



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

**DISPOSAL OF WHOLLY-OWNED SUBSIDIARY,
NEXWAVE TELECOMS PTE. LTD.**

1. INTRODUCTION

The board of directors ("**Board**") of TeleChoice International Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a sale and purchase agreement dated 31 May 2023 ("**SPA**") with Netpluz Asia Pte. Ltd. ("**Purchaser**") for the sale by the Company to the Purchaser of its Voice Business (as defined below) through the sale of 6,660,000 ordinary shares ("**Sale Shares**"), representing 100% of the total issued shares, in the capital of its subsidiary, NexWave Telecoms Pte. Ltd. ("**NexWave Telecoms**") for an aggregate consideration of S\$30,000, subject to adjustment as described in Section 3.1 below ("**Disposal**").

2. INFORMATION ON NEXWAVE TELECOMS AND THE PURCHASER

2.1 Information on NexWave Telecoms

- (a) NexWave Telecoms is a private company limited by shares incorporated in Singapore on 23 December 1994 and, as at the date of this announcement, has an issued and paid-up share capital of S\$6,660,000 comprising 6,660,000 ordinary shares, all of which are held by the Company.
- (b) NexWave Telecoms carries on: (i) the business of providing IDD international call services and internet protocol telephony services for both consumer and corporate accounts ("**Voice Business**"); and (ii) info-communications business, including in particular the provision of contact centre and unified communications solutions ("**ICT Business**").
- (c) The sale and purchase of the Sale Shares is made on the basis that NexWave Telecoms comprises only the Voice Business. The ICT Business is being transferred out of NexWave Telecoms to NxGen Communications Pte Ltd ("**NxGen**"), a wholly-owned subsidiary of the Company.
- (d) Based on the audited financial statements of NexWave Telecoms for the financial year ended 31 December 2022 ("**FY2022**"), NexWave Telecoms recorded: (i) a negative audited net asset value ("**NAV**") of approximately S\$2.7 million as at 31 December 2022; and (ii) a net loss of approximately S\$1.4 million for FY2022.
- (e) No valuation was commissioned by the Company in respect of the Disposal.

2.2 Information on the Purchaser

The Purchaser is a company incorporated in Singapore, and is a managed communications service provider, with regional operations in Singapore, Malaysia, Philippines and Thailand, specialising in offering managed cybersecurity, communication, connectivity and cloud services.

3. **PRINCIPAL TERMS OF THE DISPOSAL**

3.1 Consideration

- (a) The consideration for the Sale Shares ("**Consideration**") is S\$30,000, subject to adjustments for any net outstanding assets or net outstanding liabilities, other than assets and equipment required for the Voice Business, as at completion of the Disposal ("**Completion**") as determined in accordance with the provisions of the SPA. In the event of net outstanding assets, the Purchaser will procure NexWave Telecoms to pay to the Company an amount equivalent to such net outstanding assets. In the event of net outstanding liabilities, the Company will pay to NexWave Telecoms an amount equivalent to such net outstanding liabilities.
- (b) The Consideration will be satisfied fully in cash upon Completion, and any payment arising from the adjustments is expected to be finalised and made within around four (4) months of Completion.
- (c) The Consideration was arrived at based on arm's length negotiations on a willing-seller willing-buyer basis, taking into account (among other things) the value of the IDD customer base.

3.2 Other Salient Terms

- (a) The Disposal is made on the basis that NexWave Telecoms comprises only the Voice Business. The Purchaser has agreed to procure NexWave Telecoms to cooperate in the transfer of the ICT Business to NxGen, to the extent the process is not completed by Completion.
- (b) The SPA does not provide for any conditions precedent to Completion. The SPA provides that Completion will take place on 31 May 2023 or such other date as the Company and the Purchaser may agree in writing. Upon Completion, NexWave Telecoms will cease to be a subsidiary of the Company.
- (c) The Company has granted NexWave Telecoms a licence to continue to use the name and logo of "NexWave Telecoms" and also the domain "nexwavetelecoms.com" for a period of six (6) months from Completion, to the extent necessary to conduct the Voice Business. The Purchaser has agreed to procure NexWave Telecoms to cease such usage, and to change the name of NexWave Telecoms so that it does not contain the name "NexWave", upon expiry of such 6-month period. The Company has agreed not to, during the period of 12 months from Completion, use the name "NexWave Telecoms" and the domain "nexwavetelecoms.com" for any business that is in direct competition with the Voice Business carried on by NexWave Telecoms upon Completion.

4. RATIONALE FOR THE DISPOSAL AND USE OF PROCEEDS

4.1 Rationale for the Disposal

NexWave Telecoms carries on both the Voice Business and the ICT Business. The Voice Business includes the provision of IDD international call services. With the emergence of online communication collaboration tools and other over-the-top applications, there has been a continuing decline in IDD usage over the years. This has, in turn, rendered the Voice Business not viable without the necessary scale. As such, the Company is disposing of the Voice Business through the sale of the Sale Shares.

At the same time, the Group has been shifting its focus to higher growth area of Software-as-a-Service (SaaS), in particular, Unified Communications-as-a-Service (UCaaS) and Contact Centre-as-a-Service (CCaaS). As such, the ICT Business will be transferred to NxGen.

4.2 Use of Proceeds

The Company intends to use the net proceeds arising from the Disposal for general working capital purposes.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative Figures. The relative figures of the Disposal under Rule 1006 of the Listing Manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), based on the audited consolidated financial statements of the Company for FY2022, are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets.	-6.27% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits.	11.84% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares.	0.08% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

(1) The audited NAV of the Sale Shares as at 31 December 2022 was negative S\$2.71 million, compared to the Group’s audited consolidated NAV of S\$43.24 million as at 31 December 2022.

- (2) The audited net loss attributable to the Sale Shares based on the audited financial statements of NexWave Telecoms for FY2022 was S\$1.45 million. The audited consolidated net loss of the Company for FY2022 was S\$12.25 million.
- (3) The Consideration for the Disposal is S\$30,000 (before taking into account the adjustments pursuant to the SPA). The Company's market capitalisation was approximately S\$37.1 million (as determined by multiplying the total number of issued shares (excluding treasury shares) ("**Shares**") of 451,870,435 by the volume weighted average price of the Shares of S\$0.082 per Share, based on trades done on the SGX-ST on 31 May 2023, being the full market day immediately preceding the date of the SPA).

- 5.2 The Disposal is expected to result in a gain on disposal of S\$30,000.
- 5.3 With reference to paragraph 4.4(c) of Practice Note 10.1 of the Listing Manual, the Disposal involves the disposal of an asset where the asset has a negative NAV. In this regard: (a) the absolute relative figure for the Disposal computed on the basis of each of Rule 1006(b) and Rule 1006(c) of the Listing Manual (with Rule 1006(e) not being applicable) does not exceed 20%; and (b) the Company will not suffer a loss on disposal.
- 5.4 With reference to paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual, the Disposal involves the disposal of a loss-making asset by an issuer. In this regard: (a) the absolute relative figure for the Disposal computed on the basis of each of Rule 1006(a) and Rule 1006(c) of the Listing Manual (with Rule 1006(e) not being applicable) of the Listing Manual does not exceed 20%; and (b) the Company will not suffer a loss on disposal.
- 5.5 In view of the foregoing, the Company is required to immediately announce the Disposal in accordance with paragraph 4.4 of Practice Note 10.1 of the Listing Manual, but no shareholders' approval is required.

6. FINANCIAL EFFECTS OF THE DISPOSAL

- 6.1 Pro Forma Financial Effects. The pro forma financial effects of the Disposal, based on the audited consolidated financial statements of the Company for FY2022, are set out below. The pro forma financial effects are presented for illustration purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Disposal. No representation is made as to the actual financial position and/or results of the Company or the Group after completion of the Disposal.
- 6.2 Net Tangible Assets ("**NTA**"). Assuming the Disposal had been effected on 31 December 2022, the financial effect on the NTA of the Group will be as follows:

	Before the Disposal	After the Disposal
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	42,729	42,759
Number of issued shares (excluding treasury shares) ('000)	452,484	452,484
NTA per share (Singapore cents)	9.44	9.45

- 6.3 Loss Per Share ("**LPS**"). Assuming the Disposal had been effected on 1 January 2022 (being the beginning of the most recently completed financial year ended 31 December 2022), the financial effect on the LPS of the Group will be as follows:

	Before the Disposal	After the Disposal
Net loss attributable to shareholders after tax (S\$'000)	12,250	10,798
Number of issued shares (excluding treasury shares) ('000)	435,085	435,085
Loss per share (Singapore cents)	2.70	2.38

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE DISPOSAL

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Disposal, other than through their shareholdings in the Company, if any.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed to the board of directors of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENT(S) FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 25 North Bridge Road #07-00 Singapore 179101 for a period of three (3) months from the date of this announcement.

By Order of the Board

Lim Shuh Moh Vincent
President and Chief Executive Officer
1 June 2023