8) and Detractors (score 0-6). The Net Promoter Score is calculated by subtracting the percentage of Detractors from the percentage of Promoters. A score of 9 to 10 indicates that a customer is highly likely to recommend a brand to their friends and family.

In 2021, the NPS for the Planet Retail stores was 9.30, reflecting an improved and good customer experience. Each of the five Planet Platinum stores covered by NPS maintained a score of more than 9.53 in 2021 as compared to 9.50 in 2020.

Customer Compliments

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28 Feb 2021
Sales consultant S.JinHao was very patient with my queries. He even took the effort to draw and guided me step by step on how to install the TV box.! Very good customer service. – StarHub Platinum @ Westgate.

31 Mar 2021
Your Sales Consultant, Henri Cham, was extremely helpful and patient in explaining the different plans for StarHub TV, an overall excellent experience at the Parkway outlet. – StarHub Platinum @ Parkway Parade.

15 Oct 2021 Am happy to be served by Clive. Friendly and helpful. Patiently explained to me the "how-to transfer" of phone. Thank you Clive! – Samsung Experience Store @ ION Orchard.

SUSTAINABILITY REPORT

Managing Customer Experience Through Mystery Shopping

Our Planet EP stores participate in a third-party Mystery Shopping Programme ("MSP"). The programme enables us to enhance employees' skills based on the service gaps identified through MSP.

Privacy and Data Protection

We are committed to protecting the privacy of our customers and employees in accordance with the local laws and regulations where we operate our business.

In Singapore, we comply with the Personal Data Protection Act ("PDPA") that governs the collection, use and disclosure of personal data by all private organisations. We have designated individuals to be Data Protection Officers responsible for ensuring that the Group complies with the PDPA and have implemented a personal data protection policy. Our personal data protection policy is set out on our website.

Customers' and employees' data are handled, stored and where applicable, disposed of, with stringent access and security measures to ensure electronic and physical protection from unauthorised use. New employees must read, understand and endorse the personal data protection policy.

There were no substantiated complaints concerning breaches of privacy or loss of data in this reporting period.

Rewarding Employees for Service Quality

We have implemented recognition schemes to reward employees for exceptional customer service. For example, Hooray programme at our Platinum stores provides rewards to employees for every customer compliment. Commission schemes have been revised to include NPS as a further incentive for staff to provide good customer service.

Due to COVID-19 measures the Singapore's National Excellent Service Award which is managed by six industry-led bodies was suspended.

Ensuring Quality Standards

We adopt the highest industry quality standards to provide exceptional customer service. Our quality policy aims for continuous improvement in our management processes. Our subsidiaries, NexWave Technologies Pte Ltd, S & I Systems Pte Ltd and PT NexWave, are ISO9001:2015 Quality Management Systems certified, which allows them to perform at the highest level of our customers' expectations.

NxGen Communications was awarded BizSAFE Level 3 certification. Our overseas subsidiary, N-Wave Technologies (Malaysia) Sdn Bhd, obtained the ISO 9001:2105 Quality Management System and ISO 45001:2018 Occupational Health and Safety Management Systems certification.

SUSTAINABILITY REPORT

AWARDS AND RECOGNITIONS

Our dedication to customer service, quality, efficiency and excellence has won the Group several accolades and recognitions over the years. Our last three years awards are listed below.

2021

- Avaya – Diamond Partner 2021
- Avaya – Partner Forum Special Recognitions Award 2021
- Avaya – Top Performing Enterprise Value Added Reseller 2021
- ASC – Recording Cloud Gold Partner 2021
- Genesys – Bronze Partner 2021
- Huawei Indonesia – Best Partner Project Manager Award
- Huawei Indonesia – Best Quality Award 2021
- Huawei Indonesia – Heroes of the Pandemic Award 2021
- Huawei Malaysia – Annual Contribution Award for RF 2021
- IBM – Innovation Award (Service) 2021
- IBM – Top Performing Business Partner (Storage) 2021
- IBM – Top Performing Business Partner (Systems) 2021
- NSFocus APAC – Excellent Performance Partner 2021
- Singapore Corporate Awards – Corporate Excellence and Resilience Award 2020/2021

2020

- Avaya – Diamond Partner 2020
- Avaya – Top Performing Enterprise Value-Added-Reseller for Singapore 2020
- Genesys – Bronze Partner of the year 2020
- Huawei – Top Potential Partner 2020, S&I Systems
- Huawei – Best QC Support 2020, PT NexWave
- Smartmatic – APAC Strategic Partner of the Year
- Smartfren – Support and Outstanding Contribution to Smartfren Project
- StarHub – SmartSupport "Relaunch" Sales contest, Champion
- StarHub – SmartSupport "Abundant Prosperity" Contest for Q1 2020, Champion
- 45 retail staff awarded the Excellent Service Award from SPRING Singapore and Singapore Retailers Association (14 Star awards, 12 Gold awards and 18 Silver awards)

2019

- Avaya – Diamond Partner 2019
- Avaya – Top Enterprise Value-Added Reseller for Singapore 2019
- Ericsson – Certificate of Recognition in Honor of Support & Services to PT. Ericsson
- Huawei – National Excellent Quality 2019 Best Project Manager for Indonesia 2019
- Huawei – Regional Best Collaboration Award for Philippines
- Huawei -Regional Excellent Quality Award for Malaysia 2019
- IBM – Top Performing Business Partner (Systems)
- Nokia – Most Preferred Partner Award for Singapore and the region
- Narada – Million Dollar Sales Award for Indonesia 2019

SUSTAINABILITY REPORT

- Project Management Institute Singapore Chapter – First prize winner for Project of the Year 2018-19 (Business & Information Systems category) for Energy Market Authority Microsoft CRM project
- Smartmatic – APAC Partner Award for 1st strategic win of a smart government project in Singapore
- SES – Q2 Best Retail Store Environment
- SES – Q3 Best Retail Store Environment
- Galaxy Service Star Award – Bedok Mall
- StarHub Exclusive Partner (EP) – Best VAS Attachment
- StarHub Platinum Shop – Best VAS Attachment
- StarHub Platinum Shop – Top NPS
- StarHub Platinum Shop – Top Sales (E&S)
- StarHub Platinum Shop – Top Sales (Mobile)
- StarHub – Recognition Award for SRAN Project 2019
- StarHub Top EP – VAS Attachment
- Top Prepaid Distributor – WOW plan take-up and activation
- TechData – IBM Best Overall Partner 2019
- 45 retail staff awarded the Excellent Service Award from SPRING Singapore and Singapore Retailers Association (10 Star awards, 23 Gold awards and 12 Silver awards)

The complete list of awards for prior years is available at www.telechoice.com.sg/awards.html.

PEOPLE

Our approach is to attract and retain the best talent, invest in the development of our people and ensure their well-being.

It is vital for us to develop a vibrant workplace where our people can look forward to personal development, career growth, job satisfaction and fulfilment. Our human resource policies are centered around our employees' well-being and the work environment which are built based on mutual respect, trust, teamwork and open communication. We continue to invest in our people through training and coaching to improve their skills and productivity.

In attracting and retaining the best talent, we are committed to creating an inclusive workforce, investing in employee development, engaging our employees and reviewing our practices and policies regularly.

Employee Profile

We employed 322 full-time employees as at the end of 2021. Permanent employees accounted for 89% of our workforce. The average age of our employees was 41 years.

Supporting Diversity

We respect diversity and are committed to promoting an inclusive workforce. Women represented 40% of full time employees. The proportion of managerial roles held by women was 40%. Women accounted for 40% of the total Head of Department positions.

Our workforce represents diverse age groups. We are proud of our racially diverse workforce which includes 10 nationalities.

SUSTAINABILITY REPORT

In Singapore, we support the government's policy of rehiring retiring employees to keep them economically active. In 2021, we rehired 4 retiring employees including 2 female employees.

Please refer to the charts under People Performance section of this report for more information.

Hiring
Our goal is to attract and retain the best talent to serve our customers efficiently. Our policy is to hire based on merit and ability. In 2021, we recruited 73 new employees; 28 of them were women. Of the new hires, 21 were less than 30 years of age, 40 were in the age group of 30 to 50 years, and the remaining 12 were more than 50 years old.

Developing Talent
Talent management is a crucial strategy for us to retain, develop and manage the best people to support our business growth.

We have implemented a comprehensive talent management programme which includes succession planning and a talent review process. Our Talent Management Committee, comprising the President & CEO, Chief Financial Officer, Vice President of Human Resource and the business division heads, oversees the programme.

Our Talent Management Framework identifies high potential employees within the Group and provides them with developmental opportunities to sharpen their technical and management skills. Development plans include acquiring new technical skills and knowledge, leading special projects, managing teams and ad-hoc additional responsibilities to prepare them for bigger roles.

Succession planning is an integral part of our talent management programme. We have put in place initiatives to help build the succession pipeline.

Building Skills Through Training
Employee training and education is a crucial part of our people management. New employees attend an orientation programme to understand the organisation and its corporate values. All employees have access to ongoing opportunities to learn new skills through instructor-led training, online e-learning and on-the-job training and mentoring. Employees are kept up to date on learning resources through regular learning and development e-newsletters.

Due to our business needs, product training and certification and advanced technical skills acquisition are featured regularly in our yearly training programme.

We equipped our people managers with supervisory and management skills to better manage their teams. In addition, we conduct training on Talent Selection and Appraisal Management to further enhance their management skills.

In 2021, our average training hours per employee was 13.2 hours which was an increase from the previous year. Our training expenditure has also increased from $53.45 per employee in 2020 to $60.50 in 2021. The increase corresponded with the need for skills in emerging technologies and also regulatory requirements during the COVID-19 pandemic situation. Most training carried out during this period was through e-learning or virtual classroom settings. Employee training was restricted to business-critical areas of info-comm certifications and other emerging skillsets such as digital marketing. In addition, selected employees attended training to ensure proper management of safety measures at worksites.

SUSTAINABILITY REPORT

Managing Performance

Through a comprehensive performance management programme, we enable our employees to meet their business and personal development goals consistently. Our performance management system covers all permanent employees. As part of the process, managers hold discussions with their staff at the beginning of the year to establish goals. A formal performance appraisal takes place at the end of the year. Managers are encouraged to have ongoing discussions with their employees to review progress and provide coaching and guidance.

Engaging Employees

To ensure continuing engagement with employees, regular virtual communication sessions were held with employees at the corporate level and also amongst the business groups. Surveys and online conversations were conducted to garner feedback on how employees were coping with changes in the work environment and the support needed during the pandemic. The results obtained helped to provide insights for decision-making to cope with the changing business environment during this period.

Providing Benefits

We offer competitive wages and benefits to our employees. Our full-time staff are eligible for several employment benefits which are not available to temporary or part-time employees. Some of the benefits include:

1. Specialist Consultation and Treatment claim;
2. Flexi-Benefit with limit for General Medical and Dental;
3. Bonding Funds;
4. Marriage/Family Care/Examination Leave(s)/Shared Parental Leave/Paternity Leave;
5. Executive Health Screening for employees aged 35 years old and above; and
6. Hospitalisation & Surgery/Personal Accident/Term Life Insurance.

Human Rights

We support internationally accepted human rights principles and local regulations. Our policies ban discrimination, forced labour and child labour.

There were no incidents of discrimination, forced labour or child labour in the reporting period.

Freedom of Association

We respect our employees' right to freedom of association and collective bargaining. We work closely with the Singapore Industrial & Services Employees Union ("SISEU") and have signed a memorandum of understanding with SISEU to ensure the well-being of our employees.

As at the end of 2021, 70 employees were active members of SISEU.

Caring for Employees

We have implemented several measures to ensure the well-being of our employees. We offer on-site health screening for early detection of diseases such as hypertension, heart ailments, diabetes and cancer. The basic mass health screening is a Group-paid annual initiative to provide employees the convenience of having their health checked via taking blood samples for laboratory investigation, with optional add-on packages (payable by employees) for more detailed tests. Employees who cannot attend the health screening on the scheduled dates were able to obtain a medical chit to visit the health screening centre directly on their own arrangement, within a specific timeframe. However, due to the pandemic and in full compliance with the Government's advisory on work-from-home and social distancing initiatives, we have suspended some of the health initiatives.

SUSTAINABILITY REPORT

A portable air purifier QUAIR Plasma Mini was given to all employees to offer additional protection against COVID-19 infection. Employees, especially those who are customer-facing, are encouraged to wear the device while they are at work.

To strengthen cultural bonding, we gave "Hongbao" to our employees to celebrate the Chinese New Year. We also observed early release from work on the eves of the four major public holidays in Singapore.

Ensuring Safety and Health

The safety and well-being of our employees remain our priority. Safety is a material topic for all our Business Divisions and we pay particular attention to safety measures and proactively manage potential hazards. We have implemented measures to promote safe work practices, assessed health and safety risks in our operations and adopted the necessary preventive measures. We regularly monitor and review health and safety performance and comply strictly with prevailing rules and regulations concerning incident reporting should they occur. Workplace health and safety training is provided where applicable, and we are in strict compliance with the Workplace Safety and Health Act (2006).

TeleChoice has obtained bizSAFE Level Three certification in Singapore from the Workplace Safety and Health Council which reflects our commitment to ensuring safety at the workplace. There were no recordable incidents of fatalities, injuries, and occupational diseases in our Singapore operations.

However, COVID-19 with its multiple variants has posed many disruptions, challenges and health concerns to all our employees, locally and overseas. We were saddened by the loss of three staff in Indonesia who succumbed to the virus in 2021. Infected staff were rendered the necessary support and time to recover before returning to work.

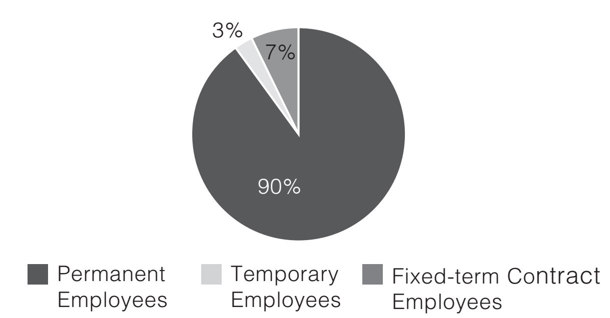
As we transit to living with the pandemic, the health and well-being of our employees remain as our topmost priority. To this end, we constantly update and adjust our business continuity plans according to government health advisories and inform staff on changes to safety management protocols. We are advocates of the vaccination programme and have achieved a high vaccination rate among our staff. As governments continue to manage community and workplace restrictions, our workforce segregation, remote working and split shift arrangements remain flexible in an evolving environment. We remain vigilant to protect the safety and health of our employees.

SUSTAINABILITY REPORT

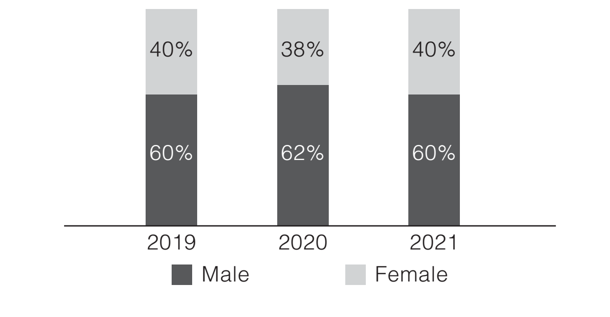
Our People Performance

Note: Figures may not add due to rounding

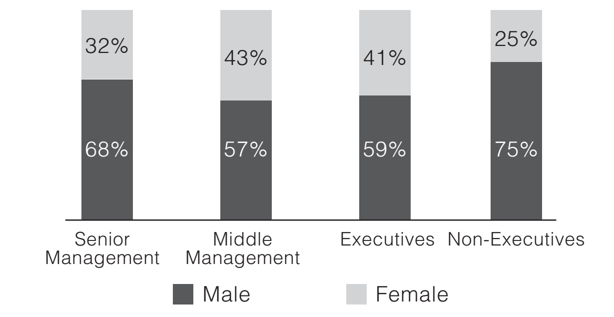
Employees by Employment Type



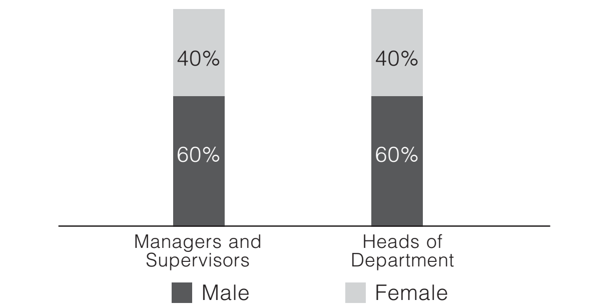
Gender Diversity



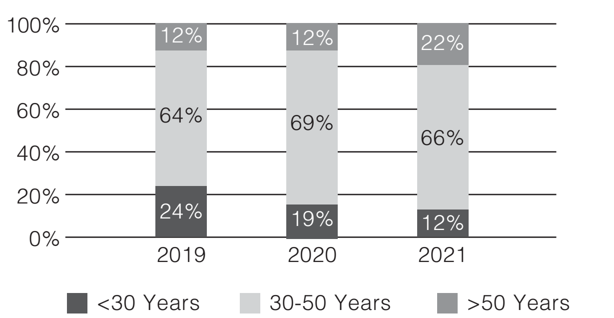
Gender Diversity by Employee Category



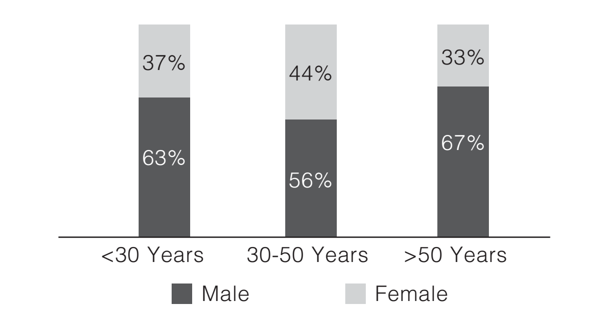
Gender Diversity Department Heads, Managers and Supervisors



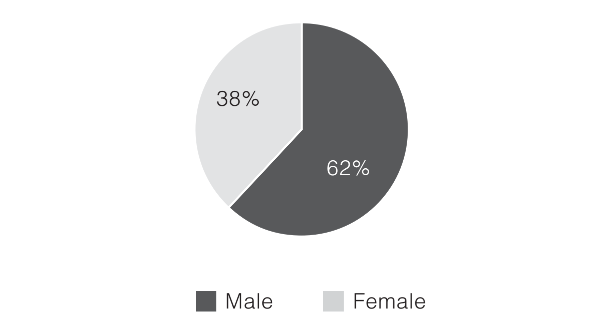
Age Diversity



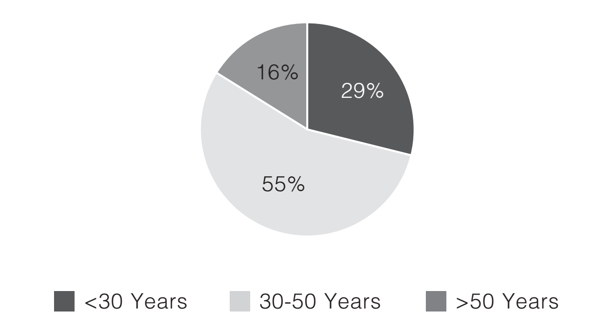
Age Diversity by Gender



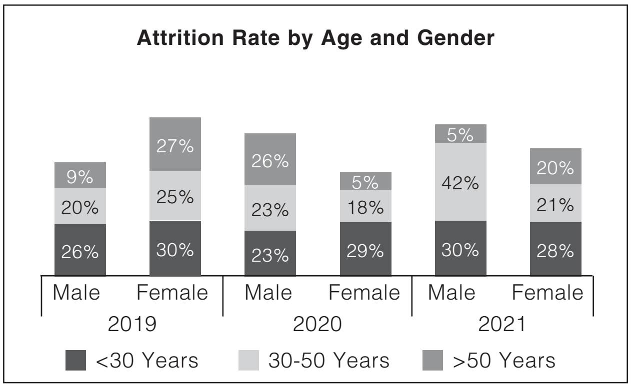
New Hiring by Gender

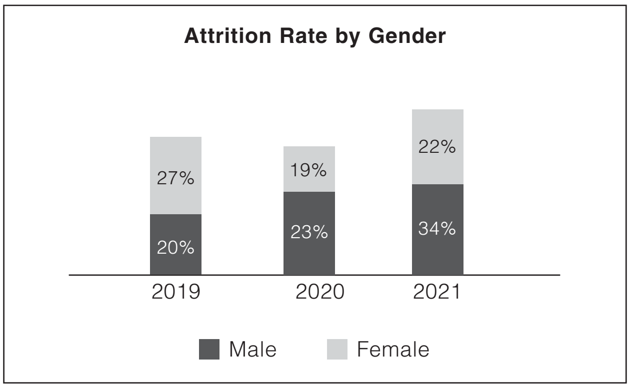


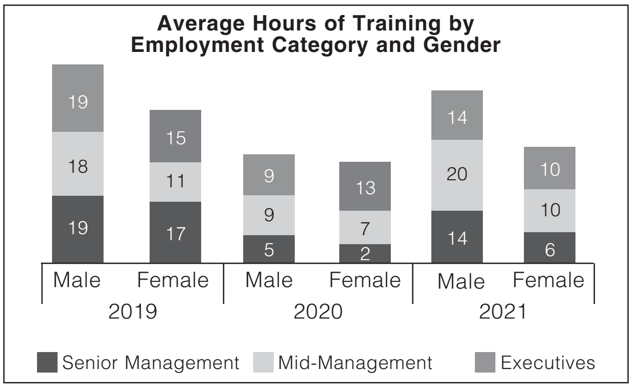
New Hiring by Age Group

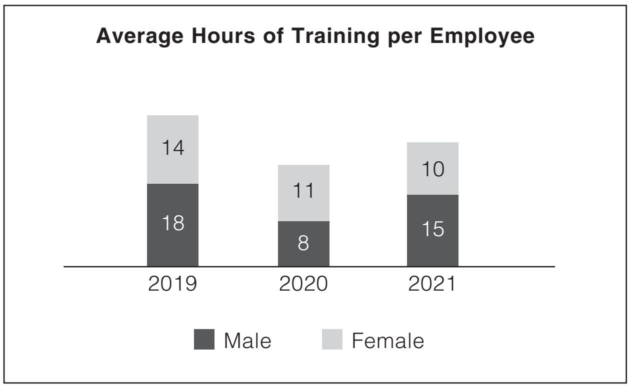


SUSTAINABILITY REPORT









ENVIRONMENT

We are committed to minimising the environmental impact of our business through resource efficiency and conservation.

Electricity, fuel and waste are our primary environmental impacts. The retail stores we manage for our customers use power for lighting and air-conditioning. Vehicles deployed for our engineering and maintenance services consume fuel. We also generate waste mostly from packaging in our stores and warehouses. Our environmental efforts are focused on energy efficiency, waste reduction, recycling and efficient use of resources.

Energy

We measure and monitor our energy consumption and calculate associated carbon emissions to manage our footprint. In 2021, our electricity consumption intensity was 98 kWh/m^2 against 110 kWh/m^2 the year before. The decline was due to the decrease in the number of staff working in the office as a result of the COVID-19 containment measures.

Greenhouse Gas ("GHG") Emissions

We monitor Carbon Dioxide ("CO_2") emissions from the use of electricity and fuel consumption. Our combined CO_2 emission from fuel consumption (Scope-1) and purchased electricity (Scope-2) in 2021 was 340 tonnes as compared with 341 tonnes in 2020. Carbon Dioxide emission from purchased electricity accounted for 87% of our total emission, as compared to 88% in 2020.

SUSTAINABILITY REPORT

We have switched to energy efficient LED lighting in our stores in a progressive manner. We use store renovations as an opportunity to replace older lights with LED lights. We have limited or no control over air conditioning in our retail operations as we lease store space in commercial buildings with centralised systems controlled by the landlords.

We encourage our employees through awareness campaigns to minimise the use of non-essential lighting in the office and to make efforts to conserve water and to recycle paper.

Waste Management

Our approach is to make efforts to reduce, reuse and recycle waste. In our retail business, paper, plastic and wooden pallets are the main types of waste generated. Our electronic waste ("e-waste") consists of decommissioned office equipment such as personal computers, notebooks, monitors and servers.

In line with StarHub's support towards conserving the environment, our Platinum and EP shops support the Earth Hour initiative. All shops will dim or turn off non-essential lights during this hour. For example, ePosters, TV screens and lights at handset display sections, will be dimmed or turned off.

In addition, we have discontinued using paper bags to reduce our environmental footprint. Instead, we now provide reusable non-woven shopping bags. We also give customers a choice of electronic receipts to save paper. In our offices, we encourage double-sided printing to minimise the use of paper.

We dispose of our waste through licensed waste management contractors. From FY2020, the waste management contractor engaged for pallet disposal has ensured that all pallets are recycled for reuse, such as producing furniture or other wood products. Pallets are no longer incinerated.

In FY2021, our waste disposal related to Paper and Plastics decreased to 1,320 kg, from 2,830 kg in FY2020. There was a restatement for Paper and Plastic waste in FY2020 to 2,830 kg from 1,540 kg. The increase in waste was attributed to a backlog in FY2020 as a result of the circuit breaker measures which curtailed our business operations. We registered an increase in Wooden Pallets waste in FY2021 compared to FY2020 due to an accumulation of these waste materials during the circuit breaker period, and the resumption of business activities with the further easing of COVID safety restrictions also contributed to the increase in the waste disposal accordingly.

Compliance

We are committed to complying with applicable environmental regulations. There were no incidents of non-compliance with environmental laws in the reported period.

As required by the Resource Sustainability Act ("RSA") introduced by the Ministry of Sustainability and the Environment, our processes are compliant and we ensure the proper collection and treatment of electrical and e-waste.

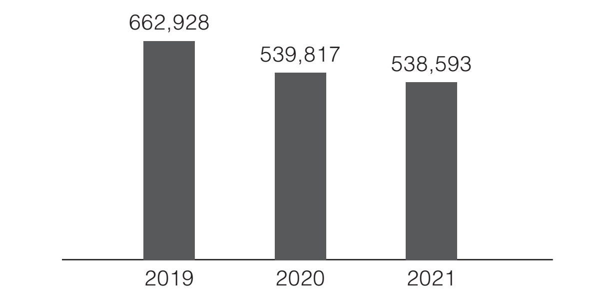
E-waste bins are placed in all StarHub Platinum shops as required by RSA for retailer premises with a floor area of more than 300 sqm. The e-waste is then collected and disposed of by an NEA licensed operator.

SUSTAINABILITY REPORT

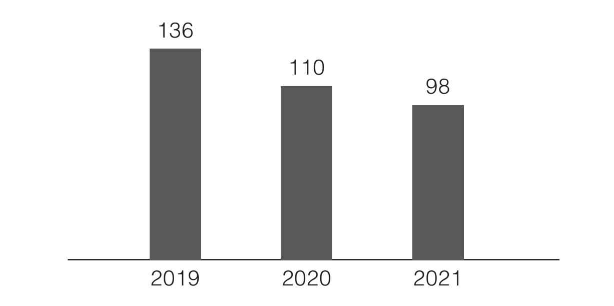
Our Environmental Performance

Note: Figures may not add due to rounding.

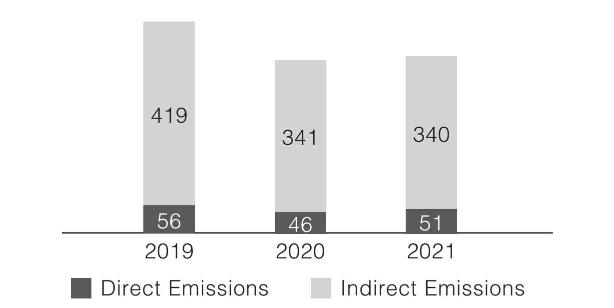
Purchased Electricity (kWh)



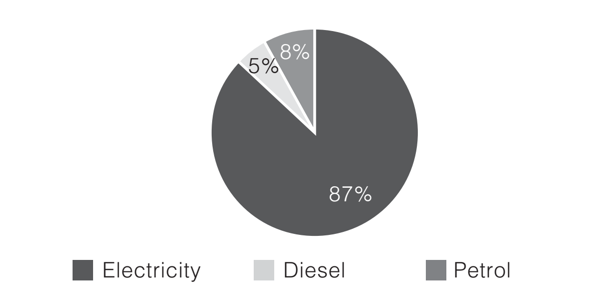
Electricity Usage Intensity (kWh/m²)



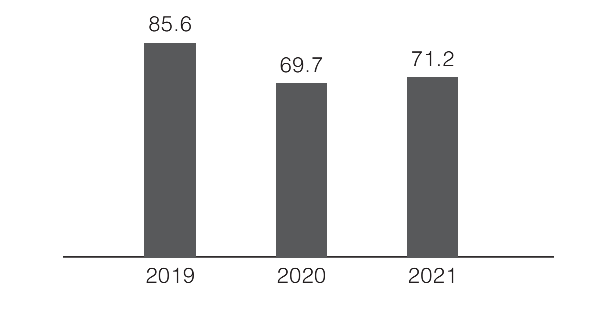
Carbon Dioxide Emissions (tCO_2)



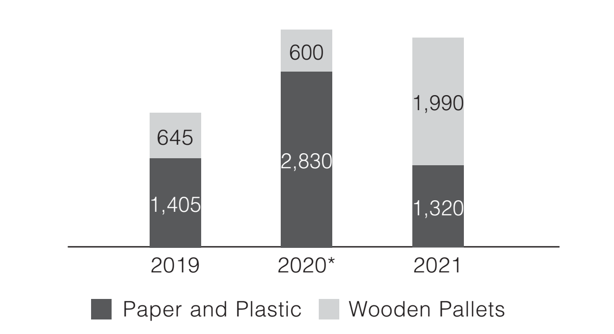
Sources of Carbon Dioxide Emissions (%)



Carbon Dioxide Emission Intensity from Electricity ($kgCO_2/m^2$)



General Waste (Kg)



*restated

COMMUNITY

We are committed to being a responsible corporate citizen and contributing to community development.

We started our social outreach programme in 2015. Since then, we have reached out to various service user groups including the elderly and disadvantaged hawkers through a three-year partnership with Dignity Kitchen, Dorcas, Lions Befrienders, MINDS Towner Gardens School and Metta School through Community Chest's FUDAI and HeartStrings Walk.

SUSTAINABILITY REPORT

For the fifth consecutive year, TeleChoice supported Community Chest and its partners in the annual FUDAI 2021. The event is a collaboration between the private and public sectors to share the Lunar New Year festive joy with the less fortunate through the donation and distribution of FUDAI or fortune goodie bags. Our staff volunteers packed and delivered over 50 FUDAI which contained essential food items to beneficiaries staying in the Bedok and Chai Chee estate.

ECONOMIC PERFORMANCE

We are committed to creating sustainable value for our shareholders and stakeholders.

For a detailed description of our financial performance, please refer to the Group Financial Review section of the Annual Report. A summarised version of the economic value generated is presented here in line with the GRI Standards.

ECONOMIC PERFORMANCE ($ million)			
Economic performance indicators	**FY2021**	**FY2020**	**FY2019**
Revenue	194.4	213.5	313.6
(Loss)/Profit before tax	(2.2)	(5.1)	7.3
(Loss)/Profit after tax and non-controlling interests	(2.7)	(5.6)	5.4
Total expenses (including staff costs)	200.0	219.8	307.0
Staff costs	42.4	47.3	53.6
Dividends declared	0.6	2.3	4.5

Financial Assistance from Government

In 2020, the Singapore government launched the COVID-19 grants and relief measures to support companies impacted by the pandemic. In 2021, we received a total of $3.3 million in grants, comprising of $2.15 million from the Job Support Scheme (“JSS”), $595,000 from the Rental Support Scheme (“RSS”), $359,000 from the Jobs Growth Incentive (“JGI”) and $111,000 from the Wage Credit Scheme (“WCS”).

Anti-corruption

Our corporate governance policies cover areas of Fraud, Whistleblowing, Document Retention and Conflict of Interest to facilitate the development of controls that will aid in the detection and prevention of any fraud, misappropriations and other irregularities. To further emphasise the importance of corporate governance, we introduced an Anti-Corruption Policy in October 2018.

All new employees are required to read, understand and be assessed on these policies as part of the onboarding process. In addition, the Anti-Corruption Policy is sent out to all staff on a yearly basis as a reminder and to emphasise our zero tolerance towards corruption.

We also sent out our copy of our anti-corruption policy to our business partners in 2021.

Compliance

The Group is committed to complying with applicable laws where we operate. We regularly review the local legislation to keep our policies updated. There were no incidents of violations of social or economic regulations in the reported period.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Content Index 'In accordance' – Core		
GRI Standard	**Disclosure**	**Page Number(s) and/or URL(s)**
GRI 101: Foundation 2016 (GRI 101 does not include any standards)		
General Disclosures		
GRI 102: General Disclosures 2016	**Organisational Profile**	
	102-1 Name of the organisation	01
	102-2 Activities, brands, products, and services	01
	102-3 Location of headquarters	26
	102-4 Location of operations	01, 23, 26, 27
	102-5 Ownership and legal form	01, 183-184
	102-6 Markets served	01, 23
	102-7 Scale of the organisation	01, 02-03, 56, 69
	102-8 Information on employees and other workers	56, 69
	102-9 Supply chain	Not applicable as we are mainly a fulfilment and managed services provider for our customers with little or no control over sourcing of products
	102-10 Significant changes to the organisation and its supply chain	None
	102-11 Precautionary Principle or approach	70-71
	102-12 External initiatives	54, 63
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	102-16 Values, principles, standards, and norms of behaviour	28-50, 59, 73

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	103-2 The management approach and its components	59-61, 73
	103-3 Evaluation of the management approach	56, 73
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	56, 73
	201-4 Financial assistance received from the government	73
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	59-61
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GROUP FINANCIAL REVIEW

1.0 Operating Results of the Group

In $ million	**FY2021**	**FY2020**	**Change**
Revenue	**194.4**	**213.5**	**-8.9%**
Gross profit	16.4	17.5	-6.3%
Other income	3.5	6.7	-47.8%
Total expenses	(200.0)	(219.8)	9.0%
Operating PBT	(2.1)	0.4	nm
Share of loss of associate (net of tax)	(0.1)	(0.2)	50.0%
Impairment of goodwill	–	(5.3)	nm
PBT	**(2.2)**	**(5.1)**	**56.9%**
PAT	(2.7)	(5.6)	51.8%
PATMI	**(2.7)**	**(5.6)**	**51.8%**

nm – not meaningful

1.1 Revenue

Group revenue decreased by 9% or $19.1 million to $194.4 million in FY2021.

Personal Communications Solutions Services (“**PCS**”) Division contributed to 45% of Group revenue in FY2021 (FY2020: 48%). Revenue decreased by 13% to $88.2 million in FY2021, mainly due to lower mobile phones and prepaid card sales. This was partially mitigated by the higher revenue from the retail operations in Singapore with higher footfall in the shopping malls as compared to FY2020 when there were shop closures during the Circuit Breaker period. In addition, the sales of Quair, an innovative clean air solution have been encouraging since its launch in June 2021. Unfortunately, retail traffic in its Malaysia operations continued to be luckluster due to the surge of COVID-19 cases, resulting in lower variable commissions received with fewer walk-in customers.

Info-Communications Technology Services (“**ICT**”) Division contributed to 28% of Group revenue in FY2021 (FY2020: 22%). Revenue increased by 14% to $54.3 million in FY2021 mainly from sales of hardware and maintenance renewal which were at lower margins. Customers remained prudent in capex spending with resultant delay in project tendering and awards and this has resulted in lower recognition for its higher margin service revenue.

Network Engineering Services (“**Engineering**”) Division contributed to 27% of Group revenue in FY2021 (FY2020: 30%). Revenue decreased by 19% to $51.9 million in FY2021. The division’s operations in Singapore, Indonesia, Malaysia, Philippines and Vietnam, continued to be impacted by the movement control measures imposed by the various government in response to the COVID-19 pandemic. Revenue recognition had been affected by project implementation delays, material supplies issues and logistical challenges.

GROUP FINANCIAL REVIEW

1.2 Gross profit

In $ million	FY2021	FY2020	Change
Gross profit	16.4	17.5	-6.3%
Gross margin	8.4%	8.2%	0.2 ppt

ppt – percentage point

Gross profit decreased to $16.4 million in FY2021. The lower gross profit was due to ICT division.

Gross margin increased from 8.2% in FY2020 to 8.4% in FY2021. The Group higher gross margin from PCS and Engineering divisions was partially offset by the lower gross margin from the ICT division.

1.3 Other income

Other income mainly comprises of government grants.

Other income in FY2021 was lower due to lower government grant received from the job support scheme and rental support.

1.4 Total expenses

In $ million	FY2021	FY2020	Change
Cost of sales	178.0	196.0	-9.2%
Selling and marketing expenses	7.0	6.8	2.9%
Administrative expenses	14.1	15.3	-7.8%
Other expenses	0.3	0.2	50.0%
Finance costs	0.6	1.5	-60.0%
Total expenses	**200.0**	**219.8**	**-9.0%**
Included in total expenses:			
Staff costs	42.4	47.3	-10.4%
Depreciation and amortisation	5.4	5.9	-8.5%

Total expenses, including cost of sales, amounted to $200.0 million in FY2021, a decrease of 9% or $19.8 million compared to FY2020. Decrease in total expenses by 9% was in line with the decrease in revenue of 9%.

Cost of sales comprises cost of equipment sold, carrier costs and commissions, costs of cabling and installation, network expenses, depreciation and amortisation, and attributable direct overheads. Cost of sales decreased by 9% or $18.0 million against FY2020 due to decrease in revenue in FY2021.

Selling and marketing expenses increased by 3% or $0.2 million against FY2020 due to higher staff costs, with slightly higher sales and marketing headcount in FY2021.

GROUP FINANCIAL REVIEW

Administrative expenses decreased by 8% or $1.2 million against FY2020 due to lower staff costs.

Other expenses increased by 50% or $0.1 million against FY2020 due to additional withholding tax payable. In FY2021 there a net exchange loss while in FY2020 there was a net exchange gain recorded.

Finance costs decreased by 60% or $0.9 million against FY2020 due to lower interest expenses from lower bank borrowings.

Staff costs decreased by 10% or $4.9 million to $42.4 million was mainly due to lower sales activities against FY2020 resulting in lower staff costs from lower cost of sales incurred and lower commission paid.

Depreciation and amortisation costs decreased by 9% or $0.5 million to $5.4 million in FY2021. The decrease was due to certain assets being fully depreciated and amortised during the year.

1.5 Share of loss of an associate (net of tax)

Share of loss of $0.1 million in FY2021 (FY2020: $0.2 million) was from MVI Systems Limited ("MVI"). The lower share of loss in FY2021 was due to higher revenue recognition with more projects completed during the year.

1.6 Impairment of goodwill

In FY2020, there was a full impairment of the goodwill recognised for the Group's investment in S & I which was acquired in FY2010. Due to the uncertain economic outlook arising from the COVID-19 pandemic, with lesser visibility on the order book, a lower revenue and revenue growth rate for S & I were forecasted. As the recoverable amount is below the carrying value, a full impairment was made.

1.7 Operating (loss)/profit before tax

Operating (loss)/profit before tax margin	FY2021	FY2020	Change
PCS	0.5%	0.8%	-0.3 ppt
ICT*	-3.3%	2.0%	-5.3 ppt
Engineering	-1.2%	-2.1%	0.9 ppt
Group*	**-1.1%**	**0.2%**	**-1.3 ppt**

** exclude impairment of goodwill of $5.3 million in FY2020 and share of loss from an associate of $0.1 million (FY2020: $0.2 million)*
ppt – percentage point

Group operating loss before tax was $2.1 million in FY2021. Against FY2020 operating profit of $0.4 million, the lower profit before tax recorded in FY2021 was mainly due to decrease of $3.1 million in government and rental support received in FY2021. There were also expenses incurred for the Group's new initiatives in FY2021. Lower operating expenses and lower financing cost had partially mitigated the lower gross profit in FY2021. Excluding the impact from the lower government support, the improvement in the Group operating performance in FY2021 was attributed to PCS and Engineering Divisions.

Operating PBT margin dropped from 0.2% in FY2020 to -1.1% in FY2021. Only the Engineering Division recorded improvement in PBT margin against FY2020.

GROUP FINANCIAL REVIEW

PCS – The Division recorded a lower profit of $0.4 million in FY2021, a $0.4 million or 50% decrease from FY2020 profit of $0.8 million. The lower profit was mainly attributed by the lower grants received from the Job and Rental Support Scheme amounting to $2.0 million. Excluding the impact from the lower government grants, operating loss was 60% lower as compared to the previous year. While the profit from the Malaysian operation was lower due to lower revenue, the Singapore operations had recorded lower losses from improvement in gross margin with the closure of several non-performing retail stores.

ICT – The Division recorded loss of $2.0 million in FY2021, a $2.7 million decrease from FY2020 profit of $0.7 million (excluding the loss from impairment of $5.3 million). In addition to the lower grants received from the Job Support Scheme amounting to $0.8 million, the Division's loss was primarily due to lower project and services revenue recognition, product sales and voice usage. To capture new market, the Division also incurred expenses relating to its new Internet of Things ("IoT") and Cloud initiatives. The development of its in-house IoT service platform and cloud-based Unified Communications and Contact Centre solutions will bolster its service capabilities to enable these solutions to be delivered in a faster, cheaper and more consistent manner.

Engineering – The Division recorded a loss of $0.6 million in FY2021, a decrease of $0.7 million against FY2020 loss of $1.3 million. The lower loss against FY2020 was mainly from lower loss from the Philippines operation which managed to narrow its loss on the back of revenue from its new higher margin projects. The Division losses were mainly attributed to losses incurred for the Singapore operation due to lower revenue recognition and lower gross margins. These losses were partially mitigated by profit contribution from its Indonesian operation which had recorded gross margin improvements and lower financing cost. The Division weaker operating performance was also compounded by the lack of government support for its regional operations and the safety concerns for its employees.

1.8 Loss after tax and non-controlling interests

In $ million	FY2021	FY2020	Change
Income tax expenses	0.5	0.5	–
Loss after tax and non-controlling interests	**(2.7)**	**(5.6)**	**51.8%**
Loss after tax margin	-1.4%	-2.6%	1.2 ppt

ppt – percentage point

Group **PATMI** improved with a lower loss after tax of $2.7 million in FY2021 against FY2020 loss after tax of $5.6 million in FY2020.

Income tax expenses in FY2021 remained the same level as FY2020 despite an operating loss position in FY2021 as the Group has to account for taxes charged for profitable overseas subsidiaries as well as lower deferred tax asset recognised during the year.

GROUP FINANCIAL REVIEW

2. Liquidity and Capital Resources

Cash flow (In $ million)	**FY2021**	**FY2020**	**Change**
Cash flow from:			
Operating activities	27.7	24.3	14.0%
Investing activities	(1.0)	(0.7)	-42.9%
Financing activities	(19.2)	(19.3)	0.5%
Net change in cash and cash equivalents	7.5	4.3	74.4%
Cash and cash equivalents at end of year	**34.8**	**27.3**	**27.5%**

Group's cash and cash equivalents increased by 28% from $27.3 million as at 31 December 2020 to $34.8 million as at 31 December 2021.

The Group's bank borrowings decreased from $14.1 million as at 31 December 2020 to $2.5 million as at 31 December 2021.

Net cash increased from $13.2 million as at 31 December 2020 to $32.3 million as at 31 December 2021. Net cash per share increased from 2.9 cents per share as at 31 December 2020 to 7.1 cents per share as at 31 December 2021.

Operating Activities

Net cash inflow in FY2021 was positive from operating profits and positive changes in working capital due to higher trade and other payables.

Investing Activities

Net cash outflow in FY2021 was mainly in capital expenditure.

Financing Activities

Net cash outflow in FY2021 was mainly from net repayment of bank borrowings. There was also lower dividend payment in FY2021.

GROUP
FINANCIAL REVIEW

3. Shareholders Returns

	FY2021	FY2020	Change
Net dividends per share (cents) – ordinary	0.125	0.5	-75.0%
Dividends declared ($ million)	0.6	2.3	-75.0%
Dividend payout ratio (%)	-22.2%	-41.1%	18.9 ppt
Dividend yield (%)	0.8%	2.7%	-1.9 ppt
Basic earnings per share (cents)(1)	(0.59)	(1.24)	52.4%
Return on equity (%)	-4.7%	-9.1%	4.4 ppt
Return on capital employed (%)	-3.3%	-5.3%	2.0 ppt
Return on total assets (%)	-2.3%	-4.8%	2.5 ppt

ppt – percentage point

Note:
(1) The number of shares used for the purpose of calculating the EPS for FY2021 and FY2020 were 453,872,000 and 453,210,000 respectively.

For FY2021, the Company has proposed the final dividend of 0.125 cents per ordinary share or $0.6 million. Including the $0.6 million of dividend payout in May 2022, total dividend paid since listing in June 2004 will be 30.88 cents per share or $139.3 million. This represents 84.3% of earnings over the same period.

Year-on-year earnings per share improved from -1.24 in FY2020 cents to -0.59 cents in FY2021.

Return on equity improved from -9.1% in FY2020 to -4.7% in FY2021. Return on capital employed and return on total assets had also improved to -3.3% (FY2020: -5.3%) and -2.3% (FY2019: -4.8%) respectively due to lower losses.

DIRECTORS' STATEMENT

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 103 to 181 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Ronald Seah Lim Siang
Stephen Geoffrey Miller
Tang Yew Kay Jackson
Cheah Sui Ling
Yeo Siew Chye Stephen
Ho Koon Lian Irene
Lim Chai Hock Clive

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares		
Ronald Seah Lim Siang	439,000	439,000
Stephen Geoffrey Miller	251,000	251,000

DIRECTORS' STATEMENT

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
The Company (cont'd)		
Ordinary shares (cont'd)		
Tang Yew Kay Jackson	594,000	594,000
Ho Koon Lian Irene	382,000	382,000
Lim Chai Hock Clive	183,000	183,000
- Held in the name of Leap International Pte Ltd	83,804,200	83,804,200
Related Corporations		
Ascendas Fund Management (S) Limited		
Unitholdings in Ascendas Real Estate Investment Trust		
Yeo Siew Chye Stephen	16,000	16,000
Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd.		
Unitholdings in Ascott Residence Trust		
Yeo Siew Chye Stephen	42,500	42,500
CapitaLand Limited		
Ordinary shares		
Yeo Siew Chye Stephen	70,043	N.A.[1]
CapitaLand Investment Limited		
Ordinary Shares		
Yeo Siew Chye Stephen	–	65,043
CapitaLand Integrated Commercial Trust Management Limited		
Unitholdings in CapitaLand Integrated Commercial Trust		
Yeo Siew Chye Stephen	22,573	33,715
CapitaLand Retail China Trust Management Limited		
Unitholdings in CapitaLand Retail China Trust		
Yeo Siew Chye Stephen	64,000	64,000

[1] *delisted on 21 September 2021.*

DIRECTORS' STATEMENT

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Related Corporations (cont'd)		
Datameer, Inc.		
Stock option to purchase shares of common stock, exercisable by 15.11.2027 at US$1.56 each		
Stephen Geoffrey Miller		
- Held in the name of STT inTech Pte. Ltd.	1,146,953	1,146,953
Mapletree Commercial Trust Management Ltd.		
Unitholdings in Mapletree Commercial Trust		
Yeo Siew Chye Stephen	3,000	3,000
Mapletree Industrial Trust Management Ltd.		
Unitholdings in Mapletree Industrial Trust		
Ho Koon Lian Irene	40,000	40,000
Mapletree North Asia Commercial Trust Management Ltd.		
Unitholdings in Mapletree North Asia Commercial Trust		
Yeo Siew Chye Stephen	3,000	3,000
SembCorp Marine Limited		
Ordinary shares		
Yeo Siew Chye Stephen	772,000	1,522,000
Singapore Airlines Limited		
Ordinary shares		
Yeo Siew Chye Stephen	1,000	1,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Yeo Siew Chye Stephen	5,000	5,000
Ho Koon Lian Irene	6,000	6,000
Singapore Technologies Telemedia Pte Ltd ("ST Telemedia")		
5.0% Subordinated Perpetual Securities issued under ST Telemedia's S$2,000,000,000 Multicurrency Debt Issuance Programme		
Stephen Geoffrey Miller	S$250,000	S$250,000

DIRECTORS' STATEMENT

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Related Corporations (cont'd)		
4.2% Subordinated Perpetual Securities issued under ST Telemedia's S$2,000,000,000 Multicurrency Debt Issuance Programme		
Ho Koon Lian Irene	–	S$250,000
Singapore Telecommunications Limited Ordinary shares		
Tang Yew Kay Jackson	2,850	2,850
Yeo Siew Chye Stephen	68,360	68,360
Ho Koon Lian Irene	190	190
StarHub Ltd Ordinary shares		
Stephen Geoffrey Miller	83,700	116,000
Yeo Siew Chye Stephen	11,000	11,000
Ho Koon Lian Irene	15,000	15,000
STT GDC Pte. Ltd. ("STT GDC") 3.59% Notes issued under STT GDC's S$1,500,000,000 Multicurrency Debt Issuance Programme		
Ho Koon Lian Irene	S$250,000	S$250,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2022.

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

Equity Compensation Benefits

Long Term Incentive Plans

The TeleChoice Restricted Share Plan (the "TeleChoice RSP") (as amended) and TeleChoice Performance Share Plan (the "TeleChoice PSP") (as amended) (collectively referred to as the "Plans"), were approved and adopted by the members at an Extraordinary General Meeting of the Company held on 27 April 2007 and certain amendments to the TeleChoice RSP and TeleChoice PSP were approved and adopted by the members at the Annual General Meeting of the Company held on 26 April 2018.

Information regarding the Plans is set out below:

(i) The Plans were established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for the Company.

(ii) The Plans are administered by the Company's Remuneration Committee comprising three directors, namely Ronald Seah Lim Siang, Yeo Siew Chye Stephen and Stephen Geoffrey Miller (the "Committee").

(iii) The following persons (collectively referred to as the "Eligible Persons") shall be eligible to participate in the Plans at the absolute discretion of the Committee:

   a. employees and non-executive directors of the Company and/or any of its subsidiaries;

   b. employees and non-executive directors of STT Communications Ltd and its subsidiaries, who may be seconded to render services and contribute to the success of the Group; and

   c. employees of associated companies.

(iv) Controlling shareholders and associates of controlling shareholders of the Company will not be eligible to participate in the Plans.

(v) Under the TeleChoice PSP (as amended), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets which are set based on corporate objectives aimed at sustaining longer-term growth. The vesting period of the awards granted under the Plans is between one to three years. After the awards vest, the shares comprised in the awards are issued at the end of the performance and/or service period once the Committee is, at its sole discretion, satisfied that the prescribed performance targets have been achieved.

   The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period, currently prescribed to be a three-year period. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

DIRECTORS' STATEMENT

(vi) Under the TeleChoice RSP (as amended), conditional awards vest over a three-year period, once the Committee is, at its sole discretion, satisfied that the performance and extended service conditions are attained. For the 2016 RSP grants, the total number of shares to be awarded depends on the level of attainment of the corporate performance targets. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.3 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded. For the RSP grants for 2017 onwards, the total number of shares to be awarded depends on the level of attainment of the individual performance targets.

(vii) Since the commencement of the Plans to the financial year ended 31 December 2021, conditional awards aggregating 52,381,810 (2020: 49,048,810) shares have been granted under the aforesaid Plans, representing the number of shares to be delivered based on the achievement against the pre-determined target performance levels. No shares under the Plans were released during the financial year ended 31 December 2021 (2020: 3,635,810 shares).

(viii) During the financial year ended 31 December 2021, conditional awards aggregating 2,690,000 (2020: 5,595,000) shares have been granted under the Plans, representing the number of shares to be delivered based on the achievement against the pre-determined target performance levels. An aggregate 12,625,150 shares under the Plans were outstanding as at 31 December 2021 (2020: 10,751,270 shares).

(ix) During the financial year ended 31 December 2021, restricted share awards aggregating 643,000 (2020: 658,000) shares were also granted under the TeleChoice RSP. These share awards formed 30% (2020: 30%) of the payment of Directors' remuneration for the financial year ended 31 December 2020 (2020: 31 December 2019) to all of the Directors (other than Mr Lim Chai Hock Clive) and were granted without any performance or vesting conditions attached, but subject to a selling moratorium and other terms and conditions.

(x) Since commencement of the Plans, no share awards were granted under the Plans at a discount.

The details of the Plans granted to the Directors of the Company are as follows:

Name of director	Granted during the financial year Share Awards	Aggregate granted since the commencement of the Plans to 31 December 2021 Share Awards	Aggregate exercised/released since the commencement of the Plans to 31 December 2021 Share Awards	Aggregate outstanding as at 31 December 2021 Share Awards
Ronald Seah Lim Siang	145,000	584,000	439,000	145,000
Stephen Geoffrey Miller	100,000	351,000	251,000	100,000
Tang Yew Kay Jackson	117,000	611,000	494,000	117,000
Cheah Sui Ling	61,000	61,000	–	61,000
Yeo Siew Chye Stephen	51,000	51,000	–	51,000
Ho Koon Lian Irene	105,000	482,000	377,000	105,000
Lim Chai Hock Clive	–	183,000	183,000	–
Bertie Cheng [1]	–	976,000	976,000	–
Yap Boh Pin [1]	64,000	672,000	608,000	64,000

[1] Bertie Cheng and Yap Boh Pin retired as Directors of the Company with effect from 30 June 2020.

DIRECTORS' STATEMENT

Since the commencement of the Plans, no share awards have been granted to any participant who is a controlling shareholder of the Company or an associate of such controlling shareholder (save for Mr Lim Chai Hock Clive, who was a controlling shareholder of the Company until 26 December 2013, when he then became an associate of a controlling shareholder). Mr Lim Chai Hock Clive had informed the Company and the Company had in turn on 4 March 2019, announced that he had acquired all the shares of Leap International Pte Ltd ("Leap") from his daughter, Ms Lim Shi, and is deemed to be interested in all the shares of the Company that are held by Leap. The grant of the share awards to Mr Lim Chai Hock Clive as part of his director's remuneration for the financial years ended 31 December 2013, 2014, 2015 and 2016 were approved and ratified by the independent members at the Annual General Meeting of the Company held on 26 April 2018.

Set out below are the details of the participants who have received share awards granted under the Plans which represent 5% or more of the total number of share awards granted to date under the Plans. The terms of these share awards are set out above.

Participants	Granted during the financial year Share Awards	Aggregate granted since the commencement of the Plans to 31 December 2021 Share Awards	Aggregate exercised/released since the commencement of the Plans to 31 December 2021 Share Awards	Aggregate outstanding as at 31 December 2021 Share Awards
Loh Sur Jin Andrew	–	4,807,000	2,974,300	–
Lim Shuh Moh Vincent	852,500	9,973,470	2,611,233	4,717,830
Lee Yoong Kin	362,500	7,295,940	3,188,038	1,854,160
Pauline Wong Mae Sum	362,500	7,425,940	3,331,778	1,854,160
Wong Loke Mei	200,000	2,958,800	1,270,709	892,995
Goh Song Puay	172,500	2,635,300	1,167,629	782,495

The details of the participants who have received share awards granted under the Plans which represent 5% or more of the total number of share awards available to all directors and employees of the Company and its subsidiaries during the financial year ended 31 December 2021 are as follows:

Participants	Number of share awards granted under the Plans during the financial year ended 31 December 2021
Lim Shuh Moh Vincent	852,500
Lee Yoong Kin	362,500
Pauline Wong Mae Sum	362,500
Wong Loke Mei	200,000
Goh Song Puay	172,500

DIRECTORS' STATEMENT

Audit Committee

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

- Tang Yew Kay Jackson (Chairman), independent non-executive director
- Cheah Sui Ling, independent non-executive director
- Ho Koon Lian Irene, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the best practices as set out in the SGX-ST Listing Manual and the Code of Corporate Governance 2018.

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

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee is also responsible for overseeing the Group's risk management framework and policies, in which respect it shall:

- advise the Board on the Group's overall risk tolerance and policies;

- oversee management on the design, implementation and monitoring of the risk management and internal control systems;

- review, at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems, including the financial, operational, compliance and information technology risks, and where required, provide an opinion as to the adequacy and effectiveness of such risk management and internal control systems;

- review reports submitted by the Company's management on (i) changes in the risks highlighted in the last review, and (ii) the Group's ability to respond to risks brought about by changes in its business and the external environment; and

- review and comment on the assurance provided or to be provided to the Board by such members of the Company's senior management team as may be required under applicable laws, regulations and/or guidelines on the integrity of the financial records/statements, as well as the effectiveness of the Group's risk management and internal control systems.

DIRECTORS' STATEMENT

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

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

In appointing our auditors for the Company, subsidiaries, and the associated company, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditors

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

On behalf of the Board of Directors

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Ronald Seah Lim Siang
Director

____

Tang Yew Kay Jackson
Director

31 March 2022

INDEPENDENT AUDITORS' REPORT

Members of the Company
TeleChoice International Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TeleChoice International Limited ("the Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 103 to 181.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT
AUDITORS' REPORT

Impairment assessment of goodwill ($6,407,000) **(Refer to Note 2.4, Note 3.4, Note 3.8 and Note 5 to the financial statements)**	
The key audit matter The Group holds significant amounts of goodwill on the statement of financial position. The recoverable amount for each cash generating unit ("CGU") to which goodwill is allocated to has been calculated by the Group based on the value in use ("VIU") of the CGU. The VIU is affected by the Group's judgement over certain key inputs, for example long term revenue growth rate, operating profit margin and discount rate. We focused on the estimated VIU of the CGU to which goodwill has been allocated, namely NxGen Communications Pte Ltd and its subsidiaries ("NxGen") with CGU has net book values of $6,407,000.	*How the matter was addressed in our audit* We assessed the appropriateness of the determination of CGU. Our work focused on analysis and challenge of the key assumptions used by the Group in conducting the impairment review as described in Note 5 to the financial statements. This included: • engaging our valuation specialists to independently develop expectations for the discount rate, and comparing the independent expectations to those used by the Group; and • comparing key assumptions for long term revenue growth rate, operating profit margin and capital expenditure in the forecast to actual historical results, firm commitments secured from customers as well as pipelines. We also assessed whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill. *Our findings* We found that the assumptions and resulting estimates were optimistic. Based on the stress-testing results, there is no impairment required but the headroom remain very thin. The disclosures in Note 5 to the financial statements appropriately describe the inherent degree of subjectivity in the estimates.

INDEPENDENT AUDITORS' REPORT

Valuation of inventories ($10,571,000) **(Refer to Note 2.4, Note 3.5 and Note 9 to the financial statements)**	
The key audit matter We focused on this area because determination of inventory allowance involves subjective estimates and are influenced by assumptions concerning future demand and sales prices.	*How the matter was addressed in our audit* We assessed the principles and appropriateness of the Group's policy for inventory allowance based on our understanding of the Group's business and the accuracy of provisioning estimates by calculating the loss-rate of inventory based on past actual inventory sales records. For a sample of inventory items, we compared the unit carrying value to the selling price subsequent to year end where available, or the most recent sale transaction. We also compared the quantity sold subsequent to year end against the amount of inventory on hand at year end. *Our findings* We found that the assumptions and estimates applied in determining inventory allowance were balanced.

INDEPENDENT AUDITORS' REPORT

Revenue recognition for long term contracts ($56,765,000)
(Refer to Note 2.4, Note 3.12 and Note 24 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
We focused on long term contracts as the recognition of revenue largely depends on the Group's estimate of percentage of completion for these contracts. We also focused on bundled contracts as allocation of contract value for bundled contracts to different performance obligations require judgement.	We assessed whether the Group's revenue recognition policies for long term contracts complied with SFRS(I) 15 *Revenue from Contracts with Customers* and tested the implementation of those policies. We evaluated and tested the operating effectiveness of the internal controls implemented over the recording of revenue. For a sample of long term contracts, we evaluated the reasonableness of the projects' percentage of completion used to measure revenue by reference to the contract cost incurred to date to the total expected contract cost of the projects. For a sample of bundled contracts, we read extracts of the relevant customer contracts and assessed the reasonableness of the allocation of revenue to different contractual performance obligations under the contracts. *Our findings* We found that the percentage of completion used by the Group reasonably reflects the contract cost incurred to date to the total expected contract cost of the projects. We also found that the revenue had been appropriately allocated to different performance obligations where applicable.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Jeya Poh Wan S/O K. Suppiah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current assets					
Plant and equipment	4	1,208	992	51	81
Intangible assets	5	6,938	6,973	80	105
Right-of-use assets	21	6,930	6,908	3,064	4,274
Subsidiaries	6	–	–	24,374	27,489
Associate	7	1,818	1,948	–	–
Deferred tax assets	8	738	656	28	28
Trade and other receivables	10	813	899	–	–
Total non-current assets		18,445	18,376	27,597	31,977
Current assets					
Inventories	9	10,571	7,568	6,778	4,827
Contract assets	24	21,999	24,485	–	–
Trade and other receivables	10	30,641	39,719	8,595	11,323
Cash and cash equivalents	15	34,811	27,311	10,030	4,892
Total current assets		98,022	99,083	25,403	21,042
Total assets		116,467	117,459	53,000	53,019
Equity					
Share capital	16	21,987	21,987	21,987	21,987
Reserves	17	7,637	7,228	14,084	13,797
Accumulated profits		27,685	32,574	773	2,881
Total equity attributable to equity holders of the Company		57,309	61,789	36,844	38,665
Non-controlling interests		–	11	–	–
Total equity		57,309	61,800	36,844	38,665
Non-current liabilities					
Contract liabilities	24	123	205	–	–
Trade and other payables	18	–	573	–	–
Lease liabilities	21	3,422	3,141	1,770	2,984
Provisions	22	412	538	294	294
Total non-current liabilities		3,957	4,457	2,064	3,278
Current liabilities					
Contract liabilities	24	3,836	3,678	–	–
Current tax payable		17	72	–	–
Trade and other payables	18	45,429	28,695	12,822	5,767
Deferred income	19	–	840	–	98
Loans and borrowings	20	2,502	14,131	–	4,000
Lease liabilities	21	3,300	3,668	1,270	1,211
Provisions	22	117	118	–	–
Total current liabilities		55,201	51,202	14,092	11,076
Total liabilities		59,158	55,659	16,156	14,354
Total equity and liabilities		116,467	117,459	53,000	53,019

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	24	194,350	213,474
Cost of sales		(177,979)	(195,966)
Gross profit		16,371	17,508
Other income		3,449	6,623
Sales and marketing expenses		(7,027)	(6,769)
Administrative expenses		(14,051)	(15,338)
Impairment of goodwill		–	(5,329)
Other expenses		(260)	(186)
Results from operating activities		(1,518)	(3,491)
Finance income	25	67	93
Finance costs	25	(650)	(1,512)
Net finance costs		(583)	(1,419)
Share of loss of associate (net of tax)	7	(134)	(245)
Loss before tax	25	(2,235)	(5,155)
Tax expense	26	(465)	(464)
Loss for the year		(2,700)	(5,619)
Loss attributable to:			
Owners of the Company		(2,700)	(5,619)
Non-controlling interests		–	–
Loss for the year		(2,700)	(5,619)
Earnings per share			
Basic earnings per share (cents)	27	(0.59)	(1.24)
Diluted earnings per share (cents)	27	(0.59)	(1.23)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Loss for the year		(2,700)	(5,619)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan remeasurements		106	65
Tax on items that will not be reclassified to profit or loss		(23)	(13)
		83	52
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		104	(457)
Share of foreign currency translation differences of associate	7	4	10
Realisation of reserve upon liquidation of a subsidiary		14	–
Exchange differences on monetary items forming part of net investment in foreign operations		–	(38)
		122	(485)
Other comprehensive income for the year, net of tax		205	(433)
Total comprehensive income for the year		(2,495)	(6,052)
Total comprehensive income attributable to:			
Owners of the Company		(2,495)	(6,052)
Non-controlling interests		–	–
Total comprehensive income for the year		(2,495)	(6,052)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to owners of the Company									Non-controlling interests $'000	Total equity $'000
		Share capital $'000	Accumulated profits $'000	General reserve $'000	Capital reserves $'000	Goodwill written off $'000	Share option reserve $'000	Reserve for own shares $'000	Exchange translation reserve $'000	Total $'000		
At 1 January 2020		21,987	42,666	27	16,512	(1,538)	902	(218)	(8,361)	71,977	11	71,988
Total comprehensive income for the year												
Loss for the year		–	(5,619)	–	–	–	–	–	–	(5,619)	–	(5,619)
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	–	(457)	(457)	–	(457)
Share of foreign currency translation differences of associate	7	–	–	–	–	–	–	–	10	10	–	10
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	–	–	(38)	(38)	–	(38)
Defined benefit plan remeasurements		–	65	–	–	–	–	–	–	65	–	65
Tax on items that will not be reclassified to profit or loss		–	(13)	–	–	–	–	–	–	(13)	–	(13)
Total other comprehensive income		–	52	–	–	–	–	–	(485)	(433)	–	(433)
Total comprehensive income for the year		–	(5,567)	–	–	–	–	–	(485)	(6,052)	–	(6,052)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to owners of the Company										
		Share capital $'000	Accumulated profits $'000	General reserve $'000	Capital reserves $'000	Goodwill written off $'000	Share option reserve $'000	Reserve for own shares $'000	Exchange translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Share-based payments expenses	23	–	–	–	–	–	772	–	–	772	–	772
Purchase of treasury shares	16	–	–	–	–	–	–	(512)	–	(512)	–	(512)
Issue of treasury shares	16, 17	–	–	–	93	–	(693)	729	–	129	–	129
Final dividend of 1.0 cents per share (one-tier tax exempt)	17	–	(4,525)	–	–	–	–	–	–	(4,525)	–	(4,525)
Total contributions by and distributions to owners of the Company		–	(4,525)	–	93	–	79	217	–	(4,136)	–	(4,136)
Total transactions with owners of the Company		–	(4,525)	–	93	–	79	217	–	(4,136)	–	(4,136)
At 31 December 2020		21,987	32,574	27	16,605	(1,538)	981	(1)	(8,846)	61,789	11	61,800

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

Group	Note	Share capital $'000	Accumulated profits $'000	General reserve $'000	Capital reserves $'000	Goodwill written off $'000	Share option reserve $'000	Reserve for own shares $'000	Exchange translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company										
At 1 January 2021		21,987	32,574	27	16,605	(1,538)	981	(1)	(8,846)	61,789	11	61,800
Total comprehensive income for the year												
Loss for the year		–	(2,700)	–	–	–	–	–	–	(2,700)	–	(2,700)
Other comprehensive income											–	
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	–	104	104	–	104
Share of foreign currency translation differences of associate	7	–	–	–	–	–	–	–	4	4	–	4
Realisation of reserve upon liquidation of a subsidiary		–	–	–	–	–	–	–	14	14	–	14
Liquidation of a subsidiary		–	–	–	–	–	–	–	–	–	(11)	(11)
Defined benefit plan remeasurements		–	106	–	–	–	–	–	–	106	–	106
Tax on items that will not be reclassified to profit or loss		–	(23)	–	–	–	–	–	–	(23)	–	(23)
Total other comprehensive income		–	83	–	–	–	–	–	122	205	(11)	194
Total comprehensive income for the year		–	(2,617)	–	–	–	–	–	122	(2,495)	(11)	(2,506)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to owners of the Company										
		Share capital $'000	Accumulated profits $'000	General reserve $'000	Capital reserves $'000	Goodwill written off $'000	Share option reserve $'000	Reserve for own shares $'000	Exchange translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Share-based payments expenses	23	–	–	–	–	–	485	–	–	485	–	485
Purchase of treasury shares	16	–	–	–	–	–	–	(198)	–	(198)	–	(198)
Final dividend of 0.5 cents per share (one-tier tax exempt)	17	–	(2,272)	–	–	–	–	–	–	(2,272)	–	(2,272)
Total contributions by and distributions to owners of the Company		–	(2,272)	–	–	–	485	(198)	–	(1,985)	–	(1,985)
Total transactions with owners of the Company		–	(2,272)	–	–	–	485	(198)	–	(1,985)	–	(1,985)
At 31 December 2021		21,987	27,685	27	16,605	(1,538)	1,466	(199)	(8,724)	57,309	–	57,309

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Loss before tax		(2,235)	(5,155)
Adjustments for:			
Amortisation of intangible assets	5	261	309
Depreciation of plant and equipment	4	708	803
Depreciation of right-of-use assets	21	4,435	4,836
Finance expense	25	650	1,512
Finance income	25	(67)	(93)
Impairment of goodwill	25	–	5,329
Gain on disposal of plant and equipment	25	(73)	(13)
Gain on liquidation of a subsidiary	25	(17)	–
Gain on derecognition of right-of-use assets	25	(39)	–
Write back of provision for warranties	22	(50)	(57)
Impairment loss/(Reversal of impairment loss) on trade receivables	25	6	(14)
Share-based payments expenses	23	485	772
Share of loss of associate	7	134	245
		4,198	8,474
Changes in:			
Inventories		(3,002)	9,517
Contract assets		2,513	17,399
Trade and other receivables		9,241	9,169
Trade and other payables		16,005	(19,875)
Deferred income		(840)	840
Contract liabilities		80	(710)
Provision		(78)	(37)
Cash generated from operations		28,117	24,777
Tax paid		(389)	(489)
Net cash from operating activities		27,728	24,288
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		86	28
Proceeds from liquidation of a subsidiary		14	–
Dividends received from associate		–	111
Purchase of plant and equipment	4	(934)	(801)
Purchase of intangible assets	5	(226)	(86)
Interest received		16	31
Net cash used in investing activities		(1,044)	(717)
Cash flows from financing activities			
Dividends paid		(2,272)	(4,525)
Interest paid	20	(616)	(1,496)
Proceeds from bank loans	20	23,362	52,542
Repayment of short-term loans	20	(34,991)	(60,571)
Purchase of treasury shares	16	(198)	(512)
Payment of lease liabilities	20	(4,499)	(4,713)
Net cash used in financing activities		(19,214)	(19,275)
Net increase in cash and cash equivalents		7,470	4,296
Cash and cash equivalents at 1 January		27,311	23,090
Effect of exchange rate changes on cash held in foreign currencies		30	(75)
Cash and cash equivalents at 31 December	15	34,811	27,311

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

1 Domicile and activities

TeleChoice International Limited ("the Company" or "TeleChoice") is a company incorporated in the Republic of Singapore. The Company has its registered office 25 North Bridge Road, Level 7, Singapore 179104 and its place of business at 5A Toh Guan Road East #06-02A, Singapore 608830.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in an associate.

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

The immediate and ultimate holding companies are STT Communications Ltd ("STTC") and Temasek Holdings (Private) Limited, respectively. These companies are incorporated in the Republic of Singapore. Temasek Holdings (Private) Limited is wholly-owned by the Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act 1959.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 24 –Revenue: determination of whether the Group acts as an agent in the transaction rather than as a principal for sales to related parties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 5 – Key assumptions used in determining the recoverable amounts of goodwill arising from the acquisitions of subsidiaries
- Note 6 – Valuation of investment in subsidiaries
- Note 9 – Valuation of inventories
- Note 24 – Estimate of total contract costs to complete and corresponding contract revenue
- Note 31 – Valuation of trade receivables and contract assets

2.5 Changes in significant accounting policies

The Group has applied the following SFRS(I), amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and the interpretations does not have a material effect on the financial statements.

2.6 Going concern basis of accounting

Management continues to have reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. Although the economic outlook has improved compared to the previous year, rising energy prices and supply chain disruptions have led to broad-based inflation. The potential emergence of more virulent virus strains continues to cast a shadow over full reopening of economies despite aggressive vaccination roll-outs. Other downside risks which could cause a derailment to recovery include changes in government fiscal policies, interest rate hikes, geopolitical tensions and the ongoing climate crisis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021, the Group recognised a net loss after tax of $2,700,000 (2020: $5,619,000). The Group's net current assets as at 31 December 2021 were $42,821,000 (2020: $47,881,000). The Group has $98,022,000 (2020: $99,083,000) of resources comprising cash and cash equivalents and other highly liquid assets, and unused credit lines of $130,000,000 (2020: $120,000,000) available at the reporting date.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in significant accounting policies.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in subsidiaries are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, the assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in associate

Associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associate in the separate financial statements

Investments in subsidiaries and associate are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies of Group entities at rates of exchange closely approximated to those ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currencies at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currencies translated at the exchange rate at the end of the year. The functional currencies of the Group entities comprise Singapore Dollar, Indonesian Rupiah, Ringgit Malaysia, Thai Baht, Vietnamese Dong, Philippine Peso and Renminbi.

NOTES TO THE FINANCIAL STATEMENTS

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the year. Equity items are translated at historical transaction rates, with pre-acquisition equity items at the closing exchange rates at acquisition date.

Foreign currency differences are recognised in other comprehensive income and presented in the exchange translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in associate that includes a foreign operation while retaining significant influence, the relevant portion of the cumulative amount is reclassified to the income statement.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the exchange translation reserve in equity.

3.3 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in the income statement on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold improvements	2-10 years
• Plant and equipment	2-5 years
• Office furniture, fittings and equipment	2-10 years
• Computers	2-5 years
• Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Customer relationships

Customer relationships acquired in a business combination represent the network of customers where the acquired business has established relationships with the customers particularly in the financial services industry. Amortisation for customer relationships is recognised in the income statement on a straight-line basis over 5 to 7 years, commencing from the date of acquisitions.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associate, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

NOTES TO THE FINANCIAL STATEMENTS

Other intangible assets

Other intangible assets comprise computer software, which is stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in the income statement on a straight-line basis over their estimated useful lives from the date the asset is available for use. The estimated useful lives of computer software are 2 to 5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle or specified identification method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

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

3.6 Contract assets and contract liabilities

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO THE FINANCIAL STATEMENTS

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.7 Financial instruments

Recognition and measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the income statement. Directly attributable transaction costs are recognised in the income statement as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the income statement. These financial liabilities comprised loans and borrowings, and trade and other payables.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term bank deposits with maturities of three months or less from date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity. Income tax relating to transactions costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.8 Impairment

Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortised cost; and
- contract assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- there is significant delay in payments.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or significant delay in payment; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. Goodwill and intangible assets with indefinite useful lives or not yet available for use are tested for impairment at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

NOTES TO THE FINANCIAL STATEMENTS

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.7 and Note 3.8).

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement during which related services are rendered by employees.

Employee leave entitlements

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

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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Share-based payments

Performance Share Plan and Restricted Share Plan

The Performance Share Plan and the Restricted Share Plan are accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the income statement on a straight-line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The fair value of the options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase recorded in equity over the vesting period.

There are group share-based payment arrangements in which employees of the Company's subsidiaries receive remuneration in the form of share-based payments and the Company settles these transactions for its subsidiary. These are regarded as capital contribution and added to cost of investment in subsidiaries in the Company's statement of financial position.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

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

Reinstatement

Operating lease improvement reinstatement costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the reinstatement liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of reinstatement are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected the net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract.

3.12 Revenue recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.13 Government grants

Government grants that compensate the Group for expenses incurred are recognised in the income statement as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.14 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income from banks and financial institutions;
- interest expense on lease liabilities; and
- interest expense on borrowings.

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Interest income or expense is recognised using the effective interest method, except where collection is contingent upon certain conditions being met, then such income is recognised when received.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also included any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's President & Chief Executive Officer ("President & CEO") (chief operating decision-maker) to make discussions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined based on terms agreed between the segments concerned.

Segment capital expenditure comprises additions to plant and equipment and intangible assets.

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3.19 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I) are not expected to have significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts* and amendments to SFRS(I) 17 *Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to SFRS(I) 16)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Annual Improvements to SFRS(I)s 2018 – 2020*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

4 Plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Office furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
Group						
Cost						
At 1 January 2020	2,928	4,971	1,131	1,792	844	11,666
Translation differences on consolidation	(3)	(61)	(2)	(25)	(24)	(115)
Additions	6	185	9	183	418	801
Disposals/Write off	(98)	(171)	(19)	(48)	(20)	(356)
At 31 December 2020	2,833	4,924	1,119	1,902	1,218	11,996
At 1 January 2021	2,833	4,924	1,119	1,902	1,218	11,996
Translation differences on consolidation	1	9	–	5	9	24
Additions	121	171	54	588	–	934
Disposals/Write off	(508)	(558)	(143)	(142)	(131)	(1,482)
At 31 December 2021	2,447	4,546	1,030	2,353	1,096	11,472
Accumulated depreciation						
At 1 January 2020	2,788	4,622	1,022	1,594	617	10,643
Translation differences on consolidation	(4)	(54)	(1)	(25)	(17)	(101)
Depreciation for the year	90	253	60	162	238	803
Disposals/Write off	(97)	(165)	(14)	(47)	(18)	(341)
At 31 December 2020	2,777	4,656	1,067	1,684	820	11,004
At 1 January 2021	2,777	4,656	1,067	1,684	820	11,004
Translation differences on consolidation	1	8	–	6	6	21
Depreciation for the year	64	224	40	251	129	708
Disposals/Write off	(506)	(551)	(143)	(141)	(128)	(1,469)
At 31 December 2021	2,336	4,337	964	1,800	827	10,264
Carrying amounts						
At 1 January 2020	140	349	109	198	227	1,023
At 31 December 2020	56	268	52	218	398	992
At 31 December 2021	111	209	66	553	269	1,208

NOTES TO THE FINANCIAL STATEMENTS

	Leasehold improvements $'000	Office furniture, fittings and equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
Company					
Cost					
At 1 January 2020	642	354	513	155	1,664
Additions	–	–	25	–	25
Write off	–	–	(3)	–	(3)
At 31 December 2020	642	354	535	155	1,686
Additions	5	2	22	–	29
Write off	–	(90)	(20)	–	(110)
At 31 December 2021	647	266	537	155	1,605
Accumulated depreciation					
At 1 January 2020	638	350	486	76	1,550
Depreciation for the year	1	2	24	31	58
Write off	–	–	(3)	–	(3)
At 31 December 2020	639	352	507	107	1,605
Depreciation for the year	2	1	25	31	59
Write off	–	(90)	(20)	–	(110)
At 31 December 2021	641	263	512	138	1,554
Carrying amounts					
At 1 January 2020	4	4	27	79	114
At 31 December 2020	3	2	28	48	81
At 31 December 2021	6	3	25	17	51

NOTES TO THE FINANCIAL STATEMENTS

5 Intangible assets

	Computer software $'000	Retail business infrastructure $'000	Customer relationships $'000	Order backlogs $'000	Goodwill $'000	Total $'000
Group						
Cost						
At 1 January 2020	3,221	1,304	6,688	727	11,853	23,793
Translation differences on consolidation	(8)	–	–	–	–	(8)
Additions	86	–	–	–	–	86
At 31 December 2020	3,299	1,304	6,688	727	11,853	23,871
Translation differences on consolidation	2	–	–	–	–	2
Additions	226	–	–	–	–	226
Disposals/Write off	(80)	–	–	–	–	(80)
At 31 December 2021	3,447	1,304	6,688	727	11,853	24,019
Accumulated amortisation and impairment losses						
At 1 January 2020	2,431	1,304	6,688	727	117	11,267
Translation differences on consolidation	(7)	–	–	–	–	(7)
Amortisation charge for the year	309	–	–	–	–	309
Impairment loss	–	–	–	–	5,329	5,329
At 31 December 2020	2,733	1,304	6,688	727	5,446	16,898
Translation differences on consolidation	2	–	–	–	–	2
Amortisation charge for the year	261	–	–	–	–	261
Disposals/Write off	(80)	–	–	–	–	(80)
At 31 December 2021	2,916	1,304	6,688	727	5,446	17,081
Carrying amounts						
At 1 January 2020	790	–	–	–	11,736	12,526
At 31 December 2020	566	–	–	–	6,407	6,973
At 31 December 2021	531	–	–	–	6,407	6,938

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

	Group	
	2021	2020
	$'000	$'000
Cost of sales	42	22
Administrative expenses	219	287
	261	309

	Computer software
	$'000
Company	
Cost	
At 1 January 2020	1,330
Additions	21
At 31 December 2020	1,351
Additions	21
At 31 December 2021	1,372
Accumulated amortisation	
At 1 January 2020	1,166
Amortisation charge for the year	80
At 31 December 2020	1,246
Amortisation charge for the year	46
At 31 December 2021	1,292
Carrying amounts	
At 1 January 2020	164
At 31 December 2020	105
At 31 December 2021	80

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to a group of CGUs which is the acquired group of entities. The recoverable amounts of the CGUs were based on the CGU's value in use which was determined by discounting the future cash flows to be generated from the continuing use of the CGUs.

	Group	
	2021	2020
	$'000	$'000
NxGen Communications Pte Ltd and its subsidiaries	6,407	6,407

NOTES TO THE FINANCIAL STATEMENTS

NxGen Communications Pte Ltd and its subsidiaries ("NxGen") goodwill impairment test
Carrying value: $6.41 million (2020: $6.41 million)

At the reporting date, management performed an impairment assessment on the goodwill arising from the acquisition of NxGen. The recoverable amount of NxGen was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the calculation of recoverable amount are revenue growth, operating profit margin, discount rate, terminal value growth rate and capital expenditure. These assumptions are as follows:

Revenue growth

Management forecasts an increase in revenue from its operations from 2022 to 2026 (2020: 2021 to 2025). The projected revenue growth takes into account its past actual performance and firm commitments secured from customers and pipelines.

Operating profit margin

Management forecasts average operating profit margin of 9.0% per annum from 2022 to 2026 (2020: 8.2% per annum from 2021 to 2025) and takes into account future cost efficiencies. Operating profit margin is expected to improve through more value-added services provided to customers.

Discount rate

A discount rate of 10.2% (2020: 10.7%) used in the calculation of net present values is the pre-tax rate that reflects the risk free rate and the premium for specific risks relating to the CGU.

Terminal value growth rate

The CGU used five years of cash flows in its discounted cash flow model using a perpetual model with zero (2020: zero) growth rate.

Capital expenditure

Management forecasts an increase in capital expenditure from 2022 to 2026 (2020: 2021 to 2025). Capital expenditure was projected at 0.5% (2020: 0.5%) of forecasted revenue.

At the reporting date, based on the key assumptions, management believes that the recoverable amount exceeds its carrying amount and accordingly, goodwill has not been impaired.

Sensitivity to changes in assumptions

Management has identified that if NxGen is unable to minimally achieve annual revenue of $9.6 million and a corresponding operating profit margin of 7.8%, the likelihood of an impairment on NxGen's goodwill is highly likely as these two key assumptions represent its approximate break-even points. At annual revenue of $9.6 million and corresponding operating profit margin of 7.8%, the recoverable amount of the CGU amounting to $7.3 million closely approximate its carrying value of $7.1 million.

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S & I Systems Pte Ltd and its subsidiaries ("S & I") goodwill impairment test
Carrying value: $nil (2020: $nil)

In 2020, management performed an impairment assessment on the goodwill arising from the acquisition of S & I. The recoverable amount of S & I was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU.

During the financial year 2020, the S & I CGU experienced a decline in revenue and operating profit margin. Due to the uncertain economic outlook exacerbated by the COVID-19 pandemic, with lesser visibility on the order book building for the financial year 2021 and onwards, a lower revenue and revenue growth rate, were estimated in its forecast projection. As the recoverable amount is below the carrying amount, a full impairment of $5,329,000 was recognised as at 31 December 2020.

The key assumptions used in the calculation of recoverable amounts are revenue growth, operating profit margin, discount rate, terminal value growth rate and capital expenditure, after taking into consideration the possible slowdown of growth (i.e., stress-test conditions) are as follows:

Revenue growth

Management forecasts 0% revenue growth from its operations from 2021 to 2025. The projected revenue takes into account its past actual performances.

Operating profit margin

Management forecasts average operating profit margin of 1.1% per annum from 2021 to 2025. Operating profit margin was forecasted based on expected future outcomes taking into actual operating profit margins for the past five years.

Discount rate

A discount rate of 10.9% used in the calculation of net present values is the pre-tax rate that reflects the risk free rates and the premium for specific risks relating to the CGU.

Terminal value growth rate

The CGU used five years of cash flows in its discounted cash flow model using a perpetual model with zero growth rate.

Capital expenditure

Management forecasts zero average capital expenditure from 2021 to 2025. Capital expenditure was projected based on expected revenue growth from its operations.

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6 Subsidiaries

	Company 2021 $'000	Company 2020 $'000
Unquoted equity investments, at cost	33,188	34,088
Capital contribution for share option	1,938	1,852
	35,126	35,940
Less: Impairment losses	(10,752)	(8,451)
	24,374	27,489

On 25 August 2021, the Board of Directors approved reduction of share capital of $900,000 in a wholly-owned subsidiary, Planet Telecoms (S) Pte Ltd. The capital reduction of $900,000 was refunded to the Company and recognised as a reduction in cost of investment.

The movements in the allowance for impairment in respect of investments in subsidiaries during the year were as follows:

	2021 $'000	2020 $'000
Balance at 1 January	(8,451)	(424)
Impairment loss recognised	(2,301)	(8,027)
Balance at 31 December	(10,752)	(8,451)

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2021 %	Effective equity held by the Group 2020 %
NexWave Technologies Pte Ltd	Provision of network engineering services	Singapore	100	100
NexWave Telecoms Pte. Ltd.	Provision of telecommunication services	Singapore	100	100
N-Wave Technologies (Malaysia) Sdn Bhd	Provision of network engineering services and consultancy services	Malaysia	100	100
Planet Telecoms Managed Services Sdn. Bhd.	Provision of consultancy services and distribution of mobile phones, prepaid cards and the provision of related services	Malaysia	100	100
Planet Telecoms (S) Pte Ltd	Sale of telecommunication equipment and provision of related services	Singapore	100	100
S & I Systems Pte Ltd	Integrated information technology solutions provider	Singapore	100	100
NxGen Communications Pte Ltd	Provision of system integration services	Singapore	100	100

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Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2021 %	Effective equity held by the Group 2020 %
Planet Managed Services Pte. Ltd.	Sale of telecommunication equipment and provision of related services	Singapore	100	100
Planet Smart Services Pte. Ltd.	Provision of infrastructure engineering services, other information technology and computer service activities	Singapore	100	100
Held by NexWave Technologies Pte Ltd:				
PT NexWave	Provision of network engineering services	Indonesia	100	100
N-Wave Technologies Philippines, Inc.	Provision of network engineering services	Philippines	100	100
NexWave Technologies Vietnam Company Limited	Provision of network engineering services	Vietnam	100	100
Held by S & I Systems Pte Ltd:				
Sunway S&I Systems (Thailand) Ltd	Provision of IT consultancy and solutions services	Thailand	49.6	49.6
Sunway S&I Systems Sdn Bhd ^	Trading of computer hardware and software	Malaysia	–	51.0

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Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2021 %	2020 %
TeleChoice Technologies (Shanghai) Co. Ltd. ^^	Provision of info-communications technology consultancy and services	China	100	100
Held by NxGen Communications Pte Ltd:				
NxGen Communications (M) Sdn Bhd	Provision of system integration services	Malaysia	100	100
NxGen Inc.	Provision of information and communication related services	Philippines	100	100

^ On 17 May 2021, Sunway S&I Systems Sdn Bhd has completed the liquidation and RM44,000 (equivalent to $14,000) was refunded to Group. The Group recorded a gain on liquidation of a subsidiary of $17,000 in the income statement.

^^ On 6 March 2020, the Company's wholly-owned subsidiary, S & I Systems Pte Ltd, incorporated a wholly-owned subsidiary, TeleChoice Technologies (Shanghai) Co. Ltd., in the People's Republic of China with a registered capital of US$150,000. The registered capital needs to be paid within 30 years of incorporation. In 2021, the Company's wholly-owned subsidiary injected US$150,000 (equivalent to $205,000). The amount has been fully paid in cash.

KPMG Singapore is the auditor of all significant Singapore-incorporated subsidiaries. Imelda & Rekan, a member of Deloitte Touche Tohmatsu Limited, is the auditor for PT NexWave, a significant subsidiary incorporated in Indonesia. RSM Malaysia, a member of RSM International, is the auditor for Planet Telecoms Managed Services Sdn. Bhd., a significant subsidiary incorporated in Malaysia.

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

Capital contribution for share option

Capital contribution for share option represents the share-based payments expenses arising from grants of share options to Eligible Persons of subsidiaries in exchange for their services provided to the subsidiaries, which were deemed to be investment made by the Company into these subsidiaries. As at the reporting date, the Company capitalised $1,938,000 (2020: $1,852,000) in investments in subsidiaries based on the fair value of the PSP and RSP at the grant date. Refer to Note 23 for the measurement of the equity compensation benefits.

NOTES TO THE FINANCIAL STATEMENTS

Impairment assessment for investments in subsidiaries

The Company assesses at the end of each financial year whether there is any indication of impairment for its subsidiaries. This assessment takes into account changes in the technological, market, economic or legal environment in which the subsidiaries operate in and changes to the market interest rates. The amount and timing of recorded expenses for any period would differ if the Company made different judgment or utilised different estimates. An increase in the Company's impairment losses would increase the Company's recorded other expenses and decrease the carrying value of the investments in subsidiaries.

As at the reporting date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. Where impairment indicators exist, the recoverable amount of the relevant investments in subsidiaries are estimated using net assets value at the reporting date (i.e. fair value less cost to sell). The net assets of these subsidiaries comprised mainly monetary assets and liabilities whose carrying amounts approximate their fair values.

During the financial year, the Company recognised an impairment charge of $1,772,000, $486,000 and $43,000 for investments in S & I Systems Pte Ltd, NexWave Telecoms Pte Ltd and N-Wave Technologies (Malaysia) Sdn Bhd respectively (2020: $179,000 and $7,848,000 for investments in N-Wave Technologies (Malaysia) Sdn Bhd and S & I Systems Pte Ltd respectively), totalling $2,301,000 (2020: $8,027,000).

Non-controlling interests

None of the subsidiaries have non-controlling interests ("NCI") that are material to the Group.

7 Associate

	Group	
	2021 $'000	2020 $'000
Interest in associate	1,818	1,948

Details of associate as follows:

Name of associate	Principal activities	Principal place of business/ Country of incorporation	Ownership interest held by the Group 2021 %	2020 %
MVI Systems Limited	Provision of Internet Protocol Television ("IPTV") systems, related consulting services and content provision within the IPTV systems	Hong Kong	29.41	29.41

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The following summarises the financial information of the associate based on its financial statements prepared in accordance with SFRS(I)s, modified for fair value adjustments on acquisition:

	Group	
	2021	**2020**
	$'000	**$'000**
Revenue	6,246	3,782
Loss from continuing operations	(427)	(1,031)
Other comprehensive income	12	26
Total comprehensive income	(415)	(1,005)
Non-current assets	5,838	6,013
Current assets	4,495	3,742
Current liabilities	(4,155)	(3,118)
Non-current liabilities	(1)	(17)
Net assets	6,177	6,620
Group's interest in net assets of associate at beginning of the year	1,948	2,294
Group's share of:		
- Loss from continuing operations	(134)	(245)
- Other comprehensive income	4	10
- Total comprehensive income	(130)	(235)
Dividend received during the year	–	(111)
Carrying amount of interest in associate at end of year	1,818	1,948

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8 Deferred tax assets and liabilities

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

	At 1 January 2020 $'000	Recognised in income statement (Note 26) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	At 31 December 2020 $'000	Recognised in income statement (Note 26) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	At 31 December 2021 $'000
Group									
Deferred tax assets									
Plant and equipment	311	(24)	–	(3)	284	(10)	–	–	274
Inventories	77	(2)	–	1	76	7	–	–	83
Accruals	442	(104)	(13)	(8)	317	70	(23)	2	366
Receivables	13	18	–	5	36	(32)	–	(1)	3
Right-of-use assets	32	(1)	–	–	31	(7)	–	–	24
Unutilised capital allowances and tax losses	–	224	–	–	224	72	–	–	296
	875	111	(13)	(5)	968	100	(23)	1	1,046
Deferred tax liabilities									
Plant and equipment	(367)	55	–	–	(312)	4	–	–	(308)

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	At 1 January 2020 $'000	Recognised in income statement $'000	At 31 December 2020 $'000	Recognised in income statement $'000	At 31 December 2021 $'000
Company					
Deferred tax assets					
Inventories	22	–	22	–	22
Accruals	27	–	27	–	27
Right-of-use assets	17	–	17	–	17
	66	–	66	–	66
Deferred tax liability					
Plant and equipment	(38)	–	(38)	–	(38)

The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets	738	656	28	28

Unrecognised deferred tax assets

The following deductible temporary differences have not been recognised:

	Group	
	2021 $'000	2020 $'000
Deductible temporary differences	798	338
Unutilised capital allowances	119	99
Unutilised tax losses	6,482	4,228
	7,399	4,665

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

Deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the Group could utilise the benefits therefrom.

Unrecognised deferred tax liabilities

At the reporting date, deferred tax liabilities of $1,679,000 (2020: $1,717,000) for temporary differences of $16,585,000 (2020: $16,965,000) relating to investments in subsidiaries were not recognised as the Group can control the timing of reversal of the taxable temporary differences for all subsidiaries and the temporary differences are not expected to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

9 Inventories

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Raw materials	1,987	1,567	–	–
Inventories held for resale	8,584	6,001	6,778	4,827
	10,571	7,568	6,778	4,827

During the year, the write down and write back of inventories recognised in the consolidated income statement amounted to $218,000 and $177,000 respectively (2020: $40,000 and $835,000 respectively), and are included in "cost of sales".

Source of estimation uncertainty

The Group carries out periodic reviews on inventory obsolescence and any decline in the net realisable value below cost will be recorded against inventory balance. Such reviews require management to consider future demand and sales prices for the inventories. The net realisable value represents management's best estimate of the recoverable amount and is based on the evidence available at the end of the reporting date. Management considers ageing analysis and technical assessment of the inventories as part of its inventory obsolescence assessment process. Such evaluation process requires significant judgement and may affect the carrying amount of inventories at the reporting date.

10 Trade and other receivables

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables		21,425	21,909	3,744	2,430
Allowance for doubtful receivables		(12)	(8)	–	–
		21,413	21,901	3,744	2,430
Unbilled receivables		166	537	35	15
Other receivables and deposits	11	4,142	4,003	2,837	3,172
Amounts due from:					
- related parties	12	3,760	10,464	619	2,694
- subsidiaries	13	–	–	1,278	1,304
		29,481	36,905	8,513	9,615
Prepayments		1,100	2,355	82	1,708
Deferred expenses		873	1,358	–	–
		31,454	40,618	8,595	11,323

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current	813	899	–	–
Current	30,641	39,719	8,595	11,323
	31,454	40,618	8,595	11,323

Unbilled receivables, other receivables and deposits do not carry any credit terms.

Unbilled receivables relate to amounts recognised as revenue that have not been invoiced as at the reporting date.

Deferred expenses relate to amounts that have been paid in relation to the provision of voice services, mobile data and location tracking services, and maintenance support services. The amounts are recognised as costs of sales on a systematic basis over the period of contract.

The movements in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group	
	2021 $'000	2020 $'000
Balance at 1 January	8	37
Impairment loss/(Reversal of impairment loss) recognised during the year	6	(14)
Amounts written off during the year	(2)	(15)
Balance at 31 December	12	8

11 Other receivables and deposits

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deposits	1,286	1,018	17	17
Dividend receivable from subsidiaries	–	–	2,700	3,000
Other receivables	2,856	2,985	120	155
	4,142	4,003	2,837	3,172
Non-current	813	899	–	–
Current	3,329	3,104	2,837	3,172
	4,142	4,003	2,837	3,172

Other receivables relate mainly to withholding tax receivable and government grants receivable. Other receivables and deposits do not carry any credit terms.

NOTES TO THE FINANCIAL STATEMENTS

12 Amounts due from/(to) related parties

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Amounts due from related parties:				
- subsidiaries of holding companies (trade)				
- Billed portion	2,918	7,521	619	2,694
- Unbilled portion	756	2,933	–	–
- subsidiaries of holding companies (non-trade)	86	10	–	–
	3,760	10,464	619	2,694
Amounts due to related parties:				
- subsidiaries of holding companies (trade)	(155)	(744)	–	–
- subsidiaries of holding companies (non-trade)	(12)	(20)	(3)	(6)
	(167)	(764)	(3)	(6)

Unbilled receivables relate to amounts recognised as revenue that have not been invoiced as at the reporting date.

The non-trade amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Group expects to receive payment within the next 12 months. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not material.

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

13 Amounts due from/(to) subsidiaries

	Company	
	2021 $'000	2020 $'000
Amounts due from subsidiaries:		
- trade	1,004	176
- non-trade	274	1,128
	1,278	1,304
Amounts due to subsidiaries (non-trade)	(5)	(139)

The non-trade amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Company expects to receive payment within the next 12 months. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not material.

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

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14 Amounts due to immediate holding company

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Amounts due to immediate holding company (non-trade)	–	(37)	–	(37)

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

15 Cash and cash equivalents

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash at banks and in hand	34,811	23,650	10,030	4,892
Short-term bank deposits	–	3,661	–	–
	34,811	27,311	10,030	4,892

As at 31 December 2021, the Group has cash and cash equivalents totalling $7,060,000 (2020: $3,901,000) which are held in countries with foreign exchange controls.

The effective interest rates related to short-term bank deposits was 0.25% to 1.25% per annum as at 31 December 2020.

16 Share capital

	Group and Company			
	2021		2020	
	No. of shares ('000)	$'000	No. of shares ('000)	$'000
Fully paid ordinary shares with no par value:				
At 1 January and 31 December	454,423	21,987	454,423	21,987

During the year, the Company completed the buy-back of 1,100,000 (2020: 2,600,000) ordinary shares under the terms of the Share Purchase Mandate approved by its shareholders on 18 August 2021. The total consideration for these shares bought back from the market is $198,000 (2020: $512,000), being the market price, including incidental cost. This amount was classified as a deduction from equity under "reserve for own shares".

During the year, no (2020: 3,635,810) ordinary shares were awarded to eligible directors and employees under the TeleChoice Restricted Share Plan (as amended) and TeleChoice Performance Share Plan (as amended) (see Note 23). As at 31 December 2021, the Company held 1,103,165 (2020: 3,165) of its own uncancelled shares.

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

Capital management

The Board's policy when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to maximise shareholder value. The Board of Directors monitors the return on capital employed, which the Group defines as earnings before interest divided by capital employed. The Board also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital employed of between 6% to 10% (2020: 6% to 10%). In 2021, the return was -3.3% (2020: -5.3%). In comparison, the interest expense on interest-bearing borrowings (excluding liabilities with imputed interest and lease liabilities) was 2.84% to 5.60% (2020: 1.00% to 6.53%) per annum.

From time to time, the Group purchases its own shares from the market and the timing of the purchases depends on market prices. Primarily, the shares purchased are intended to be used for issuing shares under the Group's long-term incentive plans. Buy and sell decisions are made based on the requirements under the plans.

The Board defines "capital" to include funds raised through the issuance of ordinary share capital, accumulated profits and proceeds raised from debt facilities.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

17 Reserves

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Capital reserves	16,605	16,605	12,881	12,881
General reserve	27	27	–	–
Reserve for own shares	(199)	(1)	(199)	(1)
Share option reserve	1,466	981	1,402	917
Goodwill written off	(1,538)	(1,538)	–	–
Exchange translation reserve	(8,724)	(8,846)	–	–
	7,637	7,228	14,084	13,797

In accordance with the merger relief provisions of Section 69(B) of the Companies Act 1967, the capital reserve of the Company mainly comprises reserve arising from the excess of the fair value of the Company's share issued as consideration for the acquisition of subsidiaries over their par value.

Capital reserves of the Group comprise merger reserve of $17,024,000 (2020: $17,024,000) and losses on the reissuance of treasury shares of $419,000 (2020: $419,000), totalling $16,605,000 (2020: $16,605,000).

Merger reserve comprises the following:

	2021 $'000	2020 $'000
Aggregate of share capital of subsidiaries acquired	23,403	23,403
Aggregate of losses of subsidiaries prior to acquisition by STTC	(6,372)	(6,372)
Acquisition of additional 7% equity interest in NexWave Solutions Pte. Ltd. by STTC	1,455	1,455
Goodwill on acquisition of subsidiaries by STTC	1,538	1,538
Cost of investment paid by STTC	20,024	20,024
Par value of shares issued for acquisition of subsidiaries	(3,000)	(3,000)
	17,024	17,024

The Group is required to transfer 20% of the registered share capital of its Indonesian subsidiary's net profit in each year to general reserve if there are available retained earnings, until the general reserve reaches 20% of its registered share capital. The Indonesian subsidiary's general reserve reached 20% of its registered share capital in 2009.

Reserve for own shares comprises the cost of the Company's shares held by the Group. As at 31 December 2021, the Group held 1,103,165 of the Company's shares (2020: 3,165 shares).

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

The goodwill written off represents the excess of consideration paid on the acquisition of subsidiaries prior to 1 January 2001 over the share of the fair value of net assets acquired. In 2013, the Group transferred the goodwill written off of $570,000 to capital reserve upon liquidation of a subsidiary, NexWave Solutions Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and from the monetary items which form part of the Group's net investment in foreign subsidiaries.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Paid by the Company to owners of the Company		
0.5 cents per qualifying ordinary share (2020: 1.0 cents)	2,272	4,525

18 Trade and other payables

	Note	Group		Company	
		2021	**2020**	**2021**	**2020**
		$'000	**$'000**	**$'000**	**$'000**
Trade payables		34,778	17,920	10,761	3,548
Accruals for payroll and staff related costs		3,825	4,126	967	1,042
Accrued expenses		6,359	6,018	1,071	981
Amounts due to:					
- related parties	12	167	764	3	6
- subsidiaries	13	–	–	5	139
- immediate holding company	14	–	37	–	37
Financial liabilities at amortised cost		45,129	28,865	12,807	5,753
Advances from customers		300	403	15	14
		45,429	29,268	12,822	5,767
Non-current		–	573	–	–
Current		45,429	28,695	12,822	5,767
		45,429	29,268	12,822	5,767

19 Deferred income

Government grant, partially received in 2021, amounted to $2,147,000 (2020: $4,382,000) and related to a wage support scheme introduced in Singapore in response to the COVID-19 pandemic. The Group was entitled to the wage support because it had paid salaries to local employees during the affected periods, and the related contributions to defined contribution plans on those salaries have been paid.

NOTES TO THE FINANCIAL STATEMENTS

The grant is recognised in the income statement in 'other income' on a systematic basis as the related salary costs incurred by the Group are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In that case, the grant is recognised when it becomes receivable.

The outstanding balance of deferred income related to this grant is as follow.

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Government grants	–	840	–	98

20 Loans and borrowings

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current liability				
Unsecured bank loans	2,502	14,131	–	4,000

Terms and debts repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate (%)	Year of maturity	Face value $'000	Carrying amount $'000
Group				
31 December 2021				
Floating rate loans	2.84 – 5.60	2022	2,502	2,502
31 December 2020				
Floating rate loans	1.00 – 6.53	2021	14,131	14,131
Company				
31 December 2020				
Floating rate loans	1.00 – 2.15	2021	4,000	4,000

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For certain loans, Group entities are obliged to comply with a number of financial covenants, including maintaining certain financial ratios. All covenants were complied during the financial year.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments.

	Note	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 to 5 years $'000
Group					
2021					
Unsecured bank loans		2,502	(2,524)	(2,524)	–
Lease liabilities	21	6,722	(6,903)	(3,433)	(3,470)
Trade and other payables*	18	45,129	(45,129)	(45,129)	–
		54,353	(54,556)	(51,086)	(3,470)
2020					
Unsecured bank loans		14,131	(14,192)	(14,192)	–
Lease liabilities	21	6,809	(6,990)	(3,776)	(3,214)
Trade and other payables*	18	28,865	(28,865)	(28,865)	–
		49,805	(50,047)	(46,833)	(3,214)
Company					
2021					
Lease liabilities	21	3,040	(3,114)	(1,319)	(1,795)
Trade and other payables*	18	12,807	(12,807)	(12,807)	–
		15,847	(15,921)	(14,126)	(1,795)
2020					
Unsecured bank loans		4,000	(4,013)	(4,013)	–
Lease liabilities	21	4,195	(4,343)	(1,285)	(3,058)
Trade and other payables*	18	5,753	(5,753)	(5,753)	–
		13,948	(14,109)	(11,051)	(3,058)

* *Exclude advances from customers*

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities $'000	Loans and borrowings $'000	Total $'000
Balance at 1 January 2020	11,393	22,160	33,553
Changes from financing cash flows			
Interest paid	(258)	(1,238)	(1,496)
Proceeds from borrowings	–	52,542	52,542
Repayment of borrowings	–	(60,571)	(60,571)
Payment of lease liabilities	(4,713)	–	(4,713)
Total changes from financing cash flows	(4,971)	(9,267)	(14,238)
The effect of changes in foreign exchange rates	(1)	–	(1)
Other changes			
Interest expense	258	1,238	1,496
New leases	130	–	130
Total other changes	388	1,238	1,626
Balance at 31 December 2020	6,809	14,131	20,940
Balance at 1 January 2021	6,809	14,131	20,940
Changes from financing cash flows			
Interest paid	(159)	(457)	(616)
Proceeds from borrowings	–	23,362	23,362
Repayment of borrowings	–	(34,991)	(34,991)
Payment of lease liabilities	(4,499)	–	(4,499)
Total changes from financing cash flows	(4,658)	(12,086)	(16,744)
The effect of changes in foreign exchange rates	(1)	–	(1)
Other changes			
Interest expense	159	457	616
Derecognition of leases	(132)	–	(132)
New leases	4,545	–	4,545
Total other changes	4,572	457	5,029
Balance at 31 December 2021	6,722	2,502	9,224

21 Leases

Leases as lessee

The Group leases offices, warehouses, a number of retail outlets, copier machines and motor vehicles under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

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Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Leasehold improvements $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Group				
2021				
Balance at 1 January	6,867	41	–	6,908
Additions to right-of-use assets	4,429	90	26	4,545
Depreciation charge for the year	(4,375)	(47)	(13)	(4,435)
Derecognition of right-of-use assets	(93)	–	–	(93)
Translation difference on consolidation	5	–	–	5
Balance at 31 December	6,833	84	13	6,930
2020				
Balance at 1 January	11,519	83	14	11,616
Additions to right-of-use assets	118	12	–	130
Depreciation charge for the year	(4,768)	(54)	(14)	(4,836)
Translation difference on consolidation	(2)	–	–	(2)
Balance at 31 December	6,867	41	–	6,908
Company				
2021				
Balance at 1 January	4,250	24	–	4,274
Additions to right-of-use assets	–	60	26	86
Depreciation charge for the year	(1,255)	(28)	(13)	(1,296)
Balance at 31 December	2,995	56	13	3,064
2020				
Balance at 1 January	5,507	44	14	5,565
Additions to right-of-use assets	–	12	–	12
Depreciation charge for the year	(1,257)	(32)	(14)	(1,303)
Balance at 31 December	4,250	24	–	4,274

Lease liabilities

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current	3,422	3,141	1,770	2,984
Current	3,300	3,668	1,270	1,211
	6,722	6,809	3,040	4,195

NOTES TO THE FINANCIAL STATEMENTS

Amounts recognised in the income statement

	Note	2021 $'000	2020 $'000
Interest on lease liabilities	25	159	258
Expenses relating to short-term leases		1,495	2,510
Expenses relating to leases of low-value assets, excluding short-term leases		–	13
Variable lease payments not included in the measurement of lease liabilities		227	178

Amounts recognised in statement of cash flows

	2021 $'000	2020 $'000
Total cash outflow for leases	4,658	4,971

Extension option

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

22 Provisions

	Warranties $'000	Reinstatement costs $'000	Total $'000
Group			
At 1 January 2020	180	575	755
Provision utilised during the year	–	(37)	(37)
Provision written back during the year	(57)	–	(57)
Translation difference	(5)	–	(5)
At 31 December 2020	118	538	656
Provision made during the year	–	41	41
Provision utilised during the year	–	(119)	(119)
Provision written back during the year	(50)	–	(50)
Translation difference	1	–	1
At 31 December 2021	69	460	529

NOTES TO THE FINANCIAL STATEMENTS

	Warranties $'000	Reinstatement costs $'000	Total $'000
31 December 2021			
Non-current	–	412	412
Current	69	48	117
	69	460	529
31 December 2020			
Non-current	–	538	538
Current	118	–	118
	118	538	656

	Reinstatement costs $'000
Company	
At 1 January 2020	294
Provision made during the year	–
At 31 December 2020	294
Provision made during the year	–
At 31 December 2021	294

The provision made for warranties relates mainly to mobile phones, network engineering services and radio and telecommunication equipment sold during the year. The provision is based on estimates made from historical warranty data.

In accordance with terms of the lease agreements, the Group is required to restore the retail outlets and offices to their original condition by the end of the lease terms.

23 Equity compensation benefits

TeleChoice Restricted Share Plan and Performance Share Plan

The TeleChoice Restricted Share Plan (the "TeleChoice RSP") (as amended) and TeleChoice Performance Share Plan (the "TeleChoice PSP") (as amended) (collectively referred to as the "Plans"), were approved and adopted by the members at an Extraordinary General Meeting of the Company held on 27 April 2007 and certain amendments to the TeleChoice RSP and TeleChoice PSP were approved and adopted by the members at the Annual General Meeting of the Company held on 26 April 2018.

Information regarding the Plans are set out below:

(i) The Plans were established with the objective of motivating senior executives to strive for superior performance and sustaining long-term growth for the Company.

(ii) The Plans are administered by the Company's Remuneration Committee (the "Committee").

NOTES TO THE FINANCIAL STATEMENTS

(iii) The following persons (collectively referred to as the "Eligible Persons") shall be eligible to participate in the Plans at the absolute discretion of the Committee:

- employees and non-executive directors of the Company and/or any of its subsidiaries;
- employees and non-executive directors of STTC and its subsidiaries, who may be seconded to render services and contribute to the success of the Group; and
- employees of associated companies.

(iv) Controlling shareholders and associates of controlling shareholders of the Company will not be eligible to participate in the Plans.

(v) Under the TeleChoice PSP (as amended), conditional awards of shares are granted. Awards represent the right of a participant to receive fully paid shares upon the participant achieving certain pre-determined performance targets set based on corporate objectives aimed at sustaining longer-term growth. After the awards vest, the shares comprised in the awards are issued at the end of the performance and/or service period once the Committee is, at its sole discretion, satisfied that the prescribed performance targets have been achieved.

(vi) The actual number of shares given will depend on the level of achievement of the prescribed performance targets over the performance period, currently prescribed to be a three-year period. No shares will be delivered if the threshold performance targets are not achieved, while up to 1.5 times the number of shares that are the subject of the award will be delivered if the stretched performance targets are met or exceeded.

(vii) Under the TeleChoice RSP (as amended), conditional awards vest over a three-year period, once the Committee is, at its sole discretion, satisfied that the performance and extended service conditions are attained. For the RSP grants for 2017 onwards, the total number of shares to be awarded depends on the level of attainment of the individual performance targets.

(viii) The vesting period of the shares granted under the Plans is between one to three years.

(ix) As at 31 December 2021, the initial awards of 15,328,390 (2020: 14,510,890) shares under the TeleChoice PSP and the initial awards of 36,410,420 (2020: 34,537,920) shares under the TeleChoice RSP were made to Eligible Persons. As at 31 December 2021, awards of 3,709,200 (2020: 4,160,000) shares under the TeleChoice PSP and 8,915,950 (2020: 6,591,270) shares under the TeleChoice RSP were outstanding.

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The key assumptions applied in estimating the fair values under the TeleChoice PSP are as follows:

Date of grant of shares	1 June 2021	3 June 2020	3 June 2019	1 June 2018
Fair value at grant date	$0.121	$0.133	$0.138	$0.160
Assumptions under Monte-Carlo Model Expected Volatility				
TeleChoice International Limited	16.77%	15.10%	10.44%	13.75%
Straits Times Index	N/A	N/A	N/A	N/A
Risk-free interest rates	0.49%	0.43%	1.89%	2.05%

The key assumptions applied in estimating the fair values under the TeleChoice RSP are as follows:

Date of grant of shares	1 June 2021	3 June 2020	3 June 2019	1 June 2018
Fair value at grant date:				
For RSP vested 12 months from grant date	$0.167	$0.188	$0.212	N/A
For RSP vested 24 months from grant date	$0.162	$0.180	$0.203	$0.240
For RSP vested 36 months from grant date	$0.158	$0.171	$0.194	$0.225
For RSP vested 48 months from grant date	N/A	N/A	N/A	$0.211
Assumptions under Monte-Carlo Model Expected Volatility				
TeleChoice International Limited	16.77%	15.10%	10.44%	13.75%
Risk-free interest rates				
Singapore 1-year Government Bond yield	0.30%	0.29%	1.84%	1.71%
Singapore 2-year Government Bond yield	0.36%	0.35%	1.87%	1.93%
Singapore 3-year Government Bond yield	0.49%	0.43%	1.89%	2.05%
Singapore 4-year Government Bond yield	N/A	N/A	N/A	N/A

The fair value of the shares is estimated using the Monte-Carlo simulation methodology at the measurement dates, which are grant dates of these share awards. The accrual for the share expenses under the Plans has been estimated on the basis that the Group will be on target in respect of the performance conditions. During the financial year, the Group expensed off $485,000 (2020: $772,000) to the income statement based on the fair value of the PSP and RSP at the grant date.

NOTES TO THE FINANCIAL STATEMENTS

24 Revenue

	Group	
	2021	2020
	$'000	$'000
Equipment and cards sales	105,639	116,077
Voice services, mobile data and location tracking services	2,227	2,771
Logistic and consultancy services	9,590	10,990
Maintenance support services	16,476	11,057
Network engineering projects	47,703	55,478
Info-communication technology projects	12,715	17,101
Revenue from contracts with customers	194,350	213,474

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Personal Communications Solutions Services ("PCS") segment

Nature of goods or services	The PCS segment generates revenue from the supply of equipment and prepaid cards, provision of fulfilment and managed services relating to mobile communication devices, wearables and accessories. It also provides retail management services and mobile delivery.
When revenue is recognised	Revenue from sale of equipment and prepaid cards is recognised at a point in time, when significant risks and rewards are transferred to the customers. Revenue from retail management and other services is recognised on a monthly basis when services are rendered.
Significant payment terms	Invoices are issued when goods are delivered, services are rendered or upon receipt of purchase orders for services rendered and payable by cash on delivery or based on respective customers' credit terms.
Obligations for warranties	Mobile devices sold are under the manufacturers' product warranties.

Equipment and cards sales revenue, in which certain sales of mobile communication devices and accessories are made to related parties. Management has considered the following factors in distinguishing between an agent and a principal and concluded that the Group acts as a principal in the transaction rather than as an agent:

- The Group has the primary responsibility for fulfilling the order and providing the equipment to related parties; and
- The Group is required to bear inventory risk of loss and damage upon delivery of equipment by manufacturers. The related parties have the rights or entitlement to cancel the purchase order issued to the Group prior to the receipt of such equipment ordered.

NOTES TO THE FINANCIAL STATEMENTS

Info-Communications Technology Services ("ICT") segment

Nature of goods or services	The ICT segment generates revenue from the provision of integrated info-communication technology solutions services and telecommunication services. Hardware, software, and installation and professional services may be sold separately or in bundled contracts. For bundled contracts, each of these components are accounted for as a separate performance obligation if they are distinct. If the bundled contract required significant customisation features before customer can benefit from it, it will be accounted as single performance obligation.
When revenue is recognised	Revenue from sale of equipment and software is recognised at point of sales. Revenue from voice services, mobile data and location tracking services is recognised upon usage by customers. Revenue from the provision of maintenance support service is recognised on a straight-line basis over the contractual periods. For info-communication technology projects, the Group has assessed that these contracts qualify for over time revenue recognition as the customised system is made to customers' specifications and has no alternative use for the Group due to contractual restrictions, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to management's estimate of the total contract costs of each contract.
Significant payment terms	Invoices are issued when goods are delivered or services are rendered and are payable based on the invoice credit terms. Progress billings to the customers are based on payment schedules in the contracts that are dependent on the achievement of specified milestones. If the value of the services rendered exceeds payments received from the customers, a contract asset is recognised.
Obligations for warranties	Products and performance warranty periods are generally in line with the maintenance contracts periods signed by the customers. The obligations for warranties are borne back-to-back by the suppliers, and are generally in the range of one to three years.

NOTES TO THE FINANCIAL STATEMENTS

Network Engineering Services (“Engineering”) segment

Nature of goods or services	The Engineering segment generates revenue from the provision of network engineering services and supply of specialised telecommunications products.
When revenue is recognised	Revenue from sale of goods is recognised at point of sales. Revenue from the provision of maintenance support service is recognised on a straight-line basis over the contractual periods. For network engineering projects, the Group has assessed that these contracts qualify for over time revenue recognition as the customised equipment is made to customers’ specifications and has no alternative use for the Group due to contractual restrictions, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to management’s estimate of the total contract costs of each contract.
Significant payment terms	Invoices are issued when goods are delivered or services are rendered and are payable based on the invoice credit terms. Progress billings to the customers are based on payment schedules in the contracts that are dependent on the achievement of specified milestones. If the value of the services rendered exceeds payments received from the customers, a contract asset is recognised.
Obligations for warranties	Certain network engineering services have a standard warranty period of one to three years from final acceptance date. The obligations for warranties on telecommunication equipment sold are generally borne by the equipment suppliers.

Source of estimation uncertainty

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on the contract costs incurred till date in proportion to estimated total contract costs of each contract to determine the progress of projects, and also on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to profit margin being recognised prospectively from the date of change.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers on the statement of financial position as at 31 December.

	2021 **$’000**	**2020** **$’000**
Trade receivables	25,253	32,892
Contract assets	21,999	24,485
Contract liabilities	(3,959)	(3,883)

NOTES TO THE FINANCIAL STATEMENTS

	Contract liabilities	
	2021 $'000	2020 $'000
Non-current	123	205
Current	3,836	3,678
	3,959	3,883

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on network engineering projects, and info-communication technology projects. The contract assets are transferred to unbilled receivables when the rights become unconditional and then to trade receivables upon invoicing.

Contract liabilities primarily relate to advance consideration received from customers for maintenance services that have not been rendered or ongoing info-communication technology service projects at the reporting date.

Significant changes in the contract assets and contract liabilities during the period are as follows.

	Contract assets		Contract liabilities	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	2,971	3,188
Increases due to cash received/progress billings, excluding amounts recognised as revenue during the year	–	–	(3,047)	(2,492)
Contract assets recognised, net of reclassification to receivables	(2,486)	(17,531)	–	–

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	Within 1 year		Within 2 – 5 years		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Maintenance support services and info-communication technology projects	1,769	2,424	2,410	2,232	4,179	4,656

NOTES TO THE FINANCIAL STATEMENTS

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amounts presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

25 Loss before tax

Loss before tax is arrived at after charging/(crediting) the following items:

	Note	Group 2021 $'000	Group 2020 $'000
Amortisation of intangible assets	5	261	309
Depreciation of plant and equipment	4	708	803
Depreciation of right-of-use assets	21	4,435	4,836
Audit fees paid to:			
- auditors of the Company		225	227
- other auditors		199	98
Cost of inventories recognised as an expense in income statement		90,031	94,884
Directors' remuneration		471	480
Grant income from Job Support Scheme		(2,147)	(4,382)
Other government grants		(1,121)	(2,000)
Impairment of goodwill		–	5,329
Gain on liquidation of a subsidiary	6	(17)	–
Gain on derecognition of right-of-use assets		(39)	–
Exchange loss/(gain)		27	(106)
Impairment loss/(Reversal of impairment loss) on trade receivables	10	6	(14)
Gain on disposal of plant and equipment		(73)	(13)
Employee benefits expense			
Staff costs		42,390	47,340
Contributions to defined contribution plans, included in staff costs		3,132	2,925
Share-based payments expenses, included in staff costs	23	485	772
Finance income			
Interest income			
- banks and financial institutions		(16)	(31)
- interest accretion		(51)	(62)
		(67)	(93)

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THE FINANCIAL STATEMENTS

	Note	Group 2021 $'000	Group 2020 $'000
Finance costs			
Interest expense			
- banks and financial institutions		457	1,238
- leases liabilities	21	159	258
- interest accretion		34	16
		650	1,512

26 Tax expense

	Group 2021 $'000	Group 2020 $'000
Current tax expense		
Current year	567	611
Under provision in respect of prior years	2	19
	569	630
Deferred tax credit		
Origination and reversal of temporary differences	(41)	(41)
Over provision in respect of prior years	(63)	(125)
	(104)	(166)
Tax expense	465	464

Reconciliation of effective tax rate

	2021	2020
Loss before taxation	(2,235)	(5,155)
Income tax using Singapore tax rate of 17% (2020: 17%)	(380)	(876)
Non-deductible expenses	323	1,325
Non-taxable income	(382)	(824)
Deferred tax assets not recognised	829	973
Effect of results of associate presented net of tax	23	42
Effect of different tax rates in other countries	113	(70)
Over provision in respect of prior years	(61)	(106)
	465	464

27 Earnings per share

Basic earnings per share

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

	Group 2021 $'000	Group 2020 $'000
Loss attributable to equity holders of the Company	(2,700)	(5,619)

	Group Number of shares 2021 ('000)	Group Number of shares 2020 ('000)
Issued ordinary shares at beginning of the year	454,423	454,423
Effect of own shares held	(551)	(1,213)
Weighted average number of ordinary shares during the year	453,872	453,210

Diluted earnings per share

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

	Group 2021 $'000	Group 2020 $'000
Diluted earnings per share is based on:		
Loss attributable to equity holders of the Company	(2,700)	(5,619)

	Group Number of shares 2021 ('000)	Group Number of shares 2020 ('000)
Weighted average number of ordinary shares (basic)	453,872	453,210
Effect of RSP shares vested but not released	6,816	2,808
Weighted average number of ordinary shares (diluted) during the year	460,688	456,018

	Group 2021	Group 2020
Earnings per share		
Basic earnings per share (cents)	(0.59)	(1.24)
Diluted earnings per share (cents)	(0.59)	(1.23)

NOTES TO THE FINANCIAL STATEMENTS

28 Significant related party transactions

Related party transactions

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

	Group	
	2021	**2020**
	$'000	**$'000**
Ultimate holding company		
Revenue from sale of products and provision of services	64	254
Immediate holding company		
Revenue from sale of products and provision of services	53	59
Management fees paid/payable	(13)	(33)
Other related parties		
Revenue from sale of products and provision of services	23,152	38,083
Purchase of products and services	(12,123)	(19,121)
Shared service expense	(1,304)	(1,437)
Telecommunication services received	(460)	(610)
Associate company		
Purchase of products and services	–	(496)

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprised:

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term employment benefits		
- Directors	342	349
- Other key management personnel	2,273	2,261
Post-employment benefits (including defined contribution plans)		
- Other key management personnel	349	694
Share-based payments		
- Directors	129	131
- Other key management personnel	456	585
	3,549	4,020

NOTES TO THE FINANCIAL STATEMENTS

29 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing and technical expertise. For each of the strategic business units, the Group's President & CEO reviews internal management reports on a monthly basis. The following describes the operations in each of the Group's reportable segments:

Personal Communications Solutions Services ("PCS"): This division is a distribution, supply chain fulfilment and retail managed services relating to mobile communication devices and accessories. It also engages in the provision of product management, marketing, e-commerce and last mile delivery for smart and green products and services. In Singapore, it operates a retail chain under the Planet Telecoms brand, and it is the only StarHub Ltd ("StarHub") Exclusive Partner to manage StarHub Platinum Shops. In addition, it is the master distributor of StarHub's prepaid card business. PCS also manages retail concept stores for major mobile device manufacturers such as Samsung and OPPO. In Malaysia, PCS provides supply chain fulfilment and managed retail services to U Mobile Sdn Bhd, a data-centric and multiple award-winning mobile data service company. PCS also operates an e-commerce site, www.eplanetworld.com, which offers the latest smart mobile devices, accessories as well as smart and green gadgets and wearables for online shoppers.

Info-Communications Technology Services ("ICT"): This Division is a leading regional integrated info-communications solutions provider. It offers consultancy and system integration services for enterprise IT infrastructure, and cutting-edge business solutions and applications. Its extensive offerings include on-premise and cloud-based solutions and services for campus management, customer relationship management, contact centre and unified communications and Internet of Things ("IoT") applications as well as fixed and wireless networking solutions. It also provides consultancy and managed services to help companies adopt cloud, big data, analytics, IoT, integrated learning and smart building solutions to transform their businesses. In addition, ICT provides Internet Protocol television solutions for the hospitality industry and has a Service-Based Operator licence that offers IDD, SMS broadcast and other enterprise mobility solutions and services.

Network Engineering Services ("Engineering"): This Division is a regional provider of network engineering services and supplier of specialised telecommunications products. It designs, builds and manages telecommunications networks, and provides a comprehensive suite of specialised products and solutions to address the network infrastructure needs of fixed and mobile operators in Asia-Pacific. Its services encompass radio network planning and optimisation, transmission network planning, network implementation, maintenance and project management for cellular (including 5G) network services. Engineering also offers an extensive range of innovative and cost-effective products for telecommunications access and coverage needs, as well as for power supply and power backup requirements.

NOTES TO THE FINANCIAL STATEMENTS

Information about reportable segments

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Equipment and cards sales	78,576	90,816	22,926	16,755	4,137	8,506	105,639	116,077
Voice services, mobile data and location tracking services	–	–	2,227	2,771	–	–	2,227	2,771
Logistic and consultancy services	9,590	10,990	–	–	–	–	9,590	10,990
Maintenance support services	–	–	16,446	10,913	30	144	16,476	11,057
Network engineering projects	–	–	–	–	47,703	55,478	47,703	55,478
Info-communication technology projects	–	–	12,715	17,101	–	–	12,715	17,101
Total revenue from external customers	88,166	101,806	54,314	47,540	51,870	64,128	194,350	213,474
Inter-segment revenue	17	3	103	144	–	–	120	147
	88,183	101,809	54,417	47,684	51,870	64,128	194,470	213,621
Timing of revenue recognition								
Products transferred at a point in time	88,166	101,806	36,001	24,821	13,418	17,118	137,585	143,745
Products and services transferred over time	–	–	18,313	22,719	38,452	47,010	56,765	69,729
	88,166	101,806	54,314	47,540	51,870	64,128	194,350	213,474

NOTES TO THE FINANCIAL STATEMENTS

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interest income	21	39	58	129	11	2	90	170
Interest expenses	(280)	(410)	(40)	(35)	(353)	(1,144)	(673)	(1,589)
Amortisation of intangible assets	(49)	(89)	(208)	(210)	(4)	(10)	(261)	(309)
Depreciation of plant and equipment	(131)	(174)	(203)	(86)	(374)	(543)	(708)	(803)
Depreciation of right-of-use assets	(4,122)	(4,486)	(15)	(17)	(298)	(333)	(4,435)	(4,836)
Reportable segment profit/(loss) before income tax	371	832	(1,832)	936	(640)	(1,349)	(2,101)	419
Share of loss of associate (net of tax)	–	–	(134)	(245)	–	–	(134)	(245)
Impairment of goodwill	–	–	–	(5,329)	–	–	–	(5,329)
Reportable segment assets	39,017	34,991	41,603	35,407	34,029	45,113	114,649	115,511
Investment in associate	–	–	1,818	1,948	–	–	1,818	1,948
Capital expenditure								
- plant and equipment	185	26	521	108	228	667	934	801
- intangible assets	21	27	205	53	–	6	226	86
Reportable segment liabilities	22,563	19,545	23,814	14,909	12,781	21,205	59,158	55,659

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

	Group 2021 $'000	Group 2020 $'000
Revenue		
Total revenue for reportable segments	194,470	213,621
Elimination of inter-segment revenue	(120)	(147)
Consolidated revenue	194,350	213,474
Profit or loss		
Total profit or loss for reportable segments	(2,101)	419
Impairment of goodwill	–	(5,329)
Share of loss of associate	(134)	(245)
Consolidated loss before income tax	(2,235)	(5,155)
Assets		
Total assets for reportable segments	114,649	115,511
Investment in associate	1,818	1,948
Consolidated total assets	116,467	117,459
Liabilities		
Total liabilities for reportable segments	59,158	55,659

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
Other material items 2021			
Interest income	90	(23)	67
Interest expenses	(673)	23	(650)
Capital expenditure			
- plant and equipment	934	–	934
- intangible assets	226	–	226
Other material items 2020			
Interest income	170	(77)	93
Interest expenses	(1,589)	77	(1,512)
Impairment of goodwill	(5,329)	–	(5,329)
Capital expenditure			
- plant and equipment	801	–	801
- intangible assets	86	–	86

Geographical segments

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

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

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	Revenue $'000	Non-current assets* $'000
31 December 2021		
Singapore	149,142	14,349
Indonesia	32,487	601
Malaysia	6,630	30
Philippines	5,346	95
Hong Kong	23	1,818
Other countries	722	1
	194,350	16,894
31 December 2020		
Singapore	158,086	13,979
Indonesia	45,221	687
Malaysia	7,689	48
Philippines	2,013	77
Hong Kong	160	1,948
Other countries	305	82
	213,474	16,821

* Non-current assets presented consist of plant and equipment, intangible assets, right-of-use assets and investment in associate.

Major customer

Revenue from two (2020: one) customers of the Group represents approximately 20% (2020: 15%) of the Group's total revenue.

30 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability:

(i) Trade and other receivables

The fair value of non-current trade and other receivables (excluding prepayments and deferred expenses) is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities (excluding advances from customers), which is determined for measurement upon acquisition and disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Share-based payments

The fair value measurement for share-based payments is described in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial risk management

Overview

The Group's activities expose it to credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2021, the Group has 15% (2020: 24%) of total receivables due from 2 (2020: 1) major customers.

The Group has a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers. Credit exposure to customers is restricted by credit limits that are monitored by management on an ongoing basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or incorporated entity, whether they are a multinational corporation, wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade receivables comprise mainly amounts due from related parties and multinational corporations.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and contract assets. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

NOTES TO THE FINANCIAL STATEMENTS

The loss allowances are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation including evaluation of the receivables past history of loss rate, existing market conditions as well as forward looking estimates at the end of each reporting period. In assessing the segmentation of the receivables for the loss allowance, judgement is involved in determining the creditworthiness and financial health of its receivables. Where their conditions change, this may require changes in the receivables' segmentation, which in turn may affect the level of loss allowance in future periods.

If the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset. Actual results could differ from estimates.

There are no other significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Impairment losses on financial assets recognised in the income statement were as follows:

	Note	Group 2021 $'000	Group 2020 $'000
Impairment loss/(Reversal of impairment loss) on trade receivables	10	6	(14)

Exposure to credit risk

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets at the reporting date (by type of customer).

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Related companies	5,723	11,558	1,623	2,870
Multinational companies	10,231	20,585	–	–
Other companies	31,298	25,234	3,779	2,445
	47,252	57,377	5,402	5,315

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets. In calculating the expected credit loss rates, the Group considers historical loss rates and, if relevant, adjustment for forward looking economic factors affecting the customers' ability to settle the outstanding receivables.

NOTES TO THE FINANCIAL STATEMENTS

The Group and Company's exposure to credit risk and ECL relating to trade receivables and contract assets at the reporting date is as follows.

	Expected loss rate %	Gross 2021 $'000	Impairment 2021 $'000	Gross 2020 $'000	Impairment 2020 $'000
Group					
No credit terms	–	22,699	–	27,955	–
Not past due	–	20,021	–	23,449	–
Past due 0 – 30 days	–	2,704	–	1,817	2
Past due 31 – 120 days	0.28	1,070	3	2,384	1
Past due 121 – 360 days	0.13	759	1	1,301	–
More than one year	72.73	11	8	479	5
		47,264	12	57,385	8
Company					
No credit terms	–	35	–	15	–
Not past due	–	4,333	–	5,052	–
Past due 0 – 30 days	–	1,029	–	248	–
Past due 31 – 120 days	–	5	–	–	–
		5,402	–	5,315	–

Other receivables

The Group and the Company has other receivables of $4,142,000 and $2,837,000 (2020: $4,003,000 and $3,172,000) respectively. Other receivables relate mainly to deposits placed with lessors, withholding tax receivable and government grants receivable. The Group and the Company use an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement). There is no significant increase in credit risk for these exposures. The amount of the allowance on other receivables is negligible.

Non-trade amounts due from related parties and subsidiaries

The Group and the Company have non-trade amounts due from related parties and subsidiaries of $86,000 (2020: $10,000) and $274,000 (2020: $1,128,000) respectively. Impairment on these balances has been measured on the 12-month expected credit loss basis which reflects the credit risk of the exposures. The amount of the allowance on non-trade amounts due from related parties and subsidiaries is negligible.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group maintains sufficient level of cash and cash equivalents to meet its working capital and service its financial obligation. When required, the Group also obtains short-term bridging arrangement with banks to pay for their purchases of equipment.

NOTES TO THE FINANCIAL STATEMENTS

Management monitors cash flow requirements through regular cash flow forecast carried out at the operating companies' level in accordance with the working capital requirement. The Group sets asset productivity targets which vary by entity and location taking into consideration the business environment that the entity operates in. Asset productivity targets used include debtor and inventory turnover days.

In addition, the Group maintains total lines of credit of $135 million (2020: $136 million) for revolving credit and working capital line facilities, at a margin over cost of funds.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to cash flow interest rate risks arises mainly from short-term floating rate borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Board of directors monitor and manage the Group's transition to alternative rates. The Board of directors evaluate the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Non-derivative financial liabilities

The Group's main IBOR exposure as at 31 December 2021 was indexed to Kuala Lumpur Interbank Offered Rate ("KLIBOR") published by Bank Negara Malaysia. The Group is still in the process of communication with the counterparties for all LIBOR indexed exposures and specific changes have yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

Effective interest rate and repricing analysis

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

	Effective interest %	Within 1 year $'000
Group		
31 December 2021		
Financial liabilities		
Unsecured bank loans	2.84 – 5.60	2,502
31 December 2020		
Financial liabilities		
Unsecured bank loans	1.00 – 6.53	14,131
Company		
31 December 2020		
Financial liabilities		
Unsecured bank loans	1.00 – 2.15	4,000

Fair value sensitivity analysis

The Group does not account for any financial assets and liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect the income statement.

Cash flow sensitivity analysis

The Group's borrowings at variable rates are denominated mainly in Singapore Dollar, Indonesian Rupiah, Philippine Peso and Ringgit Malaysia. If the interest rates increase/(decrease) by 100 basis point with all other variables being held constant, the loss before tax will be higher/(lower) by the amounts shown below.

	Loss before tax	
	100 bp increase $'000	100 bp decrease $'000
Group		
31 December 2021		
Loans and borrowings	(25)	25
31 December 2020		
Loans and borrowings	(141)	141
Company		
31 December 2020		
Loans and borrowings	(40)	40

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings, including inter-company sales, purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The functional currencies of Group entities are primarily the Singapore dollar ("SGD"). The currency in which these transactions primarily are denominated is US dollar ("USD").

The Group's and Company's exposure to foreign currency are as follows:

	USD $'000
Group	
31 December 2021	
Trade and other receivables	707
Cash and cash equivalents	1,734
Trade and other payables	(3,942)
Net exposure	(1,501)
Group	
31 December 2020	
Trade and other receivables	450
Cash and cash equivalents	1,524
Trade and other payables	(1,593)
Net exposure	381
Company	
31 December 2021	
Cash and cash equivalents	41
31 December 2020	
Cash and cash equivalents	48

Sensitivity analysis

A 10 percent strengthening of the following currency against the Group entities' functional currencies at 31 December would have increased/(decreased) the loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Loss before tax	
	Group $'000	Company $'000
31 December 2021		
USD	(150)	4
31 December 2020		
USD	38	5

NOTES TO THE FINANCIAL STATEMENTS

A 10 percent weakening of the above currency against the Group entities' functional currencies at 31 December would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Estimating the fair values

As at 31 December 2021, the fair value of non-current receivables and payables amounted to $813,000 (2020: $899,000) and nil (2020: $573,000) respectively.

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

Accounting classifications

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group				
31 December 2021				
Financial assets not measured at fair value				
Trade and other receivables*	10	29,481	–	29,481
Cash and cash equivalents	15	34,811	–	34,811
		64,292	–	64,292
Financial liabilities not measured at fair value				
Trade and other payables#	18	–	45,129	45,129
Loans and borrowings	20	–	2,502	2,502
		–	47,631	47,631
Company				
31 December 2021				
Financial assets not measured at fair value				
Trade and other receivables*	10	8,513	–	8,513
Cash and cash equivalents	15	10,030	–	10,030
		18,543	–	18,543
Financial liabilities not measured at fair value				
Trade and other payables#	18	–	12,807	12,807

NOTES TO THE FINANCIAL STATEMENTS

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group				
31 December 2020				
Financial assets not measured at fair value				
Trade and other receivables*	10	36,905	–	36,905
Cash and cash equivalents	15	27,311	–	27,311
		64,216	–	64,216
Financial liabilities not measured at fair value				
Trade and other payables#	18	–	28,865	28,865
Loans and borrowings	20	–	14,131	14,131
		–	42,996	42,996
Company				
31 December 2020				
Financial assets not measured at fair value				
Trade and other receivables*	10	9,615	–	9,615
Cash and cash equivalents	15	4,892	–	4,892
		14,507	–	14,507
Financial liabilities not measured at fair value				
Trade and other payables#	18	–	5,753	5,753
Loans and borrowings	20	–	4,000	4,000
		–	9,753	9,753

** Exclude prepayments and deferred expenses*
 # Exclude advances from customers

32 Contingencies

The Company issued corporate guarantees amounting to $35,396,000 (2020: $34,130,000) in favour of subsidiaries to cover purchases and bank facilities per the terms of the agreements.

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2021, the net liabilities of the subsidiaries amounted to approximately $1,323,000 (2020: Nil).

33 Subsequent event

On 25 February 2022, the directors proposed a final dividend of 0.125 cent per ordinary share (one-tier tax exempt) in respect of financial year ended 31 December 2021. The proposed final dividend amounting to $567,000 has not been recognised as at year end and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company in 2022.

SUPPLEMENTARY INFORMATION

(SGX-ST LISTING MANUAL DISCLOSURE REQUIREMENTS)

1 Directors' Remuneration

None of the directors of the Company receives remuneration from the Group (other than Directors' Fee and Benefits for Non-Executive Directors) for the financial years ended 2021 and 2020.

2 Interested Person Transactions

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
		2021 **$'000**	**2020** **$'000**
Transactions for the sales of goods and services			
Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	23,269	38,396
Transactions for the purchase of goods and services			
Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	13,887	21,168
Management services			
Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	13	33
Total Interested Person Transactions		**37,169**	**59,597**

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

3 Material Contracts

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

SHAREHOLDINGS STATISTICS

AS AT 8 MARCH 2022

Class of shares – Ordinary shares
Voting rights – 1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.15	187	0.00
100 – 1,000	87	4.39	78,173	0.02
1,001 – 10,000	851	42.91	4,566,937	1.00
10,001 – 1,000,000	1,021	51.49	86,525,471	19.04
1,000,001 and above	21	1.06	363,251,732	79.94
	1,983	100.00	454,422,500	100.00

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%*
1	STT COMMUNICATIONS LTD	228,937,500	50.50
2	LEAP INTERNATIONAL PTE LTD	83,804,200	18.49
3	DBS NOMINEES PTE LTD	7,432,380	1.64
4	HONG LEONG FINANCE NOMINEES PTE LTD	5,134,000	1.13
5	TAN CHWEE HUAT	5,030,000	1.11
6	PAULINE WONG MAE SUM (PAULINE HUANG MEIXIN)	3,728,778	0.82
7	NG HIAN CHOW	3,667,100	0.81
8	LEE YOONG KIN	3,213,038	0.71
9	LOH SUR JIN ANDREW	2,974,300	0.66
10	LIM SHUH MOH	2,611,233	0.58
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,200,000	0.48
12	RAFFLES NOMINEES (PTE) LIMITED	2,130,100	0.47
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,111,700	0.46
14	OCBC NOMINEES SINGAPORE PTE LTD	1,719,900	0.38
15	JACQUELINE TAN KIM HOIE	1,466,000	0.32
16	KOH KEE BOON	1,300,000	0.29
17	CHEN WEI CHING	1,250,000	0.28
18	WONG LOKE MEI	1,220,709	0.27
19	GOH SONG PUAY	1,187,629	0.26
20	OH HOON JIUN	1,030,000	0.23
		362,148,567	79.89

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 8 March 2022 of 453,319,335 shares (which excludes 1,103,165 shares which are held as treasury shares representing approximately 0.24% of the total number of issued shares excluding treasury shares). There were no subsidiary holdings (as defined in the SGX-ST Listing Manual) as at 8 March 2022.

SHAREHOLDINGS STATISTICS

AS AT 8 MARCH 2022

Shareholdings Held in Hands of Public

Based on information available to the Company, approximately 30.03% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%(3)	Deemed Interest	%(3)
Leap International Pte Ltd	83,804,200	18.49%	–	–
Lim Chai Hock Clive(1)	183,000	0.04%	83,804,200	18.49%
STT Communications Ltd(2)	228,937,500	50.50%	–	–
Singapore Technologies Telemedia Pte Ltd(2)	–	–	228,937,500	50.50%
Temasek Holdings (Private) Limited(2)	–	–	228,937,500	50.50%

Notes:

(1) Lim Chai Hock Clive owns 100% of the interest in Leap International Pte Ltd ("**Leap International**"). Accordingly, Lim Chai Hock Clive is deemed to be interested in all the shares held by Leap International by virtue of section 4 of the Securities and Futures Act 2001 ("**SFA**"). Lim Chai Hock Clive holds a total (direct and deemed) interest in 83,987,200 shares, representing 18.53% of the issued share capital of the Company.

(2) STT Communications Ltd ("**STTC**") is a subsidiary of Singapore Technologies Telemedia Pte Ltd ("**STT**"), which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Temasek and STT are deemed to be interested in the 228,937,500 shares held by STTC by virtue of section 4 of the SFA.

(3) The percentage of shareholdings was computed based on the issued share capital of the Company as at 8 March 2022 of 453,319,335 shares (which excludes 1,103,165 shares which are held as treasury shares as at that date).

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of TeleChoice International Limited (the "**Company**") will be held by way of electronic means on 28 April 2022 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.125 cents per ordinary share in the capital of the Company ("**Share**"), for the financial year ended 31 December 2021. **Resolution 2**

3. To re-elect Mr Stephen Geoffrey Miller, who is retiring in accordance with Regulation 99 of the Constitution of the Company. **Resolution 3**

   See Explanatory Note (a)

4. To re-elect Ms Ho Koon Lian Irene, who is retiring in accordance with Regulation 99 of the Constitution of the Company. **Resolution 4**

   See Explanatory Note (b)

5. To re-elect Mr Lim Chai Hock Clive, who is retiring in accordance with Regulation 99 of the Constitution of the Company. **Resolution 5**

   See Explanatory Note (c)

6. To approve the sum of $429,000 to be paid as Directors' Remuneration to all of the Directors (other than Mr Lim Chai Hock Clive) for the financial year ended 31 December 2021 comprising: **Resolution 6**

   (a) $300,300 to be paid in cash (2020: $306,921) (2019: $300,300); and

   (b) $128,700 to be paid in the form of restricted share awards pursuant to the TeleChoice Restricted Share Plan (the "**TeleChoice RSP**") (as amended) (2020: $131,538) (2019: $128,700).

   See Explanatory Note (d)

7. To approve the sum of $42,000 to be paid as Directors' Remuneration to Mr Lim Chai Hock Clive for the financial year ended 31 December 2021 in cash (2020: $42,000) (2019: $42,000). **Resolution 7**

   See Explanatory Note (e)

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

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

9. That authority be and is hereby given to the Directors to: **Resolution 9**

(a) (i) issue Shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed 50% of the issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub paragraph 9(ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph 9(ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub paragraph 9(i) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, and adjusting for: (1) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and (2) any subsequent bonus issue, consolidation or subdivision of Shares;

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

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

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

See Explanatory Note (f)

10. That authority be and is hereby given to the Directors to: **Resolution 10**

(a) offer and grant awards in accordance with the rules and terms of the TeleChoice RSP (as amended) and/or the TeleChoice Performance Share Plan (the "**TeleChoice PSP**") (as amended) (the TeleChoice RSP (as amended) and the TeleChoice PSP (as amended) shall collectively be referred to as the "**Share Plans**"); and

(b) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of the awards granted under the TeleChoice RSP (as amended) and/or the TeleChoice PSP (as amended),

provided that the aggregate number of Shares to be issued under the Share Plans shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

See Explanatory Note (g)

11. That: **Resolution 11**

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Annexure to the Appendix to the Annual Report dated 6 April 2022 (the "**Appendix**") with any party who is of the class of interested persons described in the Annexure to the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in sub-paragraph 11(a) above (the "**Shareholders' Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution.

See Explanatory Note (h)

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

12. That: **Resolution 12**

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as defined in sub-paragraph 12(c) below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined in sub-paragraph 12(c) below), whether by way of:

(i) market purchase(s) on the SGX-ST through the SGX-ST's trading system and/or any other securities exchange ("**Other Exchange**") on which the Shares may for the time being be listed and quoted ("**Market Purchases**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("**Off-Market Purchases**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the last five consecutive Market Days (as defined in this sub-paragraph 12(c) below) 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 during the relevant five Market Day period and the day on which the purchases are made;

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

"**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 relevant terms of the equal access scheme for effecting the Off-Market Purchase;

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

"**Maximum Limit**" means that number of issued Shares representing 10% of the issued ordinary Shares in the capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of an Off-Market Purchase of a Share, 110% of the Average Closing Price; and

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

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

See Explanatory Note (i)

OTHER BUSINESS

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

By Order of The Board

Lai Wai Kit Andrew
Company Secretary

Singapore, 6 April 2022

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Notes:

1. The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements and on the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Annual General Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions in advance of the Annual General Meeting and voting by appointing the Chairman of the Annual General Meeting as proxy at the Annual General Meeting, are set out in the Company's announcement dated 6 April 2022. This announcement may be accessed on the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html and will also be made available on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The accompanying proxy form for the Annual General Meeting may be accessed on the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html, and will also be made available on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements.

4. Where a member (whether individual or corporate) appoints the Chairman of the Annual General Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Annual General Meeting as proxy for that resolution will be treated as invalid.

5. CPF or SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2022.

6. The Chairman of the Annual General Meeting will be exercising his right under Regulation 68(B) of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of poll.

7. The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the Annual General Meeting as proxy must be submitted in the following manner:

   a. if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902; or

   b. if submitted electronically, be submitted via email to the Company's Share Registrar at gpb@mncsingapore.com,

   in either case, by 10.30 a.m. on 25 April 2022.

   A member who wishes to submit an instrument of proxy via email must first download, print, complete and sign the proxy form, before scanning and submitting it to the email address provided above.

   In view of the current COVID-19 situation and the related safe management measures which may make it difficult for members to submit completed proxy forms by post, the Company strongly encourages members to submit completed proxy forms electronically via email.

8. The Company's Annual Report for the financial year ended 31 December 2021 ("**2021 Annual Report**") and the Appendix to Annual Report dated 6 April 2022 in relation to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions and Share Purchase Mandate ("**2021 Appendix**") have been published on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements and are also available on the Company's corporate website as follows:

   a. The 2021 Annual Report may be accessed at URL: http://telechoice.listedcompany.com/ar.html.

   b. The 2021 Appendix may be accessed at URL: http://telechoice.listedcompany.com/appendix.html.

9. As the COVID-19 situation continues to evolve, the Company may be required to change its arrangements for the Annual General Meeting at short notice. Members should check the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html for the latest updates on the status of the Annual General Meeting.

10. The Company thanks all members for their understanding and cooperation to hold the Annual General meeting in line with appropriate safe management measures amidst the COVID-19 pandemic.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Notice of Record Date and Dividend Payment Date

Notice is hereby given that, subject to shareholders' approval of the payment of the proposed final dividend at the Twenty-Fourth Annual General Meeting to be convened on 28 April 2022, the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2022.

Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902, up to 5.00 p.m. on 10 May 2022 (the "**Record Date**") will be registered to determine shareholders' entitlement to the proposed final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Record Date, will be entitled to the proposed final dividend.

The proposed final dividend, if approved by shareholders of the Company, will be paid on 25 May 2022.

EXPLANATORY NOTES:

(a) Ordinary Resolution No. 3 is to approve the re-election of Mr Stephen Geoffrey Miller, who is retiring by rotation, in accordance with Regulation 99 of the Constitution of the Company. Upon his re-election, Mr Miller will remain as the Deputy Chairman of the Board of Directors of the Company, the Non-Executive Director of the Company and a member of the Remuneration Committee, Nominating Committee and Executive Committee of the Company. Detailed information of Mr Miller can be found in the sections on "Board of Directors" and "Additional Information in relation to Directors Standing for Re-election" of the Company's 2021 Annual Report.

(b) Ordinary Resolution No. 4 is to approve the re-election of Ms Ho Koon Lian Irene, who is retiring by rotation, in accordance with Regulation 99 of the Constitution of the Company. Upon her re-election, Ms Ho will remain as a Non-Executive Director of the Company, a member of the Audit Committee of the Company and a member of the Executive Committee of the Company. Detailed information of Ms Ho can be found in the sections on "Board of Directors" and "Additional Information in relation to Directors Standing for Re-election" of the Company's 2021 Annual Report.

(c) Ordinary Resolution No. 5 is to approve the re-election of Mr Lim Chai Hock Clive, who is retiring by rotation, in accordance with Regulation 99 of the Constitution of the Company. Upon his re-election, Mr Lim will remain as a Non-Executive Director of the Company and a member of the Executive Committee of the Company. Detailed information of Mr Lim can be found in the sections on "Board of Directors" and "Additional Information in relation to Directors Standing for Re-election" of the Company's 2021 Annual Report.

(d) Ordinary Resolution No. 6 is to approve the payment of an aggregate sum of $429,000 as Directors' remuneration for the financial year ended 31 December 2021 to all of the Directors (other than Mr Lim Chai Hock Clive). If Ordinary Resolution No. 6 is approved, each of the Directors (other than Mr Lim Chai Hock Clive) will receive approximately 70% of his Directors' remuneration in cash and approximately 30% of his Directors' remuneration in the form of a restricted share award pursuant to the TeleChoice Restricted Share Plan ("**TeleChoice RSP**") (as amended). Please refer to the section on "Remuneration Matters" in the Corporate Governance Report on pages 38 to 43 of the Company's 2021 Annual Report for the rationale in including a share component to the Directors' remuneration. The number of Shares to be awarded will be based on the volume-weighted average price ("**VWAP**") of a Share listed on the SGX-ST over the 14 market days commencing on (and including) the first ex-dividend date that immediately follows the date of this Annual General Meeting (and in the event that no dividend is declared at such last concluded Annual General Meeting, the VWAP of a Share listed on the SGX-ST over the 14 market days commencing after the date of such last concluded Annual General Meeting). The number of Shares to be awarded will be rounded down to the nearest thousand shares, and any residual balance settled in cash. The restricted share awards will consist of the grant of fully paid shares, without any performance or vesting conditions attached. However, in order to encourage alignment of interest of the Directors with the interests of shareholders, a Director is required to hold such number of Shares equivalent to at least: (i) the prevailing annual basic Board retainer fee, based on the VWAP of a Share listed on the SGX-ST over the 14 market days from (and including) the first ex-dividend date (if any) following the date of the Company's last concluded Annual General Meeting (and in the event that no dividend is declared at such last concluded Annual General Meeting, the VWAP of a Share listed on the SGX-ST over the 14 market days commencing after the date of such last concluded Annual General Meeting); or (ii) the total number of Shares awarded to that Director under the TeleChoice RSP (as amended) for the financial year ended 31 December 2013 and onwards, whichever is lower. Notwithstanding the foregoing, a Director is permitted to dispose of all of his Shares after the first anniversary of the date of his cessation as a Director of the Company.

(e) Ordinary Resolution No. 7 is to approve the payment of $42,000 as Director's remuneration for the financial year ended 31 December 2021 to Mr Lim Chai Hock Clive. It is proposed that the entire amount of his Director's remuneration (including the amount of $12,600 which would otherwise have been paid in the form of share awards under the TeleChoice RSP (as amended)) be paid to him in cash. Mr Lim Chai Hock Clive is a controlling shareholder of the Company, and approval of independent Shareholders by way of a separate resolution for the grant of the specific number of share awards to him is required under Rule 853 of the Listing Manual of the SGX-ST. However, as the number of share awards to be granted to Mr Lim Chai Hock Clive would have been computed only after the date of the Annual General Meeting (as described in Explanatory Note (d) above), such number of awards would not be known until after the Annual General Meeting, and it is therefore not possible to seek approval for the grant of the specific number of share awards to him at the Annual General Meeting. In view of the difficulties that the Company would face in complying with Rule 853 of the Listing Manual of the SGX-ST for the grant of share awards to Mr Lim Chai Hock Clive, the Company is therefore proposing to pay him in cash in full instead.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

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

(g) Ordinary Resolution No. 10 is to authorise the Directors to offer and grant awards and to allot and issue Shares in the capital of the Company in accordance with the rules and terms of the TeleChoice RSP (as amended) and/or the TeleChoice Performance Share Plan (the "**TeleChoice PSP**") (as amended) (the TeleChoice RSP (as amended) and the TeleChoice PSP (as amended) shall collectively be referred to as the "Share Plans"), provided that the aggregate number of Shares to be allotted and issued pursuant to the Share Plans shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. Details of the Share Plans are set out in the Company's Circular to Shareholders dated 11 April 2007 and the Company's Appendix to the Annual Report dated 11 April 2018.

(h) Ordinary Resolution No. 11 is to renew the mandate to allow the Company, its subsidiaries and its associated companies that are entities at risk or any of them to enter into certain interested person transactions with certain classes of interested persons as described in the Annexure to the Appendix to the Annual Report dated 6 April 2022 (the "**Appendix**"). The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company.

(i) Ordinary Resolution No. 12 is to renew the mandate to allow the Company to purchase or acquire issued ordinary Shares in the capital of the Company on the terms and subject to the conditions of the Resolution.

The Company may use internal resources or external borrowings or a combination of both to fund the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the financial position of the Company, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2021, based on certain assumptions, are set out in paragraph 3.7.3 of the Letter to Shareholders in the Appendix.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

The following information relating to Mr Stephen Geoffrey Miller, Ms Ho Koon Lian Irene, and Mr Lim Chai Hock Clive, each of whom is standing for re-election at the Twenty-Fourth Annual General Meeting of TeleChoice International Limited ("**Company**" or "**TeleChoice**") on 28 April 2022, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Stephen Geoffrey Miller**	**Ho Koon Lian Irene**	**Lim Chai Hock Clive**
Date of Appointment	26 January 2017	5 May 2015	29 September 1999
Date of last Re-appointment (if applicable)	26 May 2020	23 April 2019	23 April 2019
Age	58	64	63
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Miller has more than 25 years of global investment, financial management, strategic planning and CMT industry experience. The Board of Directors is of the view that his experience will continue to enhance deliberations at the Board. The Board of Directors has accepted the recommendation of the Nominating Committee of TeleChoice which has reviewed Mr Miller's qualifications and experience, and approved the re-election of Mr Miller as a Non-Executive Director of TeleChoice. Please refer to pages 35 to 36 of the Annual Report on the process for selection, appointment and re-appointment of directors.	Ms Ho has over 20 years of financial management experience. The Board of Directors is of the view that her experience will continue to enhance deliberations at the Board. The Board of Directors has accepted the recommendation of the Nominating Committee of TeleChoice which has reviewed Ms Ho's qualifications and experience, and approved the re-election of Ms Ho as a Non-Executive Director of TeleChoice. Please refer to pages 35 to 36 of the Annual Report on the process for selection, appointment and re-appointment of directors.	Mr Lim has over 13 years of experience in the telecommunications industry. The Board of Directors is of the view that his experience will continue to enhance deliberations at the Board. The Board of Directors has accepted the recommendation of the Nominating Committee of TeleChoice which has reviewed Mr Lim's qualifications and experience, and approved the re-election of Mr Lim as a Non-Executive Director of TeleChoice. Please refer to pages 35 to 36 of the Annual Report on the process for selection, appointment and re-appointment of directors.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Stephen Geoffrey Miller	Ho Koon Lian Irene	Lim Chai Hock Clive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Deputy Chairman of the Board and Non-Executive Director, and Member of the Remuneration Committee, the Nominating Committee and the Executive Committee.	Non-Executive Director and Member of the Audit Committee and the Executive Committee.	Non-Executive Director and Member of the Executive Committee.
Professional Qualifications	Bachelor's Degree in Commerce, with First Class Honours in Economics and Finance, from the University of New South Wales, Australia.	Bachelor of Commerce (double major in Accounting & Information Systems) from the University of New South Wales, Australia. Member of the Certified Practising Accountants Australia since 1992.	MBA from the Asian Institute of Management, Manila, a Master of Arts (Christian Studies) from Regent College, Vancouver, Canada, and a Doctoral Degree from Gordon Conwell Theological Seminary, MA, USA.
Working experience and occupation(s) during the past 10 years	Please refer to page 09 of the Annual Report 2021	Please refer to page 11 of the Annual Report 2021	Please refer to page 12 of the Annual Report 2021
Shareholding interest in TeleChoice and its subsidiaries	Direct interest of 251,000 shares in TeleChoice	Direct interest of 382,000 shares in TeleChoice	Direct interest of 183,000 shares in TeleChoice Deemed interest of 83,804,200 shares in TeleChoice held in the name of Leap International Pte Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, TeleChoice and/or substantial shareholder of TeleChoice or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to TeleChoice	Yes	Yes	Yes

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Stephen Geoffrey Miller	Ho Koon Lian Irene	Lim Chai Hock Clive
Other Principal Commitments* including Directorships – Past (for the last 5 years)	Nil	Nil	Nil
Other Principal Commitments* including Directorships – Present	• Singapore Technologies Telemedia Pte Ltd (President & Group Chief Executive Officer and Director) • Asia Mobile Holdings Pte. Ltd. (Director) • STT GDC Pte. Ltd. (Director) • Antina Pte. Ltd. (Director) • Armor Defense Inc. (Director) • 2nd Watch, Inc. (Director) • Australian Chamber of Commerce, Singapore (Board Member)	• STT Communications Ltd (Non-Executive Consultant)	• Leap International Pte Ltd (Managing Director) • Leap Securities Pte. Ltd. (Director) • Leap Foundation Ltd (Chairman) • Regent College (Visiting Associate Professor of Marketplace Theology) • Biblical Graduate School of Theology (Adjunct Lecturer) • Trinity Theological College (Adjunct Lecturer) • Network of Asian Institute of Management Association Singapore (NAIMAS) (Chairman)

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	**Stephen Geoffrey Miller** (Yes/No)	**Ho Koon Lian Irene** (Yes/No)	**Lim Chai Hock Clive** (Yes/No)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Stephen Geoffrey Miller (Yes/No)	Ho Koon Lian Irene (Yes/No)	Lim Chai Hock Clive (Yes/No)
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Stephen Geoffrey Miller (Yes/No)	Ho Koon Lian Irene (Yes/No)	Lim Chai Hock Clive (Yes/No)
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Stephen Geoffrey Miller (Yes/No)	Ho Koon Lian Irene (Yes/No)	Lim Chai Hock Clive (Yes/No)
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Stephen Geoffrey Miller (Yes/No)	Ho Koon Lian Irene (Yes/No)	Lim Chai Hock Clive (Yes/No)
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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

PROXY FORM
Twenty-Fourth Annual General Meeting

IMPORTANT
1. The Twenty-Fourth Annual General Meeting of TeleChoice International Limited ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements and on the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions in advance of the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 6 April 2022. This announcement may be accessed at the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html and will also be made available on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements.
3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** A copy of the proxy form for the AGM may also be accessed on the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html, and will also be made available on the SGXNet website at URL https://www.sgx.com/securities/company-announcements.
4. This proxy form is not valid for use by CPF or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 18 April 2022.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2022.
6. Please read the notes overleaf which contain instructions on, among other things, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We ____ (Name) NRIC/Passport/Co. Reg. No. ______________

of ____ (Address)

being a member/members of TELECHOICE INTERNATIONAL LIMITED (the "**Company**") hereby appoint the Chairman of the Annual General Meeting as my/our proxy to attend, speak and vote or abstain for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting ("**AGM**") of the Company to be convened and held by way of electronic means on 28 April 2022 at 10.30 a.m. and at any adjournment thereof in the following manner:

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against or abstain from voting on the Resolutions as set out in the Notice of AGM.)

NOTE: The Chairman of the AGM will be exercising his right under Regulation 68(B) of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	For	Against	Abstain
	Ordinary Business			
1.	Adoption of Financial Statements, Directors' Statement and Auditors' Report			
2.	Declaration of Final Tax Exempt (one-tier) Dividend			
3.	Re-election of Mr Stephen Geoffrey Miller as Director			
4.	Re-election of Ms Ho Koon Lian Irene as Director			
5.	Re-election of Mr Lim Chai Hock Clive as Director			
6.	Approval of Directors' Remuneration to be paid to all of the Directors (other than Mr Lim Chai Hock Clive)			
7.	Approval of Directors' Remuneration to be paid to Mr Lim Chai Hock Clive			
8.	Re-appointment of KPMG LLP as Auditors			
	Special Business			
9.	Authority for Directors to issue shares			
10.	Authority for Directors to offer and grant awards, and allot and issue shares, pursuant to the TeleChoice Restricted Share Plan (as amended) and the TeleChoice Performance Share Plan (as amended)			
11.	Approval of Renewal of the Shareholders' Mandate for Interested Person Transactions			
12.	Approval of Renewal of the Share Purchase Mandate			

Dated this ________ day of ____________________ 2022.

Total Number of Shares Held

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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** A copy of this proxy form may also be accessed on the Company's corporate website at URL: http://telechoice.listedcompany.com/newsroom.html, and will also be made available on the SGXNet website at URL: https://www.sgx.com/securities/company-announcements.
3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
4. The Chairman of the AGM, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at gpb@mncsingapore.com,

   in either case, by 10.30 a.m. on 25 April 2022.

   A member who wishes to submit an instrument of proxy via email must first download, print, complete and sign the proxy form, before scanning and submitting it to the email address provided above.

   In view of the current COVID-19 situation and the related safe management measures which may make it difficult for shareholders to submit completed proxy forms by post, the Company strongly encourages members to submit completed proxy forms electronically via email.
5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at 10.30 a.m. on 25 April 2022, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line

Affix
Postage
Stamp

TELECHOICE INTERNATIONAL LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Attention: Company Secretary

Fold along this line

TELECHOICE INTERNATIONAL LIMITED

6 SERANGOON NORTH AVENUE 5
#03-16 • SINGAPORE 554910
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COMPANY REGISTRATION
NO. 199802072R