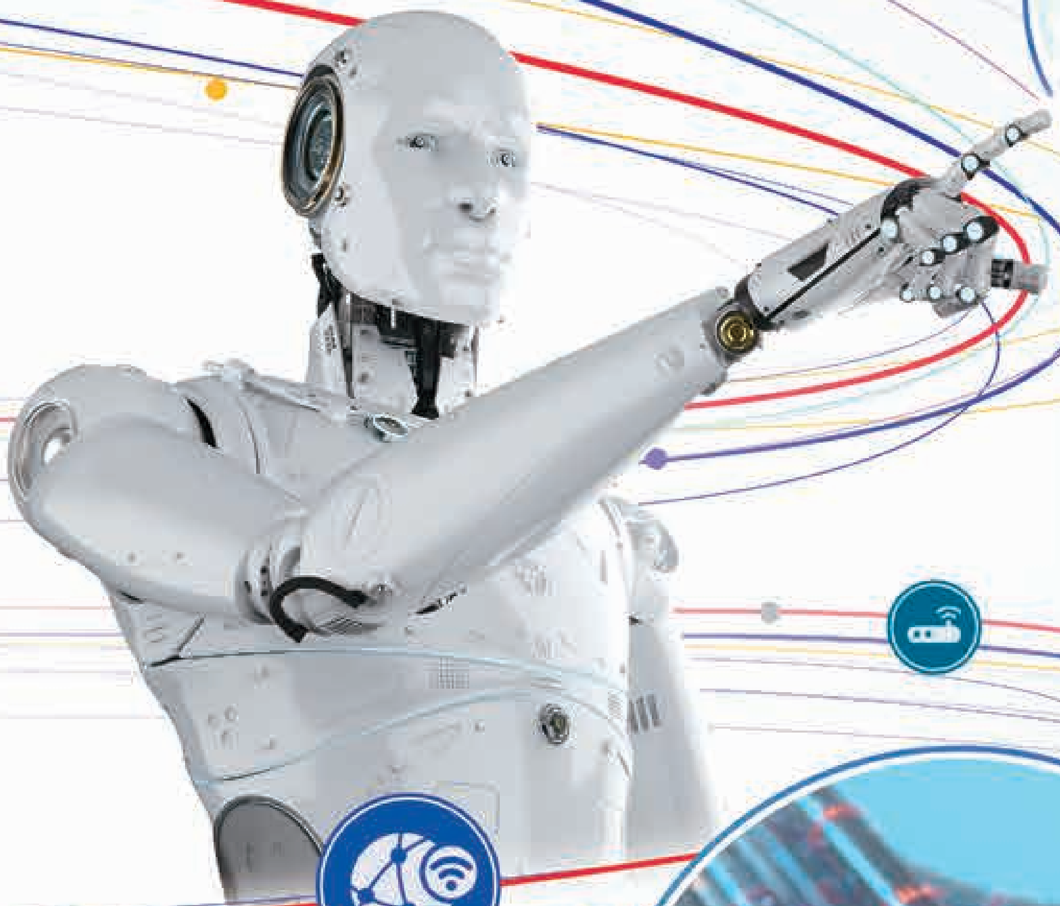
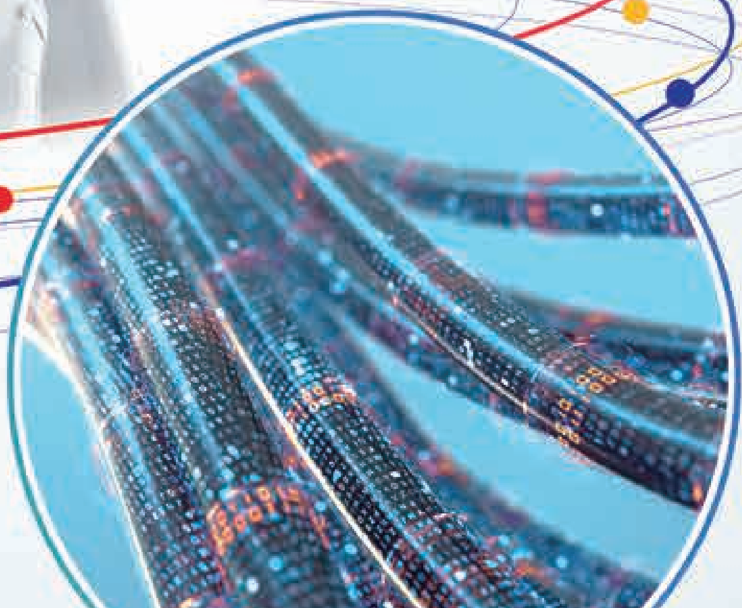
TeleChoice

RESILIENCE • TRANSFORMATION •

FUTURE-FOCUSED



ANNUAL
REPORT
2020



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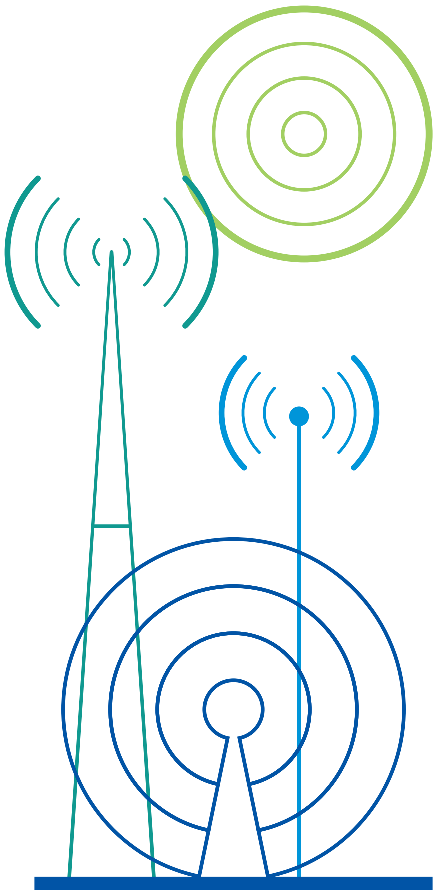
CORPORATE PROFILE

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 in 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 regional provider of consumer fulfilment and managed services. It provides retail, e-commerce, distribution and supply chain management services relating to mobile communication devices, wearables and smart 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 appointed distributor of StarHub's prepaid card business, and also provides StarHub with mobile handset delivery and last mile services. PCS also manages concept stores for major mobile device manufacturers such as Samsung and Huawei.

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

PCS also operates an e-commerce site, www.eplanetworld.com, which offers the latest mobile phones, tablets, accessories as well as wearables and smart gadgets 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 managed and hosted services, fixed and wireless networking, as well as campus management, customer relationship management, contact centre and unified communications solutions. It also provides consultancy and managed services to help companies adopt cloud, big data, analytics, Internet of Things and smart learning 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.

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 on product launches, services, distribution and retail strategies
  - New products and distribution
    - Regional distributor for Apeman
    - Local distributor for Vankyo, Nooie, Smart Care Device Plan (previously named as Kiasume Device Plan)
  - Market and channel expansion
    - Penetration into the Singapore CEIT channels such as Challenger
    - Established new sales retail channels in Malaysia for Apeman
    - New online platform partners in Singapore and Malaysia such as Amazon, LazMall and Shopee Mall
- Marketing support for customers and principals
  - Roll out of various Samsung Authorised Retailers and Huawei iRetail programmes to drive channel sales
  - Pre-order activities of Samsung flagship devices such as Galaxy S20, Galaxy Note 20, Galaxy Z Fold 2
  - Launch of Huawei laptops such as Matebook 13, Matebook D15, Matebook X Pro
- Awards
  - StarHub SmartSupport "Abundant Prosperity" Contest for Q12020 – Champion
  - StarHub SmartSupport "Relaunch" Sales contest – Champion
  - 44 retail staff awarded the Excellent Service Award from SPRING Singapore and Singapore Retailers Association (14 Star awards, 12 Gold awards and 18 Silver awards)

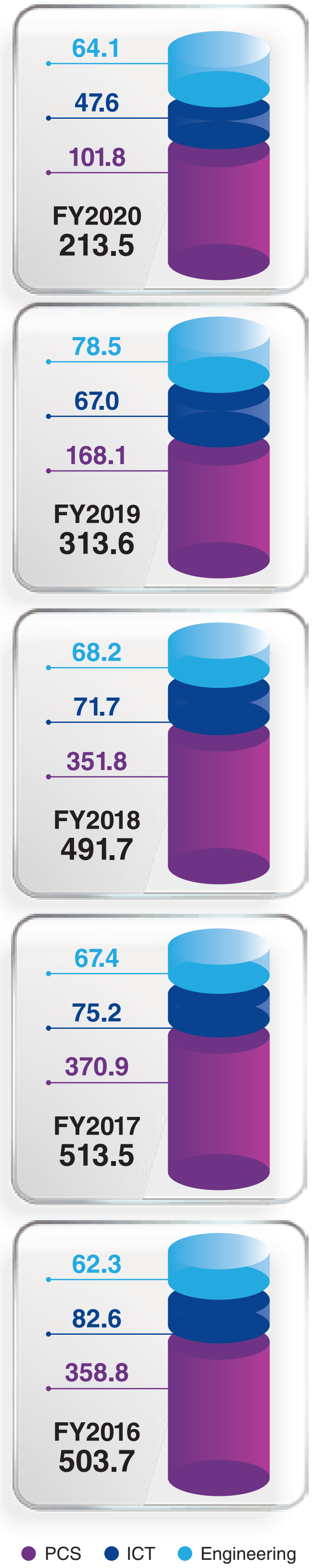
INFO-COMMUNICATIONS TECHNOLOGY SERVICES ("ICT")

- Business Development
  - Successfully supported many clients with flexible work arrangement solutions, especially during Circuit Breaker period of COVID-19 pandemic
  - Gaining initial momentum in the pivoting of our traditional hardware and software infrastructure business into a more service-centric model
- 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
  - Maintained our lead position as Campus Management solution provider with successful delivery of Ngee Ann Polytechnic project and a competitive win in the Singapore Polytechnic upgrade project
  - Successfully delivered the voters e-registration solution and support services for GE2020 in Singapore
  - Won one of the largest public sector call centre tenders in 2020 from the Housing and Development Board ("HDB"). This large omni-channel contact centre ("CC") project supports all their satellite offices and consolidated our presence in HDB by being the supplier for all their CC solutions
- Awards
  - Recognition by customers/principals:
    - Avaya 2020 Diamond Partner for Singapore
    - Avaya 2020 Top Enterprise Value-added Reseller
    - Genesys 2020 Bronze Partner
    - Huawei 2020 Top Potential Partner
    - IBM 2020 Top Performing Business Partner (Storage)
    - IBM 2020 Top Performing Business Partner (Systems)

NETWORK ENGINEERING SERVICES ("ENGINEERING")

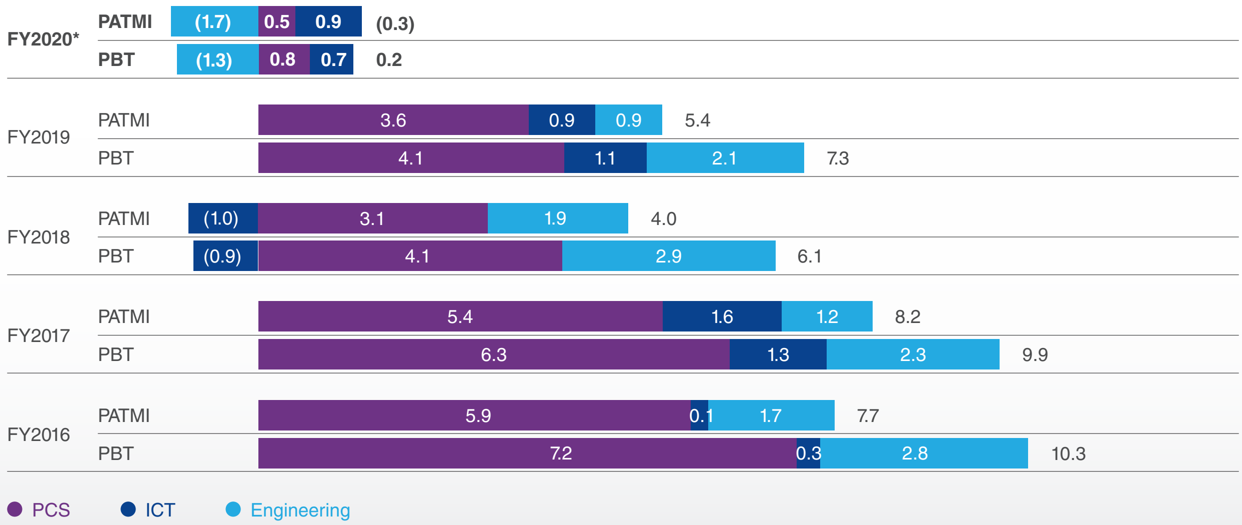
- Business Development & Projects
  - Continued to maintain leadership position for network rollout, radio network planning and optimisation services in the region
  - Won a million-dollar, multi-operator in-building coverage ("IBC") project at the first integrated *Health Campus* in *Woodlands*, which is one of the biggest IBC projects in Singapore for 2020
  - Secured a steady stream of other significant multiyear, multimillion-dollar projects from operators and major equipment vendors:
    - ✓ Ericsson: Two-year contract for IBC projects in the Philippines
    - ✓ Huawei: Two-year frame contract for Lampsite IBC projects in Indonesia and two-year Radio Optimisation project in Malaysia
    - ✓ StarHub: Two-year network-related maintenance project in Singapore
    - ✓ Telkomsel: Various Radio Optimisation and IBC projects in Indonesia
    - ✓ ZTE: Frame subcontracting agreement for various network rollout services in the Philippines
  - Expanded our range of services in Indonesia with a two-year, 3,500 sites Managed Service award from Ericsson, a 1,500 sites Optical/IP network project from Nokia and another two-year Optical, Access & Datacom service contract from Huawei
  - Expanded our reach into Dito Telecommunity ("DITO"), the third and newest major telco provider in the Philippines and strengthened our footprint with Globe Telecom, Ericsson and ZTE Philippines
  - Grew our power solution business by 36% on a year-on-year basis
- Awards
  - Recognition by customers/principals:
    - Appreciation Certificate from Smartfren Indonesia for outstanding project contribution
    - Best QC Support award from Huawei Indonesia for West Java region
    - Letter of Appreciation from Huawei for Top Performance in Celcom Malaysia project
    - Various achievement awards from Huawei Indonesia for XL Axiata projects

REVENUE (S$ MILLION)



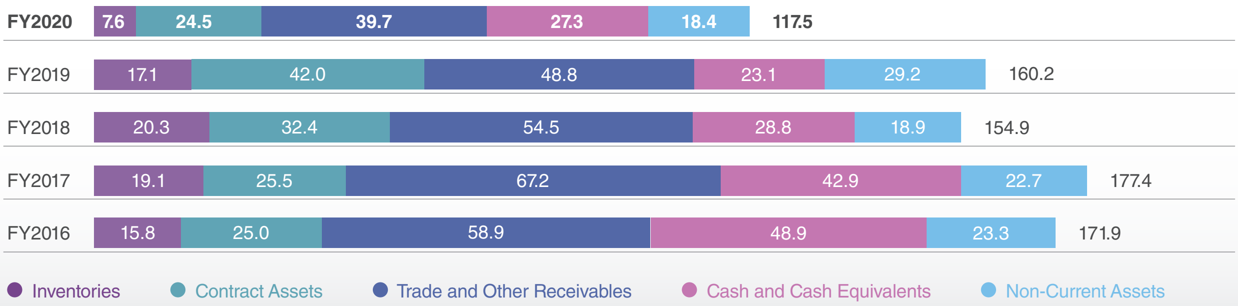
FINANCIAL HIGHLIGHTS

EARNINGS (S$ MILLION)

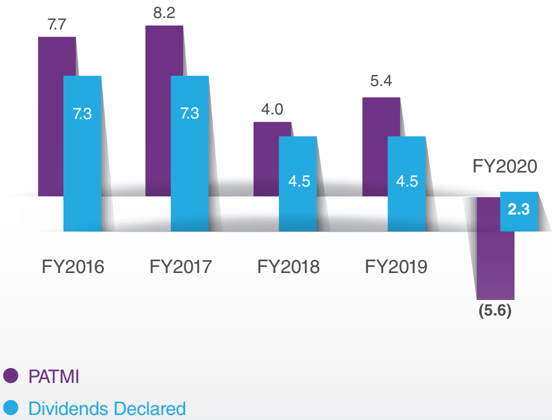


* excluded impairment of goodwill

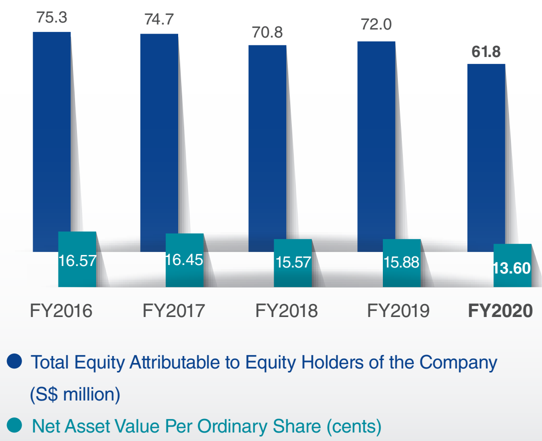
TOTAL ASSETS (S$ MILLION)



DIVIDENDS DECLARED AGAINST PATMI (S$ MILLION)

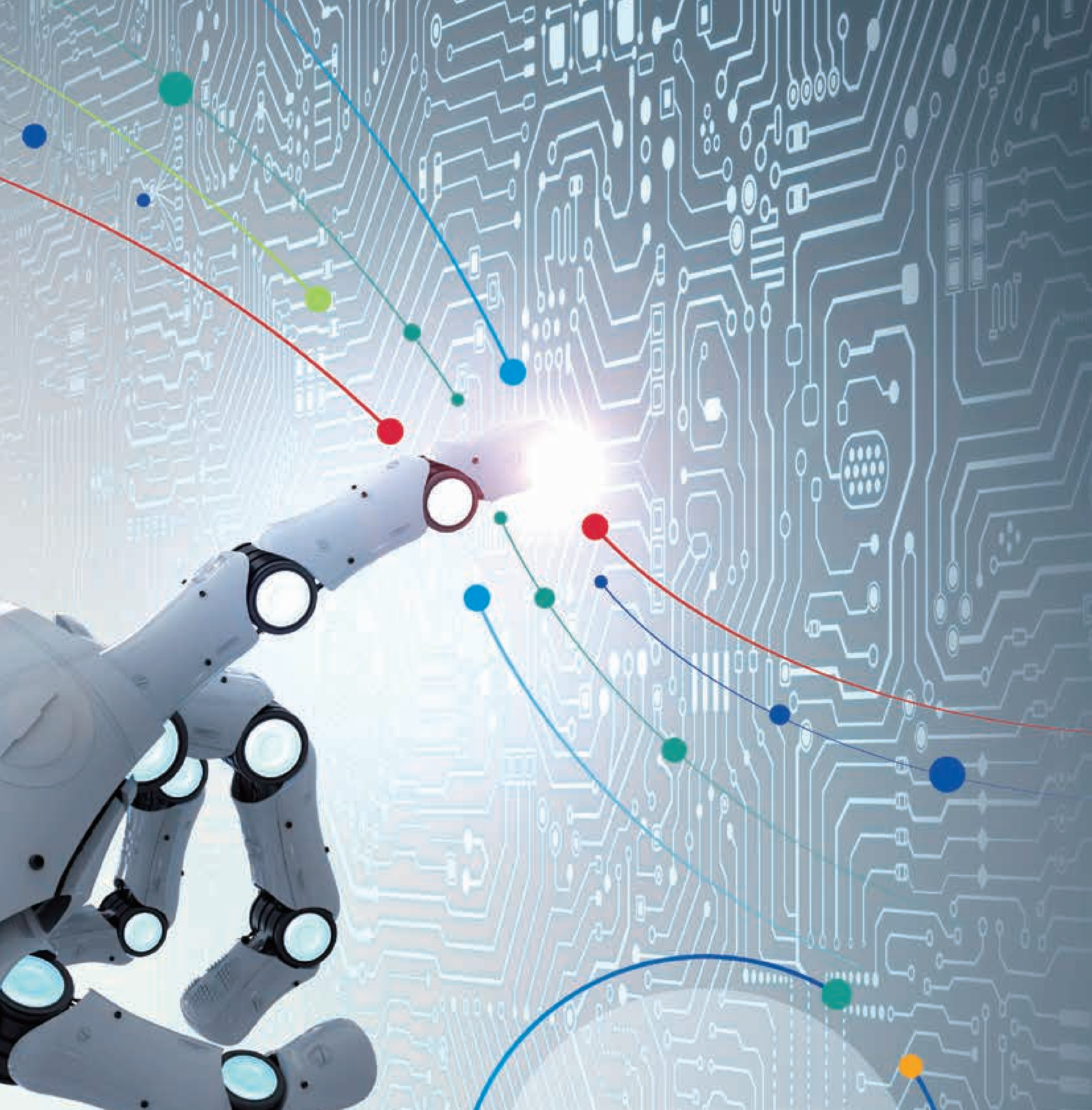


TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



VISION

CONNECTING PEOPLE, EMPOWERING BUSINESS



MISSION

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

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

The COVID-19 pandemic brought the global economy almost to a standstill with Singapore's economy plunging into its worst recession since independence, registering a contraction of 5.4%. Weak consumer and business sentiment reined in spending and capex investment as individuals and businesses conserved resources and postponed non-critical expenditures to address the uncertain times. Furthermore, the competitive landscape of the telecommunications industry remained, with telcos and mobile virtual network operators batting for market share, leading to price pressures and margin erosions. Accordingly, the Group's financial performance for the year ended 31 December 2020 ("FY2020") reflected this extremely challenging external economic and operating landscape.

FINANCIAL HIGHLIGHTS

The Group's revenue declined by 31.9% to S$213.5 million in FY2020 as compared to S$313.6 million in FY2019 on the back of lower revenue contribution from all three business divisions. We registered lower gross profit of S$17.5 million in FY2020 from S$33.0 million in FY2019, and gross margin fell to 8.2% compared to 10.5% previously. Operating expenses were also lower with savings from wage freeze and mandatory leave implemented.

Despite the decline in revenue and the unprecedented impact of the COVID-19 pandemic on all our business divisions, the Group creditably registered an operating profit before tax of S$0.2 million, mitigated by government support and rental reliefs received. At the end of FY2020, the Group took the decision to recognise a full impairment loss of S$5.3 million of the goodwill acquired in FY2010 for its investment in S & I Systems Pte Ltd on account of the recoverable amounts being below its carrying value. Consequently, we recorded a loss before tax of S$5.1 million in FY2020.

Nevertheless, our balance sheet remained strong with net asset value per share of 13.60 cents, and cash and cash equivalents of S$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. Cash flow wise, the Group maintained net cash position with cash generated from operations amounting to S$24.3 million.

COMMITMENT TO SHAREHOLDER RETURNS

Given the Group's healthy cash position and balance sheet, and our commitment to shareholder returns, the Board has proposed a final dividend of S$0.005 per share (FY2019: S$0.01), amounting to total annual dividend of S$2.3 million. If approved by shareholders, it will be paid on 20 May 2021.

BUILDING RESILIENCE

The COVID-19 pandemic has compelled companies to focus on strengthening business resilience by quickly adapting to disruptions and extending their core competencies while maintaining continuous business operations and safeguarding people and assets. Likewise for the Group, FY2020 has been a year when we leveraged our competitive strengths and strong fundamentals to navigate the challenges, ensure the smooth continuation of our businesses and capitalise on opportunities that would further add value to our customers and principals. At the same time, we continued to focus on cost management and resource optimisation to enhance our organisational efficiency.

Although Personal Communications Services ("PCS") Division was severely impacted by the Circuit Breaker measures in Singapore and Movement Control Order in Malaysia, it succeeded in expanding its markets and channels, and widening its existing distributorships and winning new ones. Significantly, it established new partnerships in e-commerce platforms both in Singapore and Malaysia, positioning itself well for the robust growth of online sales.

Info-communications Technology Services ("ICT") Division had to grapple with lower spending on infrastructure projects and delayed project implementations and tender awards, resulting in lower revenue. Commendably, it successfully focused on higher margin application service revenue and registered higher gross margin in FY2020 against FY2019.

For Network Engineering Services ("Engineering") Division, as a large part of its work involves on-site fieldwork, governmental movement control measures, especially in its regional markets, have resulted in disruptions to operations and project implementation delays. Site access was restricted and material readiness as well as manpower, transportation and logistics were impacted. In spite of the challenging operating environment, the Division's order book continued to remain strong.

CORPORATE CITIZENSHIP AND SUSTAINABILITY

The Group remained dedicated to our corporate social responsibility mission by supporting Community Chest-led FUDAI 2020 for the third year. Staff volunteers sponsored essential care packs to households of service users which included vulnerable seniors and families in need.

The Group also worked towards further improving our sustainability efforts. Our Sustainability Report which has been prepared in compliance with the SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide, sets out in greater detail our sustainability and outreach efforts.

TRANSFORMATION FOR THE FUTURE

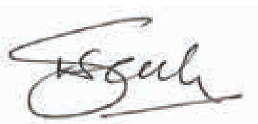
While the prognosis for an economic recovery is positive, there are uncertainties and downside risks which would slow down the pace and extent of economic recovery. One of the biggest threats is the uneven roll-out of vaccinations across countries which could hinder the control of the COVID-19 pandemic and the reopening of borders for trade and commerce. Geopolitical tensions, particularly in neighbouring countries, may also signal more market volatility ahead.

In FY2021, the Group will continue to focus on ensuring business continuity and resilience by strengthening our operations. We will do this through further deepening of our core competencies to better serve our existing customers and principals, and to secure new ones. Resource optimisation, cost management and financial prudence will remain mainstays as we navigate these precarious times.

While it is necessary to focus on business continuity, it is also crucial we develop in parallel, future revenue streams to further enhance our competitiveness when we get to the other side of the COVID-19 pandemic. To this end, we are working on transforming our operations, building capabilities and augmenting our workforce to pivot towards new markets, services and products that seize opportunities in digitalisation, e-commerce, cloud services, smart solutions and 5G roll-out.

ACKNOWLEDGEMENT

In closing, we would like to acknowledge with heartfelt appreciation to our Board of Directors for their strategic guidance and counsel. We take this opportunity to thank Mr Bertie Cheng and Mr Yap Boh Pin who retired in June 2020 from their positions as Chairman and Independent Director respectively, for their tireless contributions and invaluable insights. On behalf of the Board, we are pleased to announce Mr Ronald Seah as our new Chairman and Mr Stephen Miller as our new Deputy Chairman. Mr Seah and Mr Miller are no strangers to the Group, having served as our directors. We also welcome our new Independent Directors, Ms Cheah Sui Ling and Mr Stephen Yeo, who with their collective experience in business, finance and technology, brought new perspectives and added diversity to the Board. Finally, we extend our sincere thanks to our management and staff for their hard work, and to our shareholders, customers and partners for their unwavering support during this challenging year.



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

4 CHEAH SUI LING

5 YEO SIEW CHYE STEPHEN

6 HO KOON LIAN IRENE

7 LIM CHAI HOCK CLIVE

1

RONALD SEAH LIM SIANG

Chairman and Independent Director

- Appointed on 3 May 2012
- Last re-elected on 26 April 2018

CURRENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- *Yanlord Land Group Limited*
- *Global Investments Limited*
- *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 Yanlord Land Group Ltd., Global Investments Limited, M&C REIT Management Limited and M&C Business Trust Management Limited. He is currently the Chairman of Nucleus Connect 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.

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)*

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.

3

TANG YEW KAY JACKSON

Independent Director

- Appointed on 1 November 2006
- Last re-elected on 23 April 2019

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.

BOARD OF DIRECTORS

4

CHEAH SUI LING

Independent Director

• Appointed on 3 June 2020

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

- *Leap 201*

Ms Cheah serves as a member of the Audit Committee.

Ms Cheah is currently an Operating Partner with Wavemaker Partners, a venture capital firm based in Singapore and Los Angeles that focuses on technology company investments, where she is responsible for helping portfolio companies with business development, follow on financings and eventual exits. She is also an Independent Director and Chairman of the Audit Committee of Parkway Trust Management Limited, the manager of ParkwayLife REIT, listed on the Singapore Exchange, and an Independent Director and Member of the Nominating and Remuneration Committees of M&C REIT Management Limited, the manager of CDL Hospitality Real Estate Investment Trust and M&C Business Trust Management Limited, the trustee-manager of CDL Hospitality Business Trust.

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

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, NTUCLink 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
- *Nil*

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 STTC 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.

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 Foundation Ltd (Chairman)*
- *Regent College (Visiting Associate Professor of Marketplace Theology)*
- *Biblical Graduate School of Theology (Adjunct Lecturer)*
- *Trinity Theological College (Adjunct Lecturer)*

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 S$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.

2

LEE YOONG KIN

Senior Vice-President

- Info-Communications Technology Services & Network Engineering Services Divisions

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.

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

- Personal Communications Solutions Services Division

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 Division, including its regional and retail operations. She is also responsible for developing strategies and identifying new market opportunities to grow the business.

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.

EXECUTIVE MANAGEMENT

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.

RESILIENCE

We strive to overcome challenges and leverage opportunities to emerge stronger

OPERATIONS REVIEW

PERSONAL COMMUNICATIONS SOLUTIONS SERVICES ("PCS")

PCS Division recorded revenue of S$101.8 million, representing 47.7% of Group revenue while its PBT was S$0.8 million in FY2020. The 39% decline in revenue resulted from lower channel and retail sales. This was due to temporary shop closures during the Circuit Breaker Period in Singapore from April to June 2020 and Movement Control Order in Malaysia from March to June 2020 to stem the transmission of COVID-19 virus. Despite the gradual lifting of these measures in Singapore and Malaysia, and the launch of new handsets and tablets by manufacturers, overall consumer demand remained subdued due to the weak economic conditions. Prepaid sales also did not pick up significantly even though foreign worker dormitories had reopened and work had recommenced. Online delivery sales, however, partially mitigated the lower revenue.

Despite the difficult operating environment, PCS Division expanded its market reach and channels. It penetrated further into the consumer electronics and information technology market, securing new retail partners such as Challenger. It established additional retail channels in Malaysia for Apeman, a leader in dash camera and sports camera products. It also increased its online channel presence by forming partnerships with Amazon, LazMall and Shopee Mall.

PCS Division continued to maintain close relationships with its principals, partners and channel retailers, driving channel sales by rolling out retail programmes for Samsung and Huawei. It undertook pre-order activities and launch programmes for the latest Samsung flagship devices and Huawei laptops respectively. It also strengthened its distributorship activities, being appointed regional distributor for Apeman and local distributor for Smart Care Device Plan.

PCS Division operated and managed 10 retail outlets across Singapore comprising its own Planet Telecoms retail chain and StarHub Platinum outlets as well as Samsung and Huawei Concept Stores. The Division also offered mobile handset delivery and last mile services for StarHub. The Division once again garnered several prestigious awards, such as being crowned champions in StarHub "Abundant Prosperity" Contest for Q1 2020 and StarHub SmartSupport "Relaunch" Sales Contest.

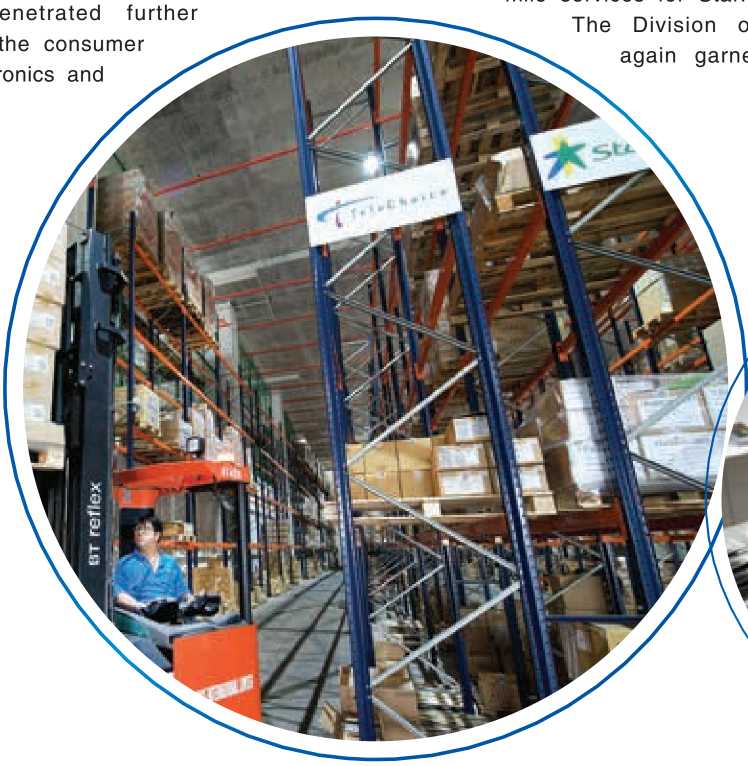
In Malaysia, PCS Division supported U Mobile Sdn Bhd with integrated managed services encompassing retail management, staff training, customer service and support operations as well as marketing and outreach campaigns.

INFO-COMMUNICATIONS TECHNOLOGY SERVICES ("ICT")

ICT Division registered revenue of S$47.6 million or 22.3% of Group revenue with PBT of S$0.7 million (excluding impairment of goodwill) in FY2020. The 29% year-on-year dip in revenue was due to lower infrastructure equipment sales, lower maintenance revenue and delays in project completions.

While there was increased demand for mobile telecommunicating and unified communication services due to increased work-from-home demands, these were not sufficient to mitigate the shortfall in revenue from major projects as well as IT infrastructure sales.

ICT Division experienced sales slowdown amidst the COVID-19 pandemic environment. The uncertain economic outlook has led enterprises to



postpone noncritical spending. Award decisions for larger projects were taking a longer time, and even previously planned projects were being put on hold. Public sectors tenders were also seeing longer bid-to-award cycle due to reprioritisation of focus to manage the developing COVID-19 situations. Fortunately, project delivery activities were less impacted since many of the ICT deployment can be done remotely.

While the operating environment in FY2020 was tremendously challenging, ICT Division recorded higher gross margin in FY2020 as compared to FY2019 due to an increase in service revenue mix. It was, however, impacted by a higher share of losses from an associate which has suffered from reduced content income resulting from widespread hotel closures. ICT Division also took a goodwill impairment of S$5.3m from its investment in S & I Systems Pte Ltd to reflect the uncertain economic outlook and reduced order book visibility.

Despite the unfavourable operating environment, ICT Division made notable progress in FY2020. It continued to secure a series of sizeable enterprise IT infrastructure, campus management, unified communications and contact centre, and Internet Protocol TV wins. Particularly, ICT Division maintained its lead position as Campus Management solution provider with the successful delivery of Ngee Ann Polytechnic project and winning the Singapore Polytechnic upgrade project. It successfully delivered the voters e-registration solution and support services for Singapore GE2020, and also won a large omni-channel call centre project from the Housing and Development Board to support all of its satellite offices.

ICT Division also garnered several partner and industry awards such as Avaya 2020 Diamond Partner for Singapore, Avaya 2020 Top Enterprise Value-added Reseller, Genesys 2020 Bronze Partner, Huawei 2020 Top Potential Partner and IBM 2020 Top Performing Business Partner (both Storage and Systems).

NETWORK ENGINEERING SERVICES (“ENGINEERING”)

Engineering Division posted revenue of S$64.1 million, making up 30% of Group revenue. It registered a loss before tax of S$1.3 million. Its operations in Singapore and in the region were impacted by the COVID-19 pandemic to varying degrees of severity depending on the extent of the safety measures and movement control practices imposed by governments in the respective countries where it operates.

People mobility and site access restrictions as well as logistical challenges have resulted in lower operating efficiencies and workforce productivity. This, coupled with rising operational costs, resulted in project margin erosions and losses. Many of its projects have experienced implementation delays, with operations in the Philippines and Indonesia being particularly impacted. Except for Singapore, its regional operations have received hardly any COVID-19 support from the respective local governments.

Mobile usage patterns changed during the COVID-19 pandemic, with more people working from home instead of in offices. Regional telcos were hence shifting their focus to network enhancement activities which are typically of lower value and margin, instead of new network roll-outs.

Despite the very challenging operating environment, Engineering 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

OPERATIONS REVIEW

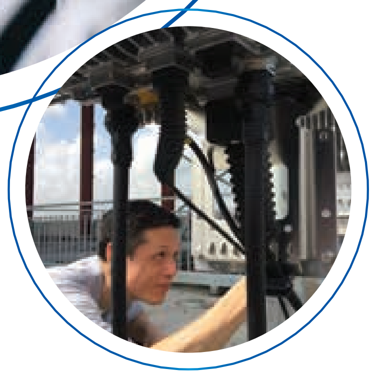
accolades and recognitions from operators and major equipment vendors. It expanded its range of services in Indonesia with a two-year, 3,500 sites Managed Service award from Ericsson, a 1,500 sites Optical/IP network project from Nokia and another two-year Optical, Access, & Datacom service contract from Huawei. In the Philippines, the Division expanded its reach into Dito Telecommunity ("DITO"), the third and newest major telco provider and strengthened its footprint with Globe Telecom, Ericsson and ZTE Philippines. It also won a major in-building coverage project at Woodlands Health Campus in Singapore and grew its regional power solution business by 36% on a year-on-year basis.

OUTLOOK & GROWTH PROSPECTS

The global economy is expected to improve on the back of aggressive vaccinations roll-out and the progressive reopening of economies. Notwithstanding the anticipated recovery, there remains considerable risks such as the management of COVID-19 infections especially in regional countries, and geopolitical uncertainty. Consequently, consumer confidence and business sentiment could be impacted.

Amid the uncertain outlook, the Group will continue to focus on maintaining financial prudence and improving our cost structure and competitiveness through digitalisation and other operational improvements, while enhancing our competencies through upskilling and reskilling of our workforce. At the same time, we will reposition the Group for growth through new business initiatives, particularly in the ICT and PCS segments through some targeted investments.

The longer-term prospects for our industry remain cautiously positive. The roll-out of 5G networks in Singapore and the region, regional network upgrading, continued demand for cloud migration services and Internet of Things ("IoT") in keeping with digitalisation trends, and the ongoing evolution of smart devices are expected to provide the growth impetus for our business.



TRANSFORMATION

Innovating and reinventing to power ahead

FUTURE–FOCUSED

Staying agile and evolving with changing market needs to drive growth

PLANET TOUCHPOINTS

NORTH

PLANET TELECOMS

21 Choa Chu Kang Avenue 4
#B1-16 Lot 1 Shoppers' Mall
Singapore 689812
Tel: +65 6765 6138
Nearest MRT: NS4 JS1 BP1
Choa Chu Kang
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
#03-07/08/09/10 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

EAST

HUAWEI CONCEPT STORE

200 Victoria Street
#01-54/54A Bugis Junction
Singapore 188021
Tel: +65 6253 7728
Nearest MRT: EW12 DT14 Bugis
Opening hours: 11am to 9pm daily

PLANET TELECOMS

5 Changi Business Park Central 1
#01-54 Changi City Point
Singapore 486038
Tel: +65 6442 1373
Nearest MRT: CG1 DT35 Expo
Opening hours: 11am to 9pm daily

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

STARHUB PARKWAY PARADE

80 Marine Parade Road
#B1-30/32 Parkway Parade
Singapore 449269
Tel: +65 6720 1462
Nearest MRT: EW7 Eunos
Opening hours: 11am to 9pm daily

WEST

HUAWEI CONCEPT STORE

1 Jurong West Central 2
#B1-31 Jurong Point Shopping Centre
Singapore 648886
Tel: +65 6254 5498
Nearest MRT: EW27 JS8 Boon Lay
Opening hours: 11am to 9pm daily

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

VALUES

INTEGRITY

COMMITMENT

EXCELLENCE

VALUE CREATION

SOCIALLY RESPONSIBLE

FUN@WORK

GROUP STRUCTURE

AS AT 31 DECEMBER 2020

TELECHOICE INTERNATIONAL LIMITED

PERSONAL COMMUNICATIONS SOLUTIONS

- 100% PLANET TELECOMS (S) PTE LTD
- 100% PLANET MANAGED SERVICES PTE. LTD.
- 100% PLANET SMART SERVICES PTE. LTD.
- 100% PLANET TELECOMS MANAGED SERVICES SDN. BHD.

INFO-COMMUNICATIONS TECHNOLOGY

- 100% NEXWAVE TELECOMS PTE. LTD.
- 100% S & I SYSTEMS PTE LTD
  - 49.6% SUNWAY S&I SYSTEMS (THAILAND) LTD
  - 51% SUNWAY S&I SYSTEMS SDN. BHD.*
  - 100% TELECHOICE TECHNOLOGIES (SHANGHAI) CO. LTD
- 100% NXGEN COMMUNICATIONS PTE LTD
  - 100% NXGEN COMMUNICATIONS (M) SDN BHD
  - 100% NXGEN INC.
  - 29.41% MVI SYSTEMS LIMITED
    - 100% MVI SYSTEMS (MACAU) LIMITED

NETWORK ENGINEERING

- 100% NEXWAVE TECHNOLOGIES PTE LTD
  - 100% NEXWAVE TECHNOLOGIES VIETNAM COMPANY LIMITED
  - 100% N-WAVE TECHNOLOGIES PHILIPPINES, INC.
  - 99% PT NEXWAVE
- 1% PT NEXWAVE
- 100% N-WAVE TECHNOLOGIES (MALAYSIA) SDN BHD

* The subsidiary is under members' voluntary liquidation

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

Chan Jen Keet

REGISTERED OFFICE

1 Temasek Avenue
#33-01 Millenia Tower
Singapore 039192

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
Singapore 554910
Tel: +65 6826 3600
Fax: +65 3157 1550/3700/2301

China

TeleChoice Technologies (Shanghai) Co. Ltd
Building 8, 1098 Chuansha Road
Pudong New District Shanghai
China

Malaysia

Sunway S&I Systems Sdn Bhd
305 (Suite 1) Block E
Pusat Dagangan Phileo Damansara 1
9 Jalan 16/11 Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia

NxGen Communications (M) Sdn Bhd
D3A12 Block D Kelana Square
Jln SS7/26 Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: +60 3 7662 9500
Fax: +60 3 7662 9566

Philippines

NxGen Inc.
Unit 717
7th Floor Globe Telecom Plaza 1
Pioneer Street
Mandaluyong City 1550
Philippines
Tel: +632 747 0466

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
Macau
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
Taiwan 807
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
Tel: +62 21 829 0809
Fax: +62 21 829 2502

Philippines

N-Wave Technologies Philippines, Inc
Unit 717
7th Floor Globe Telecom Plaza 1
Pioneer Street
Mandaluyong City 1550
Philippines
Tel: +632 747 0466

Vietnam

NexWave Technologies Vietnam
Company Limited
10 Street 12A Ward 6 District 4
Ho Chi Minh City
Vietnam
Tel: +84 286 292 8298

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 ("**MAS**") on 6 August 2018 ("**Code 2018**"), for the financial year ended 31 December 2020.

(A) BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Our Board is responsible for guiding our overall strategic direction, corporate governance, setting organisation culture and providing oversight in the proper conduct of our businesses. The Board supervises the achievements of Management's performance targets which align the interests of the Board and Management with that of the shareholders, whilst balancing the interests of all shareholders.

The 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 the Company are approved by the Board. 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 the Board is required to immediately declare his/her interest or relationship or conflict and, if required by the Board, abstain from further discussion and/or voting on the matter.

Management provides complete, adequate and timely information to our Board, on our affairs and issues requiring our Board's attention, as well as monthly reports providing updates on our key operational activities and financial performance. 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.

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, the Company Secretary and independent professional advice, if necessary, on any area of interest or concern.

CORPORATE GOVERNANCE

We have always believed that we should conduct ourselves in ways that deliver maximum sustainable value to our shareholders. We promote best practices as a means to build an excellent business for our shareholders. Our Board has overall accountability to our shareholders for our performance and in ensuring that we are well managed. Management provides our Board members with monthly business and financial reports, comparing actual performance with budget and highlighting key business indicators and major issues that are relevant to our performance, position and prospects.

The Board has also established an Executive Committee ("**EC**") to oversee major business and operational matters. The EC comprises Ronald Seah Lim Siang, Stephen Geoffrey Miller, Ho Koon Lian Irene and Lim Chai Hock Clive.

Management regularly consults and updates the EC on all major business and operational issues. The Board is also supported by other Board committees which are delegated with specific responsibilities, as described under "Principle 4: Board Membership" of this Report.

The Board, upon the recommendation of the Audit Committee ("**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.

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 the Company's cost, to continually develop and refresh their professional knowledge and skills and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. This enables the Directors to serve effectively and contribute to the Board. The Directors are regularly provided with a list of upcoming seminars and trainings conducted by the SID and/or SGX-ST.

The Company's practice is to issue a letter of appointment setting out the duties and obligations of new Directors upon their appointment. New Directors are given briefings by Management on the business activities of the Group and its strategic directions. New Directors are also given manuals containing, among others, relevant information on the Group and information about their statutory and other responsibilities as Directors. New Directors who have no prior experience as directors of a listed company will also be required to attend relevant training by accredited trainers.

To help ensure compliance with the applicable securities and insider trading laws, including the best practices set out in the SGX-ST Listing Manual (the "**Listing Manual**"), we have adopted and implemented our Guidelines on Dealing in Securities of TeleChoice (the "**Guidelines**"). We send regular compliance notices to all Directors and employees. In accordance with Rule 1207(19) of the Listing Manual, all our Directors and employees are prohibited from dealing in our securities during the period of, two weeks before the respective announcement of our first quarter and third quarter business updates, and one 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 the 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.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

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 the 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, which helps ensure a strong element of independence in all our Board's deliberations.

Our Board consists of Directors who are business leaders and professionals of high calibre and integrity, collectively with a broad range of core competencies and experience in enterprise and banking, accounting and finance, investment, risk management, regulatory, technology, business and industry knowledge, management and strategic planning experience.

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.

Profiles of each Director are found on pages 08 to 11 of this Annual Report.

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 the Board for independent decision making.

Our Chairman is Ronald Seah Lim Siang, an Independent Non-Executive Director. Our Chairman leads the 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.

Principle 4: Board Membership

We believe that Board renewal must be an ongoing process, to ensure good governance, and maintain relevance to the changing needs of the 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.

CORPORATE GOVERNANCE

In carrying out its functions, our Board is supported by key Board committees, namely the AC, the Remuneration Committee ("**RC**"), the Nominating Committee ("**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 the 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 FY2020 are set out in Table 1.

Table 1: FY2020 – Directors' Attendance at Board, Board Committees and Annual General Meetings

	Board		Audit Committee		Remuneration Committee		Nominating Committee		Executive Committee		Annual General Meeting	
Director	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 (1)	4	4 (100%)	NA	NA	1	1 (100%)	0	–	0	–	1	1 (100%)
Stephen Geoffrey Miller (2)	4	4 (100%)	NA	NA	1	1 (100%)	1	1 (100%)	0	–	1	1 (100%)
Tang Yew Kay Jackson (3)	4	4 (100%)	4	4 (100%)	NA	NA	0	–	NA	NA	1	1 (100%)
Cheah Sui Ling (4)	3	3 (100%)	2	2 (100%)	NA	NA	NA	NA	NA	NA	0	–
Yeo Siew Chye Stephen (5)	3	3 (100%)	NA	NA	0	–	NA	NA	NA	NA	0	–
Ho Koon Lian Irene (6)	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%)
Bertie Cheng (7)	2	2 (100%)	NA	NA	1	1 (100%)	1	1 (100%)	0	–	1	1 (100%)
Yap Boh Pin (8)	2	2 (100%)	2	2 (100%)	NA	NA	1	1 (100%)	NA	NA	1	1 (100%)

Notes:–

(1) Ronald Seah Lim Siang was appointed as Chairman of the Board of Directors and Chairman of the RC, NC and EC with effect from 30 June 2020.
(2) Stephen Geoffrey Miller was appointed as Deputy Chairman of the Board of Directors with effect from 30 June 2020.
(3) Tang Yew Kay Jackson was appointed as Chairman of the AC and a member of the NC with effect from 30 June 2020.
(4) Cheah Sui Ling was appointed as an Independent Director and a member of the AC with effect from 3 June 2020.
(5) Yeo Siew Chye Stephen was appointed as an Independent Director and a member of the RC with effect from 3 June 2020.
(6) Ho Koon Lian Irene was appointed as a member of the EC with effect from 30 June 2020.
(7) Bertie Cheng retired from the Board of Directors with effect from 30 June 2020 and concurrently ceased to be the Chairman and a Director of the Board and the Chairman of the RC, NC and EC.
(8) Yap Boh Pin retired from the Board of Directors with effect from 30 June 2020 and concurrently ceased to be a Director of the Board and the Chairman of the AC and a member of the NC.

CORPORATE GOVERNANCE

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 (including the Chairman) are all Non-Executive Directors independent of Management.

Our NC's responsibilities include:–

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

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

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

d. recommendations to the 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 the Company); and

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

In proposing candidates for appointment or re-election as Directors, the NC considers several factors, including the composition, the diversity and the need for progressive renewal of the 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 the Board to stay engaged and agile in meeting the needs of the Group. External consultants are engaged to assist with the selection process, if necessary.

As part of the succession planning for our Directors, Cheah Sui Ling and Yeo Siew Chye Stephen were appointed to the Board as new Independent Directors with effect from 3 June 2020, in place of Bertie Cheng and Yap Boh Pin who retired from the Board, with effect from 30 June 2020.

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 years without being reelected by our shareholders.

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

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 the 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.

CORPORATE GOVERNANCE

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 the NC, in determining whether there are any changes needed to the appraisal system, prior to the commencement of the next Board appraisal cycle. In addition, our NC also reviews the performance of Directors who hold multiple board representations and has established a guideline that (a) a Director holding a full time position should not be a Director of more than four listed companies; and (b) a "professional" Director should not be a Director of more than six listed companies. However, the NC has the discretion to deviate from this guideline on a case-by-case assessment.

As at 31 December 2020, one of our four Independent Directors, namely Tang Yew Kay Jackson, had served on our Board for more than nine years. In addition, Ronald Seah Lim Siang will also have served on our Board for more than nine years as an Independent Director of the Company come 3 May 2021. Our NC conducts rigorous review of the independence of our non-executive directors particularly for those directors who have served on our Board for more than nine years. Our Board takes the view that the key consideration in ascertaining the effectiveness of a Director's independence is the ability to exercise independent judgement with a view to the best interests of the Company. After due and careful rigorous review, our Board is of the view that Ronald Seah Lim Siang and Tang Yew Kay Jackson remain independent in their exercise of Board duties as they have continued to demonstrate independent mindedness and conduct, including expressing their own views on issues and challenging Management. Rule 210(5)(d)(iii) of the Listing Manual (which comes into effect from 1 January 2022) requires the continued appointment of a director who has held the position of an independent director of a company for an aggregate period of more than nine years (whether before or after listing) to be approved in separate resolutions by (a) all shareholders; and (b) all shareholders excluding the directors and the chief executive officer of the company, and associates of such directors and chief executive officer. As Tang Yew Kay Jackson has held the position as an Independent Director of the Company for more than nine years, and as Ronald Seah Lim Siang will have held the position as an Independent Director of the Company for more than nine years, come 1 January 2022, each of Ronald Seah Lim Siang and Tang Yew Kay Jackson will be subjected to the above two-tier voting requirement at the upcoming AGM of the Company scheduled to be held on 28 April 2021 ("**2021 AGM**") in order for their respective re-appointment as an Independent Director of the Company to be in compliance with Rule 210(5)(d)(iii) of the Listing Manual when such Rule comes into effect. Upon the passing of the requisite resolutions for the above two-tier voting requirement, each of Ronald Seah Lim Siang and Tang Yew Kay Jackson will continue to serve as an Independent Director of the Company and such resolutions may remain in force until the earlier of (x) the retirement or resignation of Ronald Seah Lim Siang and Tang Yew Kay Jackson (as the case may be); or (y) the conclusion of the third annual general meeting following the 2021 AGM. Each of these Independent Directors has declared their independence and has no relationship with Management that could adversely impinge on their independence in the discharge of their duties as Directors on our Board.

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 the Company which have business transactions with the 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 the NC, our Board is of the view that Ronald Seah Lim Siang remains independent in his exercise of Board duties.

CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

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 independent of Management. 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 Hewitt Singapore Pte. Ltd. ("**Aon**") was appointed to provide professional advice on certain human resource matters. Aon only provides human resource consulting services to the Company and has no other relationships with the 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 the 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).

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

CORPORATE GOVERNANCE

Our RC's responsibilities include:

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

c. reviewing and recommending to the Board for approval, on an annual basis, the specific remuneration packages of each Director and the Key Management Personnel of the Company. Where the RC deems appropriate, it may, in consultation with the Chairman of the 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 the Board and report to the Board its findings from time to time on matters which require the attention of the RC.

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

Executive Remuneration for the President & Chief Executive Officer and Key Management Personnel

Remuneration for Key Management Personnel comprises a fixed component, a variable cash component, a share-based component and benefits-in-kind.

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 the Board at the beginning of each financial year. Performance objectives aligned to the overall business metrics and strategic goals of the Company are cascaded down throughout the organisation through the use of Performance Scorecards, thereby creating greater alignment between the performance of the 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 the Company's business strategy. In determining the final payout for each Key Management Personnel, the RC considers the overall performance of the Company, funding affordability and individual performance.

CORPORATE GOVERNANCE

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 (the "**TeleChoice RSP**") (as amended) and the TeleChoice Performance Share Plan (the "**TeleChoice PSP**") (as amended) (collectively referred to as the "**Share Plans**") then in force, shall not exceed fifteen per 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 83 to 85 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) and Return on Capital Employed (i.e. measure of capital efficiency). The Company has attained an achievement factor which is reflective of not meeting the pre-determined target performance levels based on the performance period from FY2018 to FY2020.

D. **Benefits-In-Kind:**

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

CORPORATE GOVERNANCE

In performing the duties as required under its terms of reference, the 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 the 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. The RC also considers the tight talent market for senior Management in setting total compensation levels. The RC is satisfied that the level and mix of remuneration is appropriate and is aligned with pay-for-performance principles.

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

For FY2020, there were no termination, retirement and post-employment benefits granted to Key Management Personnel.

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

Details of remuneration paid to our President & CEO and top four (4) Key Management Personnel for FY2020 are set out in Table 2 below. For competitive reasons, the Company is only disclosing the band of remuneration of our President & CEO and each Key Management Personnel for FY2020, within bands of S$250,000.

Table 2: FY2020 – 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	61.5	8.5	28	2	C
Lee Yoong Kin	70	9	19	2	B
Pauline Wong Mae Sum	69	9	20	2	B
Wong Loke Mei	72	10	16	2	A
Goh Song Puay	73	10	15	2	A

Notes:–

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

For FY2020, the aggregate total remuneration paid to the President & CEO and top four (4) Key Management Personnel (who are not Directors) amounted to approximately S$2,954,427.

CORPORATE GOVERNANCE

Remuneration for Directors

We remunerate our 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 the financial year ended 31 December 2020 will be subject to shareholders' approval at the forthcoming AGM.

Table 3: FY2020 – Scale of Fees

Basic Retainer Fee	S$
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 the Directors to that of the shareholders, Directors who served on the Board during FY2020 (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 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 days market days from (and including) the first ex-dividend date (if any) following the date of the 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 the Company.

CORPORATE GOVERNANCE

In relation to Lim Chai Hock Clive, it is proposed that the entire amount of his Director's remuneration for FY2020 be paid to him in cash in full. 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. 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 the Company would face in complying with the Rule 853 of the Listing Manual for the grant of share awards to Lim Chai Hock Clive, the Company is therefore proposing to pay him in cash in full instead.

The following Table 4 shows the total composition of Directors' remuneration for FY2020.

Table 4: FY2020 – Directors' Remuneration

	Total Directors' Remuneration (1)		
Name	Cash-based (S$)	Share-based (S$)	Total (S$)
Ronald Seah Lim Siang (3)	59,675	25,575	85,250
Stephen Geoffrey Miller (4)	41,300 (2)	17,700	59,000
Tang Yew Kay Jackson (5)	48,125	20,625	68,750
Cheah Sui Ling (6)	25,317	10,850	36,167
Yeo Siew Chye Stephen (7)	21,029	9,013	30,042
Ho Koon Lian Irene (8)	43,400 (2)	18,600	62,000
Lim Chai Hock Clive (9)	42,000	–	42,000
Bertie Cheng (10)	41,650	17,850	59,500
Yap Boh Pin (11)	26,425	11,325	37,750

Notes:–

(1) The aggregate amount of these fees is subject to approval by shareholders at the upcoming AGM for FY2020.

(2) These fees are payable to STT Communications Ltd.

(3) Ronald Seah Lim Siang was appointed as Chairman of the Board of Directors and Chairman of the RC, NC and EC with effect from 30 June 2020.

(4) Stephen Geoffrey Miller was appointed as Deputy Chairman of the Board of Directors with effect from 30 June 2020.

(5) Tang Yew Kay Jackson was appointed as Chairman of the AC and a member of the NC with effect from 30 June 2020.

(6) Cheah Sui Ling was appointed as an Independent Director and a member of the AC with effect from 3 June 2020.

(7) Yeo Siew Chye Stephen was appointed as an Independent Director and a member of the RC with effect from 3 June 2020.

(8) Ho Koon Lian Irene was appointed as a member of the EC with effect from 30 June 2020.

(9) As explained above, Lim Chai Hock Clive will be paid his Director's remuneration of S$42,000 in cash in full.

(10) Bertie Cheng retired from the Board of Directors with effect from 30 June 2020 and concurrently ceased to be the Chairman and a Director of the Board and as the Chairman of the RC, NC and EC.

(11) Yap Boh Pin retired from the Board of Directors with effect from 30 June 2020 and concurrently ceased to be a Director of the Board and as the Chairman of the AC and a member of the NC.

CORPORATE GOVERNANCE

From FY2014, the Company has implemented a contractual "Clawback" provision in the event that an executive Director or Key Management Personnel of the Company engages in fraud or misconduct, which results in restatement of the Company's financial results or a fraud/misconduct resulting in financial loss to the Company. The 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. The Board, taking into account the 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.

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Company and its subsidiaries (the "**Group**") have 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 the Group. The key risks of the Group are deliberated by Management and reported to the AC. Integral to the ERM is a Group-wide system of internal controls.

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

The Board, with the concurrence of the AC, commented that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and IT risks of the Group. The Board acknowledges that it is responsible for the 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.

The 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 the Group's operations and finances; and

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

CORPORATE GOVERNANCE

Principle 10: Audit Committee

Our AC consists of three (3) Non-Executive Directors, two of whom including the Chairman are Independent Directors. The 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 Party Transactions for which there is a shareholders' mandate renewable annually. In addition, our AC is also responsible for overseeing the Group's risk management framework and policies, including advising the Board on the 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 the 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.

The 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 the AC.

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 cooperation 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 the Board for approval.

In 2020, our AC held four meetings and meets 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.

CORPORATE GOVERNANCE

Our AC 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 156 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, the AC has recommended to the 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, the AC ensures that the audit partner in-charge of the Group is rotated every five years. The audit partner in-charge was last rotated for the financial year ended 31 December 2019. None of the Directors (including the AC members) or senior Management is or has in the past two years been a former partner, director or employee of the Group's external auditors.

In line with our commitment to a high standard of internal controls and its zero tolerance approach to fraud, we have put in place a whistle blower policy (the "**Policy**") providing employees a direct channel to the AC, for reporting suspected fraud and possible impropriety in financial reporting, unethical conduct, dishonest practices or other similar matters. This Policy aims at protecting employees against discrimination or retaliation as a result of their reporting information regarding, or their participation in, inquiries, investigations or proceedings involving TeleChoice or its agents. With such a policy in place, we are able to take swift action against any fraudulent conduct and minimise any financial losses arising from such conduct. The Policy is available on our intranet and website for easy access by all employees and the public.

To further emphasise the importance of corporate governance, we have 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 onboard process. There were no incidents of corruption during this period that has a material impact on the Group's operating results or financial position.

Management monitors changes to accounting standards and issues which have a direct impact on financial statements closely. Updates and briefings on regulatory requirements are conducted either during AC sessions or by circulation of papers.

Financial Reporting

The AC reviewed the draft financial statements and half-year results before recommending their approval to the Board. As part of this review, the AC considered significant accounting policies, estimates and significant judgements. The 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 the 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 units ("**CGUs**"), 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 models. These models are based on several key assumptions, including estimates of long term revenue growth rates, operating profit margins and discount rates.	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 rates, operating profit margins and the discount rates. In its view, the AC also considered reports on forecasts for 2021 to 2023 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:– a) No impairment on goodwill was necessary as at 31 December 2020 for the NxGen Group. b) For the S & I Group, due to the uncertain economic outlook arising from the COVID-19 pandemic, with lesser visibility on the order book building for FY2021, a lower revenue and revenue growth rate for S & I were forecasted for FY2021. As the recoverable amount is below the carrying value, a full impairment of S$5,329,000 was made as at 31 December 2020.

CORPORATE GOVERNANCE

KAM	AC commentary
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 2020.
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. The 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.

The internal audit function of the 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.

CORPORATE GOVERNANCE

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 the Board and the AC and that the Group maintains an effective internal audit function that is adequately staffed and independent of the audited activities. The 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 the AC and administratively to the President & CEO and the CFO. The 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 the Group's controls and compliance processes. The Group's internal audit approach is aligned with the 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 the AC. All internal audit findings, recommendations and status of remediation, are circulated to the AC, the President & CEO and relevant senior Management every quarter.

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

We believe in having regular communication with shareholders. Our Investor Relations team manages and facilitates effective communication with the Company's shareholders, analysts and other stakeholders in the investment community.

The Board's policy is that shareholders should be equally and timely informed of all major developments and events that impact the Company or its business, in particular, share price-sensitive as well as trade-sensitive information. All announcements including first quarter and third quarter business updates, half-year and full-year financial results, major developments, press releases, presentations and distribution of notices, are communicated to our shareholders via SGXNET and the Company's website http://www.telechoice.com.sg, which is updated on a regular basis. Annual reports or circulars are made available to all shareholders via electronic communications and/or printed copies, and notices of general meeting are advertised. The Company's website has a dedicated "Investor Relations" link, which features the latest and past financial results and related information, and an investor relations contact is available on the dedicated link to enable shareholders to contact the Company. The Company also undertake regular analyst briefings on its business performance. Information disclosed at such meetings are within the ambit of the Company's SGXNET announcements to ensure that there is fair and non-selective disclosure of information.

CORPORATE GOVERNANCE

We support 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 its general meetings. A registered shareholder who is not a relevant intermediary may appoint not more than two proxies to attend and vote at our general meetings. A registered shareholder who is a relevant intermediary may appoint more than two 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. Shareholders are given the opportunity at the general meetings to share their view and raise queries to the Directors and senior Management on matters relating to the Company and its 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 record minutes of all general meetings which are available to shareholders upon request in accordance with applicable laws.

Since FY2004, the Board has set a benchmark to declare 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. The Company has good track record of adhering to this benchmark and any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET.

SUSTAINABILITY REPORT

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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 2020 to 31 December 2020 ("FY2020").

This report covers ESG performance for our business operations in Singapore and excludes overseas operations unless stated otherwise. We plan to include our offshore operations progressively in the coming years as we gain experience in sustainability reporting.

Reporting Framework

This report has been prepared in accordance with the latest 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 applied the GHG Protocol Corporate Accounting and Reporting Standard for measuring and reporting our carbon emissions footprint.

Reporting Process

The TeleChoice Board of Directors (the "Board") has the overall responsibility for directing the management in the development of sustainability strategy and identifying material ESG factors to be included in the Sustainability Report.

The Board has ultimate responsibility for this report, including its due compliance with the SGX-ST guidelines on corporate governance and sustainability reporting. Apart from determining the material ESG factors as set out in this report, the Board also determines the Group's response to the attendant risks and opportunities.

The Board is assisted by the sustainability management committee ("the Committee"), headed by the President & CEO and includes senior executives representing significant functions within the Group. The Committee provided directions concerning the report content, priorities of issues, reporting scope and boundary.

The Committee, in turn, is assisted by a sustainability reporting project team, headed by our Director of Business Development. The project team has the responsibility for collecting, reviewing, verifying and assessing the ESG performance data in preparation of this 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 FY2020. 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.

SUSTAINABILITY REPORT

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.

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.

ESG Performance			
ESG Factors	**FY2020**	**FY2019**	**FY2018**
ENVIRONMENTAL			
Total electricity used (kWh)	539,817	662,928	689,502
Electricity used per m^2 (kWh)	110	136	141
Energy intensity per m^2 (GJ)[1]	0.40	0.49	0.51
CO2 emissions (tCO_2)[2]	387	475	495
General waste (Kg)[3]	2,140	2,050	2,650
SOCIAL			
Employees			
Total number of full-time employees	339	397	383
New hires	23	87	153
Female employees (%)	38	40	42
Female managers and supervisors (%)	41	38	36
Female Heads of Department (%)	36	40	45
Average training hours per employee (hrs)	10	17	17
Training expenditure per employee (S$)	54	183	66
Employee annual attrition rate (%)	21	23	35
Community			
Employee volunteering (days)	26	24	52

SUSTAINABILITY REPORT

ESG Performance			
ESG Factors	**FY2020**	**FY2019**	**FY2018**
FINANCIAL (S$ million)			
Revenue	213.5	313.6	491.7
Total expenses	219.8	307.0	486.6
(Loss)/profit before tax	(5.1)	7.3	6.1
(Loss)/profit after tax and non-controlling interests	(5.6)	5.4	4.0
Staff costs[4]	47.3	53.6	47.7
Income tax expenses	0.5	1.9	1.8
Dividends declared	2.3	4.5	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

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, customer satisfaction surveys and suggestion boxes. We also gained invaluable insights into our stakeholders' expectations and concerns through our routine interactions with them. We use these learnings to make informed management decisions.

SUSTAINABILITY REPORT

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 Report	• Ongoing training and development of employees • Contribution to trade promotions and marketing campaigns • Measure and monitor energy use in our stores
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 survey • 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

SUSTAINABILITY REPORT

STAKEHOLDERS	TOPICS AND CONCERNS RAISED	HOW WE ENGAGE	HOW WE ACT
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 • Financial data through first and third quarters business updates and half-year and full-year 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
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 Report	• Implementing CSR programmes • Contribution to Community Chest • Employee volunteering

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

SUSTAINABILITY REPORT

MATERIAL FACTORS

Chairman's and President & CEO's Statement

The year 2020 is one that will be remembered for the COVID-19 pandemic and the immeasurable damage it has inflicted in terms of lives and livelihoods lost, and businesses impacted. Many countries are still facing fresh waves of infections with new variants of the COVID-19 strain threatening the effectiveness of vaccination programmes.

Sustainability is no longer an option for businesses, organisations and countries and the COVID-19 pandemic has further reinforced the importance of our sustainability agenda. We continue to take our responsibility for upholding sustainable practices with utmost seriousness. Our Sustainability Report FY2020 demonstrates the progress we have made and are continuing to make in upholding responsible environmental, social, human resource and economic practices.

We would like to take this opportunity to thank our staff, our partners and our shareholders in supporting us in our continuing sustainability journey.

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

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.

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

1. Identification: We identified sustainability issues that reflect our business' impact on the environment, society and economy and their significance to our stakeholders.

2. Prioritisation: We shortlisted the issues that represent the most significant environmental, social and economic impacts of our operations.

3. Validation: We considered the significance of our material impacts to stakeholders and how they might influence the assessments and decisions of stakeholders.

4. Review: We sought feedback from stakeholders on this report to review our material topics for the next reporting cycle.

5. We also 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.

SUSTAINABILITY REPORT

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.

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

SUSTAINABILITY REPORT

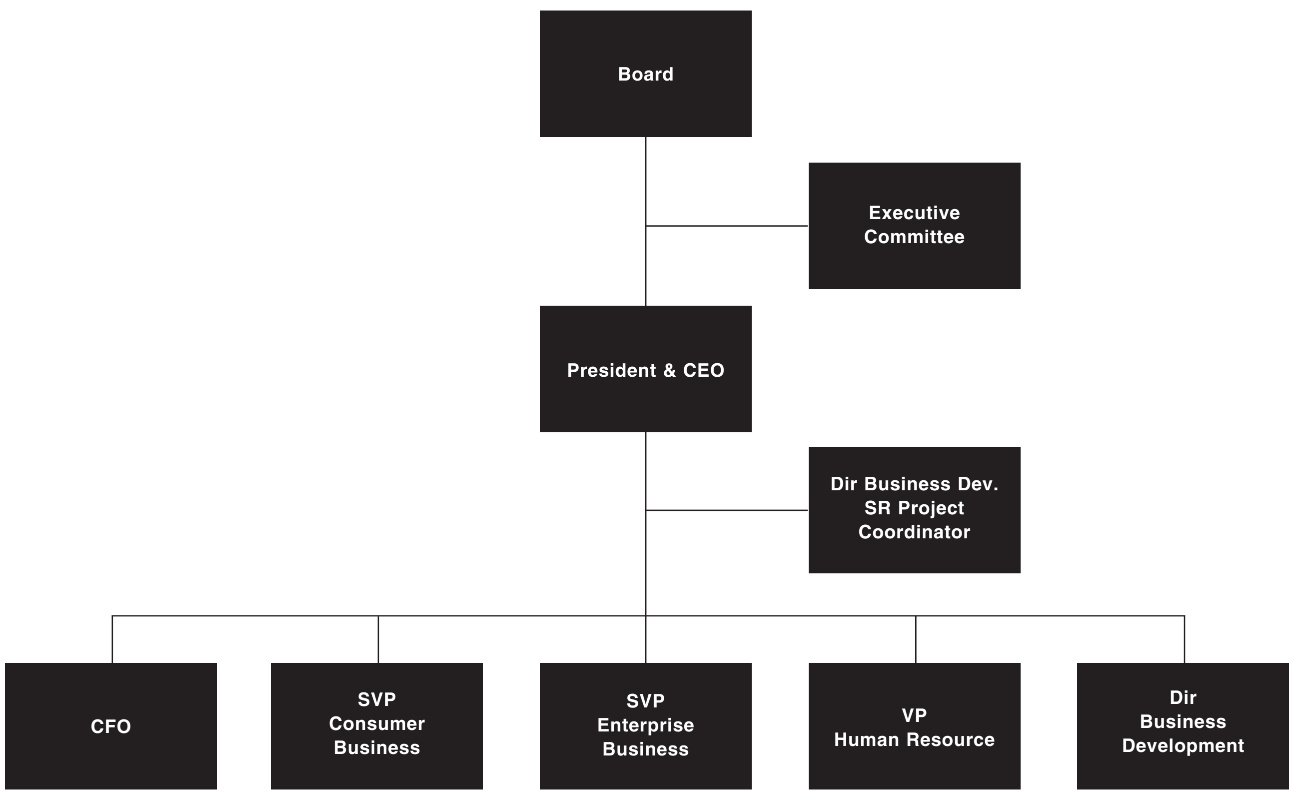
Material Topics	Group's Involvement	Material for Business Division(s)
Economic Performance		
Economic Performance	Direct and Indirect	All
Indirect Economic Impacts	Direct	All
Anti-corruption	Direct and Indirect	All

Sustainability Governance

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.

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 is assisted by a sustainability reporting project coordinator.

A sustainability reporting project team is responsible for collecting, verifying and providing ESG performance data and information.



SUSTAINABILITY REPORT

Board Statement

The Board is responsible for considering sustainability issues as part of strategy formulation. The Board endorses the identification of the material ESG factors covered 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.

AWARDS AND RECOGNITIONS

Our dedication to customer service, quality, efficiency and excellence has won the Group several accolades and recognitions over the years. Some of the more recent awards are listed here.

Received in 2020

- Avaya – Diamond Partner 2020
- Avaya – 2020 Top Performing Enterprise Value-Added-Reseller for Singapore
- Genesys Bronze Partner of the year 2020
- Huawei – Top Potential Partner 2020, S & I Systems
- Huawei – Best QC Support, PT NexWave 2020
- 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)

Received in 2019

- Avaya – Diamond Partner 2019
- Avaya – 2019 Top Enterprise Value-Added Reseller for Singapore
- Ericsson – Certificate of Recognition in Honor of Support & Services to PT. Ericsson
- Huawei – 2019 National Excellent Quality and 2019 Best Project Manager, for Indonesia
- Huawei – 2019 Regional Best Collaboration Award for Philippines
- Huawei – 2019 Regional Excellent Quality Award for Malaysia
- IBM – Top Performing Business Partner (Systems)
- Nokia – Most Preferred Partner Award for Singapore and the region
- Narada – 2019 Million Dollar Sales Award for Indonesia
- 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
- Q2 Best SES Retail Store Environment
- Q3 Best SES Retail Store Environment
- Q3 Galaxy Service Star Award – Bedok Mall
- StarHub Exclusive Partner (EP) – Best VAS Attachment
- StarHub Platinum Shop – Best VAS Attachment
- StarHub Platinum Shop – Top NPS

SUSTAINABILITY REPORT

- StarHub Platinum Shop – Top Sales (E&S)
- StarHub Platinum Shop – Top Sales (Mobile)
- StarHub – Recognition Award for SRAN Project in 2019
- StarHub Top EP – VAS Attachment
- Top Prepaid Distributor (WOW plan take-up and activation)
- TechData – IBM 2019 Best Overall Partner
- 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)

Received in 2018

* Avaya – Diamond Partner 2018
* Avaya – Innovation Partner of the Year APAC 2018
* Avaya – Partner in Customer Service Excellence (Singapore)
* Avaya – Strategic Avaya Oceana Win Award for Housing Development Board (HDB) Singapore 2018
* Huawei – Best Matured Digital Integration Service (DIS), Business Operation & Sustainable Development Partner Award 2018 (Philippines)
* Huawei – Recognition for Contributions to NLZ Wireless Fast BFT Progress (N-Wave Technologies Philippines Inc)
* Huawei – Subcontractor Award – Best Delivery Efficiency (PT NexWave, for Telkomsel Bali Modernization Project 2018)
* Huawei – Supplier Innovation Award 2018 (PT NexWave, Indonesia)
* IBM – Partner of the Year (Hardware) 2018
* IBM – Partner of the Year (Systems) 2018
* Narada – Million Dollar Sales Award 2018 (PT NexWave)
* Nokia – Recognition Award for Starhub's SRAN Phase 1, 2018
* StarHub Top EP – VAS Attachment
* StarHub Platinum Shop – Best VAS Attachment
* StarHub Platinum Shop – Top Sales (E&S)
* StarHub Platinum Shop – Top Sales (Mobile)
* StarHub Platinum Shop – Top NPS
* Techdata – IBM Systems Top Partner 2018
* Techdata – IBM Overall Top Partner 2018
* 47 retail staff awarded the Excellent Service Award from SPRING Singapore and Singapore Retailers Association (10 Star award, 10 Gold awards and 27 Silver awards)

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

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 centres 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.

SUSTAINABILITY REPORT

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 2020, the NPS for the Planet Retail stores improved to 9.58 from 9.32 in the previous year, reflecting higher customer experience. Each of the five Planet Platinum stores covered by NPS maintained a score of more than 9.50 in 2020 as compared to 9.20 in 2019.

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 ISO 9001:2015 Quality Management Systems certified which allows them to perform at the highest level of our customers' expectations. NexWave Technologies Pte Ltd has recently been conferred ISO 45001:2018 Occupational Health and Safety Management certification while PT NexWave has been awarded ISO OHSAS 18001:2007 Health and Safety Management System certification since 2016. Our overseas subsidiary, N-Wave Technologies Philippines, Inc. obtained ISO 9001:2015 Quality Management System and ISO 45001:2018 Occupational Health and Safety Management System certifications in 2018.

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.

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.

To inspire our store staff to aim for excellence and to identify service role models, we participated in Singapore's national Excellent Service Award which is managed by six industry-led bodies.

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.

SUSTAINABILITY REPORT

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.

Customer compliments:

Hi,
The StarHub consultant, Wan Ting, was very helpful and throughout the whole process, was very pleasant all the way. I would recommend StarHub based on my interactions with her.

– A happy customer

The sales executive at StarHub (Waterway Point) was very helpful and gave suggestions on renewal which shaved off our Netflix subscription. She was also patient and not pushy with the products.

– A happy customer

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 339 full-time employees as at the end of 2020. Permanent employees accounted for 93% of our workforce. The average age of our employees was 38 years.

Supporting Diversity

We respect diversity and are committed to promoting an inclusive workforce. Women represented 38% of full-time employees. The proportion of managerial roles held by women was 41%. Women accounted for 36% of the total Head of Department positions.

SUSTAINABILITY REPORT

Our workforce represents diverse age groups (see chart on page 61). We are proud of our racially diverse workforce which includes some 11 nationalities.

In Singapore, we support the government's policy of rehiring retiring employees to keep them economically active. In 2020, we rehired four retiring employees including four female employees.

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 2020, we recruited 23 new employees; 7 of them were women. Of the new hires, 5 were less than 30 years of age, 16 were in the age group of 30 to 50 years, and the remaining 2 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, advanced technical skills acquisition and certification 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 2020, our average training hours per employee was 10 hours which was a significant reduction from the previous year. Our training expenditure has also decreased from S$182.49 in 2019 to S$54 per employee in 2020. These reductions corresponded with the decrease in the pace of external projects during the COVID-19 pandemic situation. Most training carried out during this period was through e-learning or virtual classroom settings. While there was a reduction in the volume of training undertaken, there was an increase in government subsidies received, S$6,630 in 2020 compared to S$5,658 in 2019. Employee training was restricted to business-critical areas of info-comm certifications and other emerging skillsets such as digital marketing.

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. Various feedback surveys 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 help 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 members 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 Optical, General Medical, Dental, Mobile Phone and Health Screening;

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 2020, 74 employees were active members of SISEU.

SUSTAINABILITY REPORT

Caring for Employees

We have implemented several measures to ensure the well-being of our employees. A Fruit Day is observed once a month, and fresh fruits are provided to employees to encourage a healthy diet. Fruits are also sent off-site to our employees working at our Platinum shops. 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 COVID-19 pandemic and in full compliance with the Government's advisory on work-from-home and social distancing initiatives, we have temporarily suspended some of these initiatives.

To strengthen cultural bonding, we give 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 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 (Cap 354A).

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. We are, however, deeply saddened to report two workplace fatalities[1] in our Network Engineering Division's overseas operations in Indonesia. Thorough reporting, investigations and analyses have been carried out following these incidents. We have used our findings to design and implement more stringent environmental, health and safety ("EHS") measures across all our operations. We have reinforced our safety procedures for working at heights such as conducting rigorous checks, further staff training and certifications, and implementing stricter penalties for non-compliance, thereby strengthening our safety culture at all staff levels. We also intensified the frequency of EHS activities including safety inductions, safety tool audits, self-safety inspections, safety driving induction and communication of our EHS policies and rules. In addition, we also ensure our partners comply with their own EHS policies and requirements.

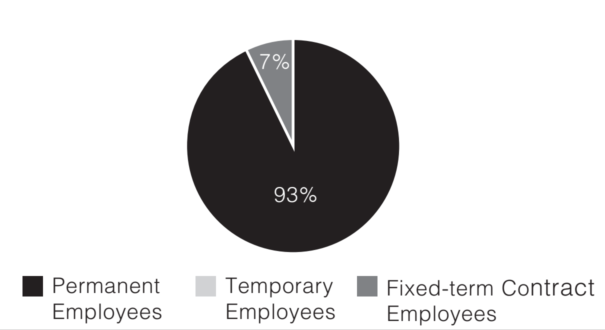
In early 2020, we witnessed the unfolding of a health crisis brought on by the COVID-19 pandemic. The Company took early preventive measures to safeguard the well-being of our staff by implementing workforce segregation, remote working and split shifts in February 2020, as well as other measures in our Business Continuity Plan. We adhered to all safe management protocols issued by the government agencies and implemented initiatives such as temperature monitoring, provision of masks and hand sanitisers and regular sanitation of our office, retail and warehouse workplaces both in Singapore and overseas. We also reminded staff to observe the health and safety guidelines and ensured that they were regularly informed of the evolving situation in the respective countries of operations. Additionally, customers, vendors and visitors are to observe the safe distancing and the Company's safety guidelines.

1 The first fatality involved a worker falling from height while the second fatality resulted from a road accident.

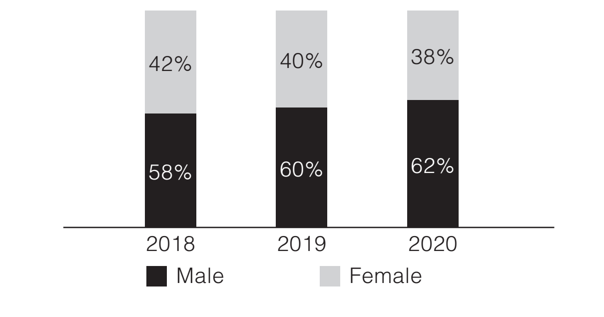
SUSTAINABILITY REPORT

Our People Performance

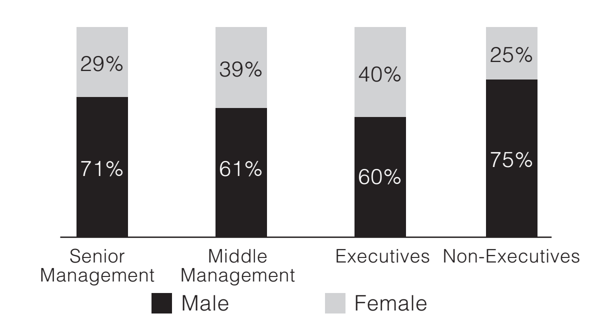
Employees by Employment Type



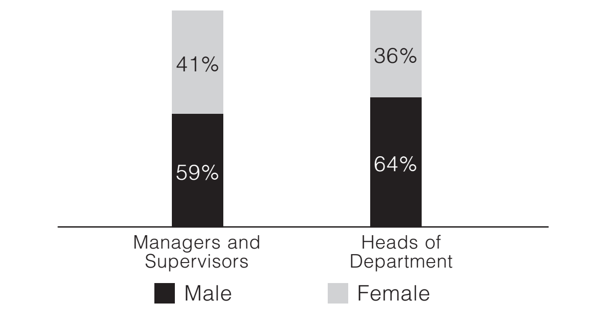
Gender Diversity



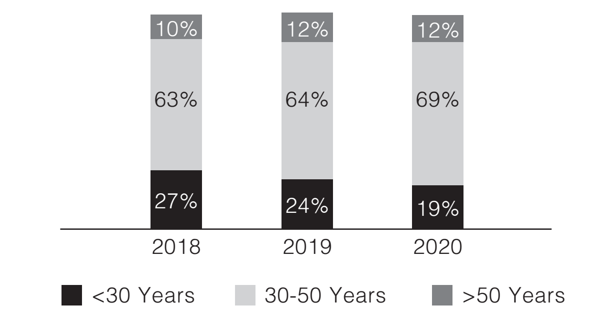
Gender Diversity by Employee Category



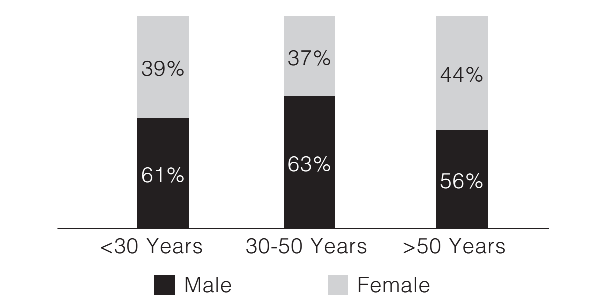
Gender Diversity
Department Heads, Managers and Supervisors



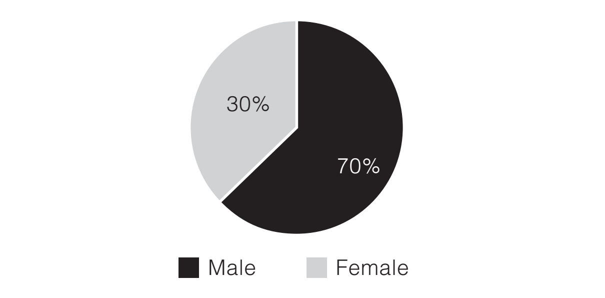
Age Diversity



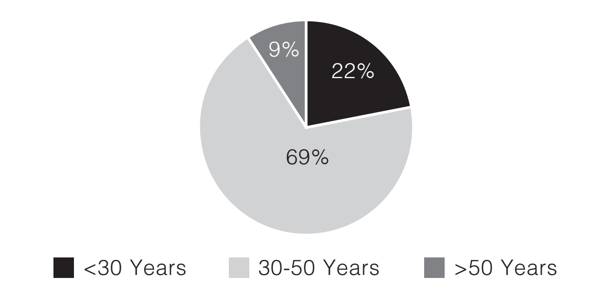
Age Diversity by Gender



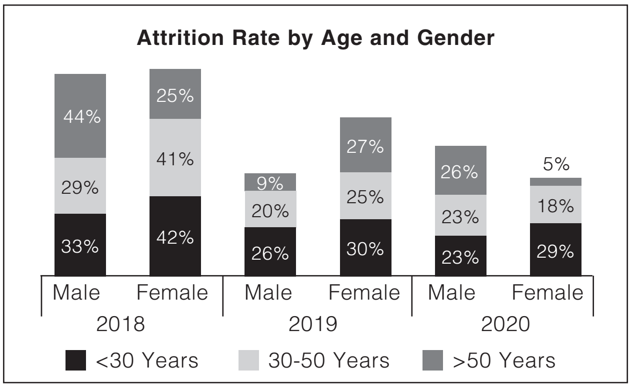
New Hiring by Gender

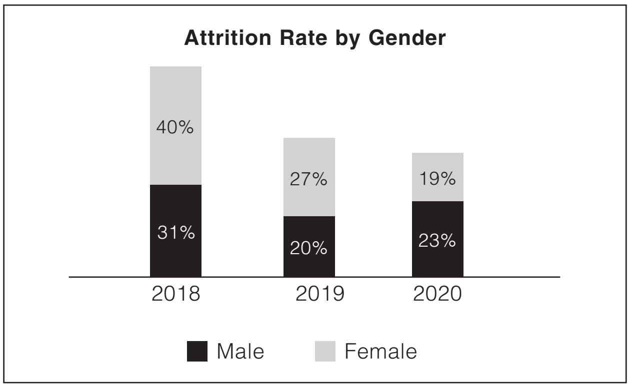


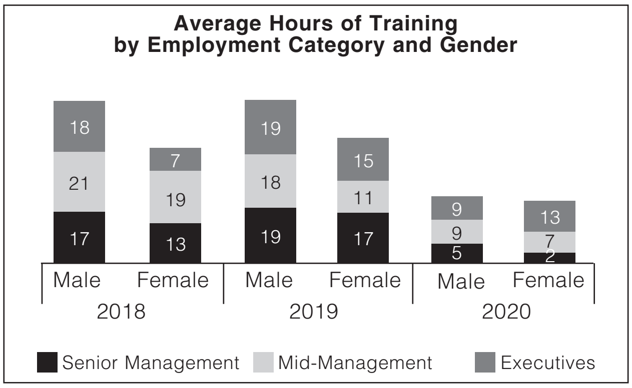
New Hiring by Age Group

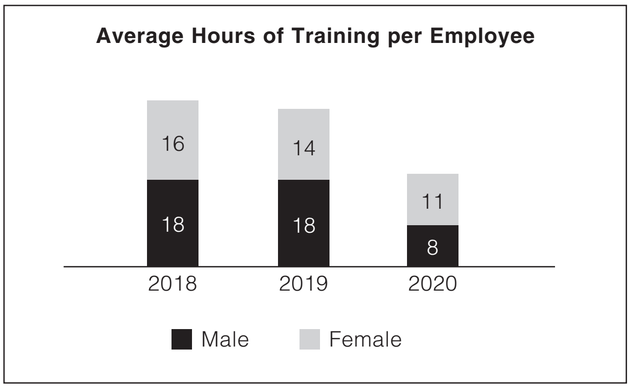


SUSTAINABILITY REPORT









Note: Figures may not add due to rounding

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 2020, our electricity consumption intensity was 110 kWh/m2 against 136 kWh/m2 the year before. The decrease was due to minimal staff working in the office during the ‘circuit breaker’ period and other 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 2020 was 387 tonnes as compared with 475 tonnes in 2019. Carbon Dioxide emission from purchased electricity accounted for 88% of our total emission, similar to that of the previous year. The decrease in emission was on account of lower consumption of electricity due to work-from-home arrangement as one of the COVID-19 containment measures.

SUSTAINABILITY REPORT

We 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 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 also 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. In FY2020, the waste management contractor engaged for pallet disposal will ensure that all pallets are recycled for reuse, such as producing furniture or other wood products. Pallets will no longer be incinerated.

In FY2020, our waste disposal related to business operations increased slightly to 2,140 kg, from 2,050 kg in FY2019. The increase was due to more paper disposal to further efforts to optimise business operations and removing unnecessary documents from digitalisation.

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

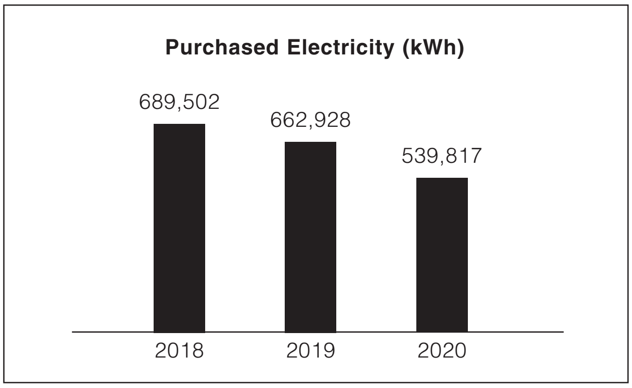
As required by the Resource Sustainability Act ("RSA") recently introduced by the Ministry of Environment and Water Resources, our processes are compliant and we ensure the proper collection and treatment of electrical and e-waste.

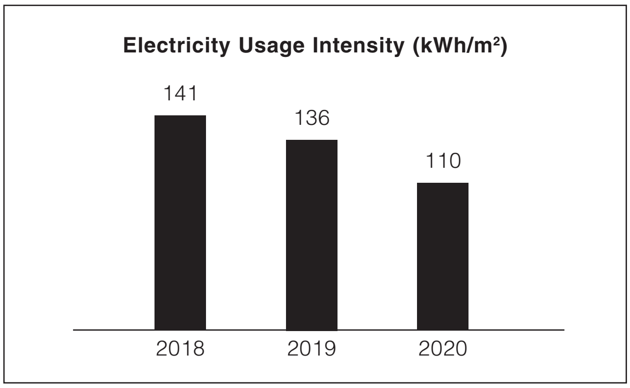
E-waste bins are placed in all StarHub Platinum shops as required by RSA for retailer premises with a floor area of more than 300 sqm. The e-waste is then collected and disposed of by an NEA licensed operator.

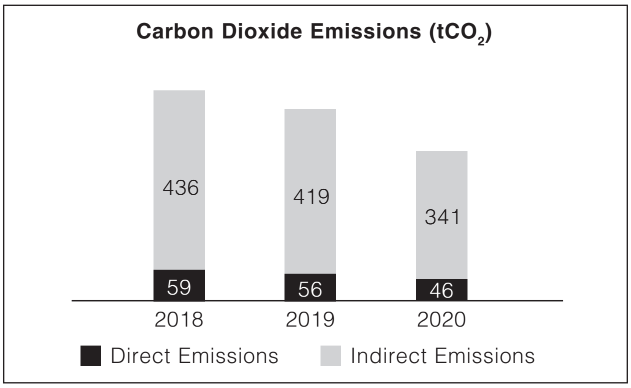
SUSTAINABILITY REPORT

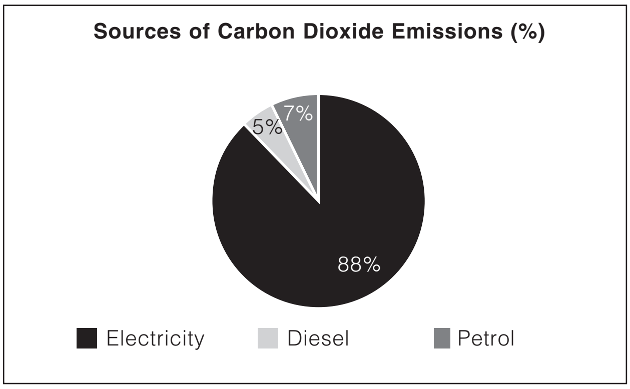
Our Environmental Performance

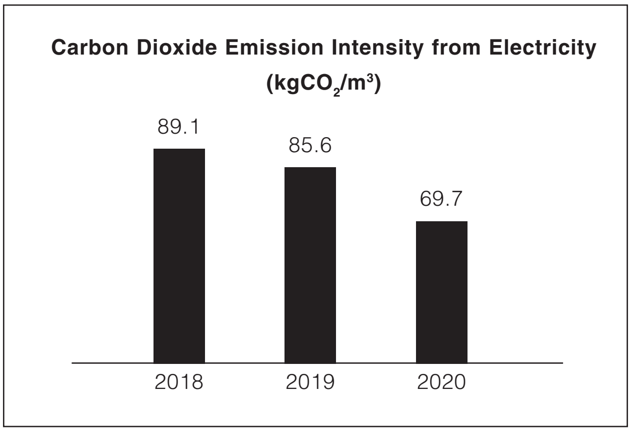
Note: Figures may not add due to rounding.

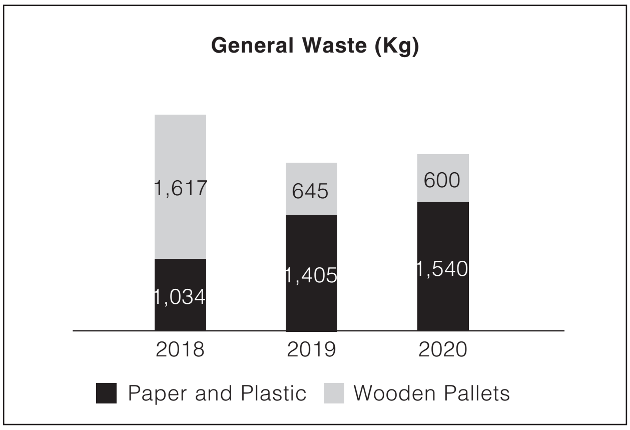












COMMUNITY

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

In the year, we continued our support of Community Chest FUDAI 2020, an annual event that brings together 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 200 FUDAI which contained 13 essential food items to beneficiaries staying in the Redhill 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 (S$ million)			
Economic performance indicators	**FY2020**	**FY2019**	**FY2018**
Revenue	213.5	313.6	491.7
(Loss)/profit before tax	(5.1)	7.3	6.1
(Loss)/profit after tax and non-controlling interests	(5.6)	5.4	4.0
Total expenses (including staff costs)	219.8	307.0	486.6
Staff costs	47.3	53.6	47.7
Dividends declared	2.3	4.5	4.5

Financial Assistance from Government

We received S$159,000 in 2019 and S$210,000 in 2018 under the Workforce Singapore, Wage Credit Scheme and Temporary Employment Credit in Singapore. In 2020, the Singapore government launched COVID-19 grants and relief measures to support companies impacted by the COVID-19 pandemic. We received S$6.4 million including Jobs Support Scheme, Work-Life Grant, Wage Credit Scheme and other rebates.

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.

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 '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	24
	102-4 Location of operations	01, 21, 24, 25
	102-5 Ownership and legal form	01, 174-175
	102-6 Markets served	01, 21
	102-7 Scale of the organisation	01, 02-03, 24, 47, 61
	102-8 Information on employees and other workers	47, 61
	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	62-63
	102-12 External initiatives	46, 56
	102-13 Membership of associations	50
	Strategy	
	102-14 Statement from senior decision-maker	06-07, 51
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	26-44, 51, 65
	Governance	
	102-18 Governance structure	26-44, 53
	Stakeholder Engagement	
	102-40 List of stakeholder groups	48-50
	102-41 Collective bargaining agreements	59
	102-42 Identifying and selecting stakeholders	48-50
	102-43 Approach to stakeholder engagement	48-50
	102-44 Key topics and concerns raised	48-50

SUSTAINABILITY REPORT

	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	23, 130-132
	102-46 Defining report content and topic Boundaries	51-53
	102-47 List of material topics	51-53
	102-48 Restatements of information	Not applicable as there were no restatements
	102-49 Changes in reporting	46
	102-50 Reporting period	46
	102-51 Date of most recent report	46
	102-52 Reporting cycle	46
	102-53 Contact point for questions regarding the report	47
	102-54 Claims of reporting in accordance with the GRI Standards	46
	102-55 GRI content index	66-71
	102-56 External assurance	47
Material Topics		
Economic		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	51-53, 65
	103-3 Evaluation of the management approach	65
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	65
	201-4 Financial assistance received from the government	65
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	65
	103-3 Evaluation of the management approach	65
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	65
	205-3 Confirmed incidents of corruption and actions taken	65
Environment		
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	62
	103-3 Evaluation of the management approach	62-63
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	52, 62-63
	302-3 Energy intensity	47, 64

SUSTAINABILITY REPORT

Emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	62-63
GRI 305: Emissions 2016	305-1 Direct (Scope – 1) GHG emissions	47, 62, 64
	305-2 Energy indirect (Scope – 2) GHG emissions	47, 62, 64
	305-4 GHG emissions intensity	64
Effluents and Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	63
	103-3 Evaluation of the management approach	63-64
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	64
Environmental Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	62
	103-3 Evaluation of the management approach	62, 64
GRI 307: Environmental Compliance 2016	GRI 307-1 Non-compliance with environmental laws and regulations	63
Social		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	57-60
	103-3 Evaluation of the management approach	57-60
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	47, 61-62
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	59
Occupational Health & safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	60
	103-3 Evaluation of the management approach	60

SUSTAINABILITY REPORT

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	60
	403-2 Hazard identification, risk assessment and incident investigation	60
	403-3 Occupational health services	Not applicable as Singapore operations largely comprise executive, administrative and service staff
	403-4 Worker participation, consultation, and communication on occupational health and safety	60
	403-5 Worker training on occupational health and safety	Not applicable as Singapore operations largely comprise executive, administrative and service staff
	403-6 Promotion of worker health	60
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable to the nature of our operations
	403-9 Work-related injuries	60
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	57-59
	103-3 Evaluation of the management approach	57-59
GRI 404: Training and Educations 2016	404-1 Average hours of training per year per employee	47, 58, 62
	404-2 Programs for upgrading employee skills and transition assistance programs	57-59
	404-3 Percentage of employees receiving regular performance and career development reviews	59

SUSTAINABILITY REPORT

Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	57
	103-3 Evaluation of the management approach	57, 61
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	57, 61
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	59
	103-3 Evaluation of the management approach	59
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	59
Freedom of Association and Collective Bargaining		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	59
	103-3 Evaluation of the management approach	59
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	59
Child Labour		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	59
	103-3 Evaluation of the management approach	59
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	59
Forced or Compulsory Labour		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	59
	103-3 Evaluation of the management approach	59
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	59

SUSTAINABILITY REPORT

Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53, 64-65
	103-2 The management approach and its components	64-65
	103-3 Evaluation of the management approach	64-65
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	64-65
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	56-57
	103-3 Evaluation of the management approach	56-57
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	56-57
Socio-economic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	51-53
	103-2 The management approach and its components	65
	103-3 Evaluation of the management approach	65
GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	65

FINANCIAL CONTENTS

GROUP FINANCIAL REVIEW

1.0 OPERATING RESULTS OF THE GROUP

In S$ million	FY2020	FY2019	Change
Revenue	**213.5**	**313.6**	**-31.9%**
Gross profit	17.5	33.0	-47.0%
Other income	6.7	0.5	1,240.0%
Total expenses	(219.8)	(307.0)	-28.4%
Operating PBT	0.4	7.1	-94.4%
Share of (loss)/profit of associate (net of tax)	(0.2)	0.2	nm
Impairment of goodwill	(5.3)	–	nm
PBT	**(5.1)**	**7.3**	**nm**
PAT	(5.6)	5.4	nm
PATMI	**(5.6)**	**5.4**	**nm**

nm – not meaningful

1.1 REVENUE

Group revenue decreased by 32% or $100.1 million to $213.5 million in FY2020.

Personal Communications Solutions Services ("PCS") Division contributed to 48% of Group revenue in FY2020 (FY2019: 54%). Revenue decreased by 39% to $101.8 million in FY2020. In FY2020, revenue was significantly impacted with lower channel, prepaid and retails sales due to shop closures during the Circuit Breaker Period in Singapore and Movement Control Order in Malaysia. In Singapore, despite the implementation of Phase 2 re-opening ("Safe Transition") from 1 June 2020 and the launch of new handset and tablet models by manufacturers, sales in general have remained subdued. Although take up of new handset models improved, consumer demand remained weak. With respect to the sale of prepaid, there was also no significant increase in sales despite the opening up of dormitories for foreign workers to start work. Online delivery sales had partially mitigated the lower revenue.

Info-Communications Technology Services ("ICT") Division contributed to 22% of Group revenue in FY2020 (FY2019: 21%). Revenue decreased by 29% to $47.6 million in FY2020 mainly due to lower equipment sales, lower maintenance revenue and delay in project completion. Majority of our customers had postponed their non-critical spending during this uncertain period. Although there were new projects relating to mobile telecommunicating, increase in demand for our unified communication services to ecommerce and call centre, these have not been able to compensate for the shortfall in revenue from our major projects. During FY2020, there was however a one-off revenue recognition for the implementation of e-registration services provided to a customer in the public sector.

Network Engineering Services ("Engineering") Division contributed to 30% of Group revenue in FY2020 (FY2019: 25%). Revenue decreased by 18% to $64.1 million in FY2020. Our operations in Singapore, Indonesia, Malaysia, the Philippines and Vietnam, have been impacted to varying degrees of severity, depending on the movement control measures imposed by the government in these countries in response to the COVID-19 pandemic. Although the order book remained healthy, there were project implementation delays from site access restriction and material readiness issues coupled with transportation and logistical challenges, resulting in lower revenue recognition in FY2020. However, power supply, transmission equipment and product sales were higher in FY2020. There was also a new source of revenue arising from the provision of field maintenance services. Except for our Malaysian operations, all other operations reported a decrease in revenue in FY2020.

GROUP FINANCIAL REVIEW

1.2 GROSS PROFIT

In $ million	FY2020	FY2019	Change
Gross profit	17.5	33.0	-47.0%
Gross margin	8.2%	10.5%	-2.3 ppt

ppt – percentage point

Gross profit decreased to $17.5 million in FY2020. All three Divisions reported lower gross profit against FY2019 mainly due to lower revenue.

Gross margin decreased from 10.5% in FY2019 to 8.2% in FY2020. However, ICT Division recorded higher gross margin in FY2020 against FY2019 due to increase in service revenue mix.

1.3 OTHER INCOME

Other income mainly comprises of government grants.

Other income in FY2020 was higher due to higher government grants received from the job support and wage credit schemes and work-life grant. There were also rental and property tax rebates received from landlords.

1.4 TOTAL EXPENSES

In $ million	FY2020	FY2019	Change
Cost of sales	196.0	280.6	-30.1%
Selling and marketing expenses	6.8	7.5	-9.3%
Administrative expenses	15.3	16.9	-9.5%
Other expenses	0.2	0.3	-33.3%
Finance costs	1.5	1.7	-11.8%
Total expenses	**219.8**	**307.0**	**-28.4%**
Included in total expenses:			
Staff costs	47.3	53.6	-11.8%
Depreciation and amortisation	5.9	5.5	7.3%

Total expenses, including cost of sales, amounted to $219.8 million in FY2020, a decrease of 28% or $87.2 million compared to FY2019. Decrease in total expenses by 28% was in line with the decrease in revenue of 32%.

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. In line with decrease in revenue in FY2020, cost of sales decreased by 30% or $84.6 million against FY2019.

GROUP FINANCIAL REVIEW

Selling and marketing expenses decreased by 9% or $0.7 million against FY2019 due to lower staff costs, marketing and promotional expenses.

Administrative expenses decreased by 10% or $1.6 million against FY2019 due to lower staff costs and lower overseas traveling expenses.

Other expenses decreased by 33% or $0.1 million against FY2019. In FY2019, there were prior year tax corrections and a loss of S$56,000 on disposal of a dormant subsidiary recognised.

Finance costs decreased by 12% or $0.2 million against FY2019 due to lower interest expenses from lower bank borrowings.

Staff costs decreased by 12% or $6.3 million to $47.3 million was mainly due to lower sales activities against the previous corresponding period resulting in lower staff costs from lower cost of sales incurred and lower commission paid.

Depreciation and amortisation costs increased by 7% or $0.4 million to $5.9 million in FY2020. The increase was mainly due to additions of right-of-use assets at the end of FY2019.

1.5 SHARE OF (LOSS)/PROFIT OF AN ASSOCIATE (NET OF TAX)

Share of loss of $0.2 million in FY2020 (FY2019: Share of profit of $0.2 million) was from MVI Systems Limited ("MVI"). The share of loss in FY2020 was due to loss of certain content income as a result of hotel closures.

1.6 IMPAIRMENT OF GOODWILL

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 building for FY2021, a lower revenue and revenue growth rate for S & I were forecasted for FY2021. As the recoverable amount is below the carrying value, a full impairment was made.

1.7 PROFIT BEFORE TAX

Operating profit before tax margin	FY2020	FY2019	Change
PCS	0.8%	2.5%	-1.7 ppt
ICT*	2.0%	1.6%	0.4 ppt
Engineering	-2.1%	2.6%	nm
Group*	**0.2%**	**2.3%**	**-2.1 ppt**

* exclude impairment of goodwill of $5.3 million and share of loss from an associate of $0.2 million

nm – not meaningful

GROUP FINANCIAL REVIEW

Group PBT decreased to loss of $5.1 million in FY2020. Excluding the impairment of goodwill of $5.3 million and share of loss from an associate of $0.2 million, there was an operating profit of $0.4 million against FY2019 operating profit of $7.1 million. With lower revenue registered in FY2020, the Group's overall operating PBT in FY2020 had reduced substantially as compared to FY2019. Lower gross profit was partially mitigated by government grants and rental support received in Singapore. Operating expenses were also lower across all the three business Divisions with savings from wage freeze and forced leave implemented in FY2020.

Operating PBT margin dropped from 2.3% in FY2019 to 0.2% in FY2020. Only ICT Division recorded increase in PBT margin against FY2019.

PCS – The Division recorded a lower profit of $0.8 million in FY2020, a $3.3 million or 80% decrease from FY2019 profit of $4.1 million. Profit from the Malaysian operation was lower due to lower variable commission recognised with lesser walk-in customers. The Singapore operations incurred significant losses due to lower revenue. In FY2019, there was also higher one-off commissions received from a major customer for a migration exercise from cable to fibre network. Manufacturers' incentives received were also lower due to lower purchases. These were partially mitigated by write-back of inventory recognised from sales of aged inventories, lower marketing and finance expenses in FY2020 arising from the lower sales activities.

ICT – The Division recorded a lower profit of $0.7 million (excluding impairment of goodwill) in FY2020, a $0.4 million or 36% decrease from FY2019 profit of $1.1 million. Despite the lower revenue in FY2020 against FY2019, there was higher gross margin in FY2020 against FY2019 with increase in service revenue mix. Our unified communication business had reported higher PBT in FY2020. The weaker operating PBT in FY2020 was mainly due lower PBT from our infrastructure business due to lower customer spending.

Engineering – The Division recorded a loss of $1.3 million in FY2020, a $3.4 million decrease from FY2019 profit of $2.1 million. Work-from-home has changed mobile usage patterns since demand has shifted towards residential areas rather than traditional office areas. As a result, regional telco operators are focusing more on network enhancement activities instead of new network rollouts. This has impacted our overall margin since network upgrades are generally of lower value compared to new rollouts. In addition, there was hardly any government grants received in FY2020 to support our overseas operations during this COVID-19 pandemic period. Our losses in FY2020 were mainly attributed to unforeseeable losses recognised for projects in the Philippines. The stringent lockdown measures imposed by the Philippines government because of the COVID-19 pandemic had resulted in cancellation of orders, loss in productivity due to inefficient workforce mobility and supply and logistic disruptions. Profit from the Indonesian operation was also lower in FY2020 due to higher manpower and financing costs incurred as a result of delays in project completion due to the COVID-19 pandemic. These were partially mitigated by lower losses in the Singapore operations due to improvement in margins.

GROUP FINANCIAL REVIEW

1.8 (LOSS)/PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

In $ million	FY2020	FY2019	Change
Income tax expenses	0.5	1.9	-73.7%
Effective tax rate	266.7%	25.9%	nm
(Loss)/Profit after tax and non-controlling interests	**(5.6)**	**5.4**	**nm**
(Loss)/Profit after tax margin	-2.6%	1.7%	-4.3 ppt

nm – not meaningful
ppt – percentage point

Group **PATMI** decreased to loss of $5.6 million in FY2020 from a profit of $5.4 million in FY2019.

Income tax expenses in FY2020 were lower than FY2019 by 74% or $1.4 million. The lower income tax expenses in FY2020 were due to lower taxable profits. Income tax expenses in FY2020 was higher than operating profit before tax due to deferred tax credit from the losses of some entities was not recognised.

2. LIQUIDITY AND CAPITAL RESOURCES

Cash flow (In $ million)	FY2020	FY2019	Change
Cash flow from:			
Operating activities	24.2	5.5	340.0%
Investing activities	(0.7)	(1.1)	36.4%
Financing activities	(19.3)	(10.1)	-91.1%
Net change in cash and cash equivalents	4.2	(5.7)	nm
Cash and cash equivalents at end of year	**27.3**	**23.1**	**18.2%**

nm – not meaningful

Group's cash and cash equivalents increased by 18% from $23.1 million as at 31 December 2019 to $27.3 million as at 31 December 2020.

The Group's bank borrowings decreased from $22.2 million as at 31 December 2019 to $14.1 million as at 31 December 2020.

Net cash increased from $0.9 million as at 31 December 2019 to $13.2 million as at 31 December 2020. Net cash per share increased from 0.2 cents per share as at 31 December 2019 to 2.9 cents per share as at 31 December 2020.

Operating Activities

Net cash inflow in FY2020 was positive from operating profits and positive changes in working capital due to lower inventories, contract assets and trade and other receivables.

GROUP FINANCIAL REVIEW

Investing Activities

Net cash outflow in FY2020 was due to purchase of property, plant and equipment. Net cash outflow in FY2019 was higher due to consideration paid to acquire the remaining shares of a subsidiary from a non-controlling shareholder.

Financing Activities

Net cash outflow in FY2020 was higher mainly due to higher net repayment of bank loans and higher payment of lease liabilities.

3. SHAREHOLDERS RETURNS

	FY2020	FY2019	Change
Net dividends per share (cents) – ordinary	0.5	1.0	-50.0%
Dividends declared ($ million)	2.3	4.5	-50.0%
Dividend payout ratio (%)	-41.1%	84.5%	nm
Dividend yield (%)	2.7%	4.9%	-2.2 ppt
Basic Earnings per share (cents) (1)	-1.24	1.18	nm
Return on equity (%)	-9.1%	7.5%	nm
Return on capital employed (%)	-5.3%	6.4%	nm
Return on total assets (%)	-4.8%	3.4%	nm

nm – not meaningful
ppt – percentage point

Note:

(1) The number of shares used for the purpose of calculating the EPS for FY2020 and FY2019 were 453,210,000 and 454,217,000 respectively.

For FY2020, the Company has proposed the final dividend of 0.5 cents per ordinary share or $2.3 million. Including the $2.3 million of dividend payout in May 2021, total dividend paid since listing in June 2004 will be 30.75 cents per share or $138.7 million. This represents 82.6% of earnings over the same period.

Year-on-year earnings per share decreased from 1.18 cents to -1.24 cents.

Return on equity decreased from 7.5% in FY2019 to -9.1% in FY2020. Return on capital employed and return on total assets had also decreased to -5.3% (FY2019: 6.4%) and -4.8% (FY2019: 3.4%) respectively due to lower profits.

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 2020.

In our opinion:

(a) the financial statements set out on pages 95 to 172 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 2020 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 Singapore Companies Act, Chapter 50 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	(Appointed on 3 June 2020)
Yeo Siew Chye Stephen	(Appointed on 3 June 2020)
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, Chapter 50 (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/ date of appointment**	**Holdings at end of the year**
The Company		
Ordinary shares		
Ronald Seah Lim Siang	360,000	439,000
Stephen Geoffrey Miller	161,000	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/ date of appointment	Holdings at end of the year
The Company (cont'd)		
Ordinary shares (cont'd)		
Tang Yew Kay Jackson	499,000	594,000
Ho Koon Lian Irene	287,000	382,000
Lim Chai Hock Clive	183,000	183,000
- Held in the name of Leap International Pte Ltd	84,619,200	83,804,200
Related Corporations		
Ascendas Fund Management (S) Limited		
Unitholdings in Ascendas Real Estate Investment Trust		
Yeo Siew Chye Stephen	2,000	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 Commercial Trust Management Limited		
Unitholdings in CapitaLand Commercial Trust		
Yeo Siew Chye Stephen	31,352	N.A. [1]
CapitaLand Limited		
Ordinary shares		
Yeo Siew Chye Stephen	68,043	70,043
CapitaLand Integrated Commercial Trust Management Limited		
Unitholdings in CapitaLand Integrated Commercial Trust		
Yeo Siew Chye Stephen	–	22,573
CapitaLand Retail China Trust Management Limited		
Unitholdings in CapitaLand Retail China Trust		
Yeo Siew Chye Stephen	65,000	64,000

[1] *delisted on 3 November 2020.*

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/ date of appointment	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
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
Singapore Airlines Limited		
Ordinary shares		
Yeo Siew Chye Stephen	1,000	1,000
Singapore Technologies Engineering Ltd		
Ordinary shares		
Yeo Siew Chye Stephen	11,000	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/ date of appointment	Holdings at end of the year
Related Corporations (cont'd)		
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	57,000	83,700
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 the date of appointment if later, 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 2021.

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.

DIRECTORS' STATEMENT

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 2020, conditional awards aggregating 49,048,810 (2019: 42,795,810) 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. 3,635,810 shares under the Plans were released during the financial year ended 31 December 2020 (2019: 2,596,340 shares).

(viii) During the financial year ended 31 December 2020, conditional awards aggregating 5,595,000 (2019: 4,250,000) 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 10,751,270 shares under the Plans were outstanding as at 31 December 2020 (2019: 9,309,545 shares).

(ix) During the financial year ended 31 December 2020, restricted share awards aggregating 658,000 (2019: 600,000) shares were also granted under the TeleChoice RSP. These share awards formed 30% (2019: 30%) of the payment of Directors' remuneration for the financial year ended 31 December 2019 (2019: 31 December 2018) 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 2020 Share Awards	Aggregate exercised/released since the commencement of the Plans to 31 December 2020 Share Awards	Aggregate outstanding as at 31 December 2020 Share Awards
Ronald Seah Lim Siang	79,000	439,000	439,000	–
Stephen Geoffrey Miller	90,000	251,000	251,000	–
Tang Yew Kay Jackson	95,000	494,000	494,000	–
Cheah Sui Ling	–	–	–	–
Yeo Siew Chye Stephen	–	–	–	–
Ho Koon Lian Irene	95,000	377,000	377,000	–
Lim Chai Hock Clive	–	183,000	183,000	–
Bertie Cheng [1]	183,000	976,000	976,000	–
Yap Boh Pin [1]	116,000	608,000	608,000	–

[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 2020 Share Awards	Aggregate exercised/released since the commencement of the Plans to 31 December 2020 Share Awards	Aggregate outstanding as at 31 December 2020 Share Awards
Loh Sur Jin Andrew	–	4,807,000	2,974,300	–
Lim Shuh Moh Vincent	1,705,000	9,120,970	2,611,233	3,865,330
Lee Yoong Kin	725,000	6,933,440	3,188,038	1,491,660
Pauline Wong Mae Sum	725,000	7,063,440	3,331,778	1,491,660
Wong Loke Mei	400,000	2,758,800	1,270,709	692,995
Goh Song Puay	345,000	2,462,800	1,167,629	609,995

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 2020 are as follows:

Participants	Number of share awards granted under the Plans during the financial year ended 31 December 2020
Lim Shuh Moh Vincent	1,705,000
Lee Yoong Kin	725,000
Pauline Wong Mae Sum	725,000
Wong Loke Mei	400,000
Goh Song Puay	345,000

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 (appointed on 3 June 2020)
- Ho Koon Lian Irene, non-executive director
- Yap Boh Pin (Chairman), independent non-executive director (retired on 30 June 2020)

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 three 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

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Tang Yew Kay Jackson
Director

31 March 2021

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 2020, 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 95 to 172.

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, Chapter 50 ("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 2020 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 amounts for each cash generating unit ("CGUs") to which goodwill is allocated to have been calculated by the Group based on the value in use ("VIUs") of the CGUs. These VIUs are affected by the Group's judgement over certain key inputs, for example long term revenue growth rates, operating profit margins and discount rates. We focused on the estimated VIUs of the CGUs to which goodwill has been allocated, namely NxGen Communications Pte Ltd and its subsidiaries ("NxGen") and S & I Systems Pte Ltd and its subsidiaries ("S & I"). These CGUs have net book values of $6,407,000 and $5,329,000 respectively. During the year, an impairment charge of $5,329,000 was recognised in the consolidated income statement of the Group in respect of S & I where its recoverable amount is less than its carrying amount.	*How the matter was addressed in our audit* We assessed the appropriateness of the determination of CGUs. 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 rates, and comparing the independent expectations to those used by the Group; and • comparing key assumptions for long term revenue growth rates, operating profit margins and capital expenditure in the forecasts 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. However, based on the stress-testing results, an impairment of $5,329,000 was recorded for S & I and for NxGen, no impairment is 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 ($7,568,000) **(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 ($69,729,000)
(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 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Plant and equipment	4	992	1,023	81	114
Intangible assets	5	6,973	12,526	105	164
Right-of-use assets	21	6,908	11,616	4,274	5,565
Subsidiaries	6	–	–	27,489	35,236
Associate	7	1,948	2,294	–	–
Deferred tax assets	8	656	508	28	28
Trade and other receivables	10	899	1,212	–	–
Total non-current assets		18,376	29,179	31,977	41,107
Current assets					
Inventories	9	7,568	17,093	4,827	14,060
Contract assets	24	24,485	42,016	–	–
Trade and other receivables	10	39,719	48,797	11,323	10,130
Cash and cash equivalents	15	27,311	23,090	4,892	5,697
Total current assets		99,083	130,996	21,042	29,887
Total assets		117,459	160,175	53,019	70,994
Equity					
Share capital	16	21,987	21,987	21,987	21,987
Reserves	17	7,228	7,324	13,797	13,408
Accumulated profits		32,574	42,666	2,881	12,143
Total equity attributable to equity holders of the Company		61,789	71,977	38,665	47,538
Non-controlling interests		11	11	–	–
Total equity		61,800	71,988	38,665	47,538
Non-current liabilities					
Contract liabilities	24	205	364	–	–
Trade and other payables	18	573	–	–	–
Lease liabilities	21	3,141	6,712	2,984	4,196
Provisions	22	538	535	294	294
Total non-current liabilities		4,457	7,611	3,278	4,490
Current liabilities					
Contract liabilities	24	3,678	4,215	–	–
Current tax payable		72	87	–	–
Trade and other payables	18	28,695	49,213	5,767	10,753
Deferred income	19	840	–	98	–
Loans and borrowings	20	14,131	22,160	4,000	7,000
Lease liabilities	21	3,668	4,681	1,211	1,213
Provisions	22	118	220	–	–
Total current liabilities		51,202	80,576	11,076	18,966
Total liabilities		55,659	88,187	14,354	23,456
Total equity and liabilities		117,459	160,175	53,019	70,994

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	24	213,474	313,626
Cost of sales		(195,966)	(280,618)
Gross profit		17,508	33,008
Other income		6,623	406
Sales and marketing expenses		(6,769)	(7,531)
Administrative expenses		(15,338)	(16,857)
Impairment of goodwill		(5,329)	–
Other expenses		(186)	(333)
Results from operating activities		(3,491)	8,693
Finance income	25	93	87
Finance costs	25	(1,512)	(1,693)
Net finance costs		(1,419)	(1,606)
Share of (loss)/profit of associate (net of tax)	7	(245)	173
(Loss)/Profit before tax	25	(5,155)	7,260
Tax expense	26	(464)	(1,879)
(Loss)/Profit for the year		(5,619)	5,381
(Loss)/Profit attributable to:			
Owners of the Company		(5,619)	5,368
Non-controlling interests		–	13
(Loss)/Profit for the year		(5,619)	5,381
Earnings per share			
Basic earnings per share (cents)	27	(1.24)	1.18
Diluted earnings per share (cents)	27	(1.23)	1.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	Group	
	2020	**2019**
	$'000	**$'000**
(Loss)/Profit for the year	(5,619)	5,381
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Defined benefit plan remeasurements	65	33
Tax on items that will not be reclassified to profit or loss	(13)	(8)
	52	25
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	(457)	339
Share of foreign currency translation differences of associate	10	(6)
Foreign currency translation differences on liquidation of a foreign subsidiary reclassified to profit or loss	–	56
Exchange differences on monetary items forming part of net investment in foreign operations	(38)	87
	(485)	476
Other comprehensive income for the year, net of tax	(433)	501
Total comprehensive income for the year	(6,052)	5,882
Total comprehensive income attributable to:		
Owners of the Company	(6,052)	5,869
Non-controlling interests	–	13
Total comprehensive income for the year	(6,052)	5,882

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

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 2019		21,987	41,817	27	16,329	(1,538)	817	(9)	(8,837)	70,593	685	71,278
Total comprehensive income for the year												
Profit for the year		–	5,368	–	–	–	–	–	–	5,368	13	5,381
Other comprehensive income												
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	–	–	–	339	339	–	339
Share of foreign currency translation differences of associate		–	–	–	–	–	–	–	(6)	(6)	–	(6)
Foreign currency translation differences on liquidation of a foreign subsidiary reclassified to profit or loss		–	–	–	–	–	–	–	56	56	–	56
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	–	–	–	87	87	–	87
Defined benefit plan remeasurements		–	33	–	–	–	–	–	–	33	–	33
Tax on items that will not be reclassified to profit or loss		–	(8)	–	–	–	–	–	–	(8)	–	(8)
Total other comprehensive income		–	25	–	–	–	–	–	476	501	–	501
Total comprehensive income for the year		–	5,393	–	–	–	–	–	476	5,869	13	5,882

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

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		
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Share-based payments expenses	23	–	–	–	–	–	713	–	–	713	–	713
Purchase of treasury shares	16, 17	–	–	–	–	–	–	(783)	–	(783)	–	(783)
Issue of treasury shares	16, 17	–	–	–	183	–	(628)	574	–	129	–	129
Final dividend of 1.0 cents per share (one-tier tax exempt)	17	–	(4,544)	–	–	–	–	–	–	(4,544)	–	(4,544)
Total contributions by and distributions to owners of the Company		–	(4,544)	–	183	–	85	(209)	–	(4,485)	–	(4,485)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests without a change in control	6	–	–	–	–	–	–	–	–	–	(687)	(687)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	–	(687)	(687)
Total transactions with owners of the Company		–	(4,544)	–	183	–	85	(209)	–	(4,485)	(687)	(5,172)
At 31 December 2019		21,987	42,666	27	16,512	(1,538)	902	(218)	(8,361)	71,977	11	71,988

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

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
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		–	–	–	–	–	–	–	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 2020

		Attributable to owners of the Company										
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
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, 17	–	–	–	–	–	–	(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 CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from operating activities			
(Loss)/Profit before tax		(5,155)	7,260
Adjustments for:			
Amortisation of intangible assets	5	309	484
Depreciation of plant and equipment	4	803	1,074
Depreciation of right-of-use assets	21	4,836	3,982
Finance expense	25	1,512	1,693
Finance income	25	(93)	(87)
Impairment of goodwill	25	5,329	–
(Gain)/Loss on disposal of plant and equipment	25	(13)	40
Loss on liquidation of a subsidiary	25	–	56
(Write back of provision)/Provision for warranties	22	(57)	22
(Reversal of impairment)/Impairment of trade receivables	25	(14)	21
Share-based payments expenses	23	772	713
Share of loss/(profit) of associate	7	245	(173)
		8,474	15,085
Changes in:			
Inventories		9,517	3,170
Contract assets		17,399	(9,363)
Trade and other receivables		9,169	5,066
Trade and other payables		(19,875)	(7,364)
Deferred income		840	–
Contract liabilities		(710)	(137)
Provision		(37)	–
Cash generated from operations		24,777	6,457
Tax paid		(489)	(936)
Net cash from operating activities		24,288	5,521
Cash flows from investing activities			
Acquisition of non-controlling interests	6	–	(685)
Proceeds from disposal of plant and equipment		28	14
Dividends received from associate		111	107
Purchase of plant and equipment		(801)	(516)
Purchase of intangible assets		(86)	(58)
Interest received		31	15
Net cash used in investing activities		(717)	(1,123)
Cash flows from financing activities			
Dividends paid		(4,525)	(4,544)
Interest paid	20	(1,496)	(1,647)
Proceeds from bank loans	20	52,542	45,667
Repayment of short-term loans	20	(60,571)	(44,831)
Purchase of treasury shares	16	(512)	(783)
Payment of lease liabilities	20	(4,713)	(3,958)
Net cash used in financing activities		(19,275)	(10,096)
Net increase/(decrease) in cash and cash equivalents		4,296	(5,698)
Cash and cash equivalents at 1 January		23,090	28,759
Effect of exchange rate changes on cash held in foreign currencies		(75)	29
Cash and cash equivalents at 31 December	15	27,311	23,090

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 2021.

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 at 1 Temasek Avenue #33-01, Millenia Tower, Singapore 039192 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 2020 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, Chapter 183.

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 a related party.

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 2020:

- *Amendment to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)*
- *Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-30 and SFRS(I) 7)*

The Group has early adopted *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

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

NOTES TO 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. The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate its spread have impacted the Group. These measures resulted in lower traffic at shopping malls, temporary closure of retail outlets and delays in project completion prior to, and during the implementation of the Circuit Breaker Measures in Singapore, as well as the Movement Control Order in Malaysia. There were also unforeseeable losses recognised as a result of cancellation of orders and logistic disruption in the Philippines due to Enhanced Community Quarantine. This has negatively impacted the Group's financial performance for the year.

There is uncertainty over how the future development of the outbreak will impact the Group's business and customer demand for its products and services.

For the year ended 31 December 2020, the Group recognised a net loss after tax of $5,619,000. The Group's net current assets as at 31 December 2020 were $47,881,000. The Group has $99,083,000 of resources comprising cash and cash equivalents and other highly liquid assets, and unused credit lines of $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.

NOTES TO THE FINANCIAL STATEMENTS

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

For 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 interest in associate, 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.

NOTES TO THE FINANCIAL STATEMENTS

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 and Philippine Peso.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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. Cost 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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;
- contract assets; and
- lease receivables.

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 (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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, 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 to sell. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

COVID-19-Related Rent Concessions

The Group has applied *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16.* The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases in which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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.

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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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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 income and expense on lease liabilities; and
- interest expense on borrowings.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 2020 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*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*
- *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)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

NOTES TO THE FINANCIAL STATEMENTS

4 Plant and equipment

	Note	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 2019		2,924	5,256	1,138	1,813	831	11,962
Translation differences on consolidation		4	58	1	18	13	94
Additions		116	194	67	139	–	516
Disposals/Write off		(116)	(537)	(75)	(178)	–	(906)
At 31 December 2019		2,928	4,971	1,131	1,792	844	11,666
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
Accumulated depreciation							
At 1 January 2019		2,574	4,716	1,012	1,587	450	10,339
Translation differences on consolidation		3	52	1	17	9	82
Depreciation for the year		324	345	83	164	158	1,074
Disposals/Write off		(113)	(491)	(74)	(174)	–	(852)
At 31 December 2019		2,788	4,622	1,022	1,594	617	10,643
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
Carrying amounts							
At 1 January 2019		350	540	126	226	381	1,623
At 31 December 2019		140	349	109	198	227	1,023
At 31 December 2020		56	268	52	218	398	992

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 2019	636	354	516	155	1,661
Additions	6	–	6	–	12
Write off	–	–	(9)	–	(9)
At 31 December 2019	642	354	513	155	1,664
Additions	–	–	25	–	25
Write off	–	–	(3)	–	(3)
At 31 December 2020	642	354	535	155	1,686
Accumulated depreciation					
At 1 January 2019	585	340	452	45	1,422
Depreciation for the year	53	10	43	31	137
Write off	–	–	(9)	–	(9)
At 31 December 2019	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
Carrying amounts					
At 1 January 2019	51	14	64	110	239
At 31 December 2019	4	4	27	79	114
At 31 December 2020	3	2	28	48	81

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 2019	3,470	1,304	6,688	727	11,853	24,042
Translation differences on consolidation	4	–	–	–	–	4
Additions	58	–	–	–	–	58
Write off	(311)	–	–	–	–	(311)
At 31 December 2019	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
Accumulated amortisation and impairment losses						
At 1 January 2019	2,254	1,304	6,688	727	117	11,090
Translation differences on consolidation	4	–	–	–	–	4
Amortisation charge for the year	484	–	–	–	–	484
Write off	(311)	–	–	–	–	(311)
At 31 December 2019	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
Carrying amounts						
At 1 January 2019	1,216	–	–	–	11,736	12,952
At 31 December 2019	790	–	–	–	11,736	12,526
At 31 December 2020	566	–	–	–	6,407	6,973

NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2020	**2019**
	$'000	**$'000**
Cost of sales	22	23
Administrative expenses	287	461
	309	484

	Computer software $'000
Company	
Cost	
At 1 January 2019 and 31 December 2019	1,330
Additions	21
At 31 December 2020	1,351
Accumulated amortisation	
At 1 January 2019	983
Amortisation charge for the year	183
At 31 December 2019	1,166
Amortisation charge for the year	80
At 31 December 2020	1,246
Carrying amounts	
At 1 January 2019	347
At 31 December 2019	164
At 31 December 2020	105

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.

NOTES TO THE FINANCIAL STATEMENTS

NxGen goodwill impairment test
Carrying value: $6.41 million (2019: $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.

Key assumptions used in the calculation of recoverable amounts 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 2021 to 2025 (2019: 2020 to 2024). 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 8.2% per annum from 2021 to 2025 (2019: 11.6% per annum from 2020 to 2024) 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 10.7% (2019: 12.4%) 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 (2019: zero) growth rate.

Capital expenditure

Management forecasts an increase in capital expenditure from 2021 to 2025 (2019: 2020 to 2024). Capital expenditure was projected at 0.5% (2019: 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 revenue of $9.7 million and a corresponding operating profit margin of 7.7%, the likelihood of an impairment on NxGen's goodwill is highly likely as these two key assumptions represent its approximate break-even points. At a revenue of $9.7 million and corresponding operating profit margin of 7.7%, the recoverable amount of the CGU amounting to $8.4 million closely approximate its carrying value of $8.2 million.

NOTES TO THE FINANCIAL STATEMENTS

S & I goodwill impairment test
Carrying value: $nil (2019: $5.33 million)

At the reporting date, 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, 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 (2019: 5% per annum from 2020 to 2024). 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 (2019: 1.8% per annum from 2020 to 2024). 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% (2019: 11.7%) 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 CGUs.

Terminal value growth rate

The CGU used five years of cash flows in its discounted cash flow model using a perpetual model with zero (2019: zero) growth rate.

Capital expenditure

Management forecasts zero average capital expenditure from 2021 to 2025 (2019: $49,000 per annum from 2020 to 2024). Capital expenditure was projected based on expected revenue growth from its operations.

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries

	Company 2020 $'000	Company 2019 $'000
Unquoted equity investments, at cost	34,088	35,822
Acquisition of non-controlling interest	–	685
Strike off of a subsidiary	–	(2,419)
Capital contribution for share option	1,852	1,572
	35,940	35,660
Less: Impairment losses	(8,451)	(424)
	27,489	35,236

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

	2020 $'000	2019 $'000
Balance at 1 January	(424)	(2,642)
Write-back of allowance on strike off of a subsidiary	–	2,419
Impairment loss recognised	(8,027)	(201)
Balance at 31 December	(8,451)	(424)

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2020 %	Effective equity held by the Group 2019 %
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

NOTES TO THE FINANCIAL STATEMENTS

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2020 %	2019 %
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
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	51.0

NOTES TO THE FINANCIAL STATEMENTS

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2020 %	2019 %
TeleChoice Technologies (Shanghai) Co. Ltd.^^	Provision of info-communications technology consultancy and services	China	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

^ Under members' voluntary liquidation

^^ 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. As at the reporting date, no injection has been made.

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. Reyes Tacandong & Co., a member of RSM International, is the auditor for N-Wave Technologies Philippines, Inc., a significant subsidiary incorporated in the Philippines.

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.

Acquisition of non-controlling interests

In January 2019, the Group acquired an additional 49% interest in Planet Smart Services Pte. Ltd. ("PSS"), increasing its ownership from 51% to 100%. The carrying amount of PSS's net assets in the Group's consolidated financial statements on the date of the acquisition was $1,401,000.

	$'000
Carrying amount of non-controlling interests acquired ($1,401,000 x 49%)	687
Consideration paid to non-controlling interests	685
Increase in equity attributable to owners of the Company	2

NOTES TO THE FINANCIAL STATEMENTS

Strike off of a subsidiary

With effect from 4 April 2019, the Company's dormant wholly-owned subsidiary, TeleChoice (Indonesia) Pte Ltd, was struck off from the Register of Companies. Accordingly, the cost of investment of $2,419,000 was written off and the corresponding impairment losses of $2,419,000 was reversed.

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 $1,852,000 (2019: $1,572,000) 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.

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 has been determined based on the estimated fair value of the respective net assets at the reporting date (i.e. fair value less cost to sell). The net assets of these subsidiaries comprise mainly current assets, current liabilities and financial assets measured at fair value.

During the financial year, the Company recognised an impairment charge of $179,000 and $7,848,000 for investments in N-Wave Technologies (Malaysia) Sdn Bhd and S & I Systems Pte Ltd respectively (2019: $201,000 for investment in NexWave Telecoms Pte. Ltd.), totalling $8,027,000.

Non-controlling interests

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

7 Associate

	Group	
	2020	**2019**
	$'000	**$'000**
Interest in associate	1,948	2,294

NOTES TO THE FINANCIAL STATEMENTS

Details of associate as follows:

Name of associate	Principal activities	Principal place of business/ Country of incorporation	Ownership interest held by the Group 2020 %	2019 %
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

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 2020 $'000	2019 $'000
Revenue	3,782	7,873
(Loss)/Profit from continuing operations	(1,031)	758
Other comprehensive income	26	(15)
Total comprehensive income	(1,005)	743
Non-current assets	6,013	6,220
Current assets	3,742	4,053
Current liabilities	(3,118)	(2,297)
Non-current liabilities	(17)	(172)
Net assets	6,620	7,804
Group's interest in net assets of associate at beginning of the year	2,294	2,234
Group's share of:		
- (Loss)/Profit from continuing operations	(245)	173
- Other comprehensive income	10	(6)
- Total comprehensive income	(235)	167
Dividend received during the year	(111)	(107)
Carrying amount of interest in associate at end of year	1,948	2,294

NOTES TO THE FINANCIAL STATEMENTS

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 2019 $'000	Charged/ (credited) to income statement (Note 26) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	At 31 December 2019 $'000	Charged/ (credited) to income statement (Note 26) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	At 31 December 2020 $'000
Group									
Deferred tax assets									
Plant and equipment	(346)	38	–	(3)	(311)	24	–	3	(284)
Inventories	(96)	19	–	–	(77)	2	–	(1)	(76)
Accruals	(385)	(58)	8	(7)	(442)	104	13	8	(317)
Receivables	(119)	106	–	–	(13)	(18)	–	(5)	(36)
Right-of-use assets	–	(32)	–	–	(32)	1	–	–	(31)
Unutilised capital allowances and tax losses	(46)	46	–	–	–	(224)	–	–	(224)
	(992)	119	8	(10)	(875)	(111)	13	5	(968)
Deferred tax liabilities									
Plant and equipment	83	284	–	–	367	(55)	–	–	312
	83	284	–	–	367	(55)	–	–	312

NOTES TO THE FINANCIAL STATEMENTS

	At 1 January 2019 $'000	Charged/ (credited) to income statement $'000	At 31 December 2019 $'000	Charged/ (credited) to income statement $'000	At 31 December 2020 $'000
Company					
Deferred tax assets					
Inventories	(28)	6	(22)	–	(22)
Accruals	(14)	(13)	(27)	–	(27)
Right-of-use assets	–	(17)	(17)	–	(17)
Unutilised tax losses	(28)	28	–	–	–
	(70)	4	(66)	–	(66)
Deferred tax liability					
Plant and equipment	55	(17)	38	–	38

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

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax assets	656	508	28	28

Unrecognised deferred tax assets

The following deductible temporary differences have not been recognised:

	Group	
	2020 $'000	2019 $'000
Deductible temporary differences	4,228	293
Unutilised capital allowances	99	64
Unutilised tax losses	338	254
	4,665	611

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 $1,717,000 (2019: $1,786,000) for temporary differences of $16,965,000 (2019: $17,675,000) 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 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Raw materials	1,567	1,136	–	–
Inventories held for resale	6,001	15,957	4,827	14,060
	7,568	17,093	4,827	14,060

During the year, the write down and write back of inventories recognised in the consolidated income statement amounted to $40,000 and $835,000 respectively (2019: $921,000 and $375,000 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 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade receivables		21,909	32,938	2,430	4,341
Allowance for doubtful receivables		(8)	(37)	–	–
		21,901	32,901	2,430	4,341
Unbilled receivables		537	2,734	15	919
Lease receivables		–	30	–	–
Other receivables and deposits	11	4,003	2,635	3,172	2,156
Amounts due from:					
- related parties	12	10,464	8,684	2,694	218
- subsidiaries	13	–	–	1,304	1,815
- immediate holding company	14	–	43	–	–
		36,905	47,027	9,615	9,449
Prepayments		2,355	1,205	1,708	681
Deferred expenses		1,358	1,777	–	–
		40,618	50,009	11,323	10,130

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current	899	1,212	–	–
Current	39,719	48,797	11,323	10,130
	40,618	50,009	11,323	10,130

Unbilled receivables, lease 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		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at 1 January	37	24	–	–
(Reversal of impairment loss)/Impairment loss recognised during the year	(14)	21	–	–
Amounts written off during the year	(15)	(8)	–	–
Balance at 31 December	8	37	–	–

11 Other receivables and deposits

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deposits	1,018	1,312	17	14
Dividend receivable from subsidiaries	–	–	3,000	2,100
Other receivables	2,985	1,323	155	42
	4,003	2,635	3,172	2,156
Non-current	899	1,072	–	–
Current	3,104	1,563	3,172	2,156
	4,003	2,635	3,172	2,156

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Amounts due from related parties:				
- subsidiaries of holding companies (trade)				
- Billed portion	7,521	5,059	2,694	218
- Unbilled portion	2,933	3,578	–	–
- subsidiaries of holding companies (non-trade)	10	47	–	–
	10,464	8,684	2,694	218
Amounts due to related parties:				
- subsidiaries of holding companies (trade)	(744)	(1,080)	–	(380)
- subsidiaries of holding companies (non-trade)	(20)	(17)	(6)	(2)
	(764)	(1,097)	(6)	(382)

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	
	2020 $'000	2019 $'000
Amounts due from subsidiaries:		
- trade	176	100
- non-trade	1,128	1,715
	1,304	1,815
Amounts due to subsidiaries:		
- trade	–	(4)
- non-trade	(139)	–
	(139)	(4)

NOTES TO THE FINANCIAL STATEMENTS

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.

14 Amounts due from/(to) immediate holding company

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Amount due from immediate holding company (trade)	–	43	–	–
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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	23,650	22,085	4,892	5,697
Short-term bank deposits	3,661	1,005	–	–
	27,311	23,090	4,892	5,697

As at 31 December 2020, the Group has cash and cash equivalents totalling $3,901,000 (2019: $4,312,000) 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% as at 31 December 2020 (2019: 1.43%) per annum.

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16 Share capital

	Group and Company			
	2020		2019	
	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 2,600,000 (2019: 3,600,000) ordinary shares under the terms of the Share Purchase Mandate approved by its shareholders on 26 May 2020. The total consideration for these shares bought back from the market is $512,000 (2019: $783,000), being the market price, including incidental cost. This amount was classified as a deduction from equity under "reserve for own shares".

During the year, 3,635,810 (2019: 2,596,340) 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). Total cost of the shares awarded was $729,000 (2019: $574,000). As at 31 December 2020, the Company held 3,165 (2019: 1,038,975) of its own uncancelled shares.

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% (2019: 6% to 10%). In 2020, the return was -5.3% (2019: 6.4%). In comparison, the interest expense on interest-bearing borrowings (excluding liabilities with imputed interest and lease liabilities) was 1.00% to 6.53% (2019: 1.94% to 9.05%) 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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserves	16,605	16,512	12,881	12,788
General reserve	27	27	–	–
Reserve for own shares	(1)	(218)	(1)	(218)
Share option reserve	981	902	917	838
Goodwill written off	(1,538)	(1,538)	–	–
Exchange translation reserve	(8,846)	(8,361)	–	–
	7,228	7,324	13,797	13,408

In accordance with the merger relief provisions of Section 69(B) of the Singapore Companies Act, Chapter 50, 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 (2019: $17,024,000) and losses on the reissuance of treasury shares of $419,000 (2019: $512,000), totalling $16,605,000 (2019: $16,512,000).

Merger reserve comprises the following:

	2020	**2019**
	$'000	**$'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 2020, the Group held 3,165 of the Company's shares (2019: 1,038,975 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	
	2020	**2019**
	$'000	**$'000**
Paid by the Company to owners of the Company		
1.0 cents per qualifying ordinary share (2019: 1.0 cents)	4,525	4,544

18 Trade and other payables

	Note	Group		Company	
		2020	**2019**	**2020**	**2019**
		$'000	**$'000**	**$'000**	**$'000**
Trade payables		17,920	34,162	3,548	8,105
Accruals for payroll and staff related costs		4,126	5,670	1,042	1,200
Accrued expenses		6,018	7,412	981	1,052
Amounts due to:					
- related parties	12	764	1,097	6	382
- subsidiaries	13	–	–	139	4
- immediate holding company	14	37	–	37	–
Financial liabilities at amortised cost		28,865	48,341	5,753	10,743
Advances from customers		403	872	14	10
		29,268	49,213	5,767	10,753
Non-current		573	–	–	–
Current		28,695	49,213	5,767	10,753
		29,268	49,213	5,767	10,753

19 Deferred income

Government grant, partially received in 2020, amounted to $4,382,000 (2019: nil) and related to a wage support scheme introduced in Singapore in response to the COVID-19 coronavirus pandemic. The Group was entitled to the wage support because it had paid salaries to local employees from October 2019 to December 2020, and the related contributions to defined contribution plans on those salaries have been paid.

NOTES TO THE FINANCIAL STATEMENTS

Over 17 months of economic uncertainty from February 2020 to June 2021, 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 (see Note 25). The outstanding balance of deferred income related to this grant is as follow.

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Government grants	840	–	98	–

20 Loans and borrowings

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current liability				
Unsecured bank loans	14,131	22,160	4,000	7,000

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 2020				
Floating rate loans	1.00 – 6.53	2021	14,131	14,131
31 December 2019				
Floating rate loans	1.94 – 9.05	2020	22,160	22,160
Company				
31 December 2020				
Floating rate loans	1.00 – 2.15	2021	4,000	4,000
31 December 2019				
Floating rate loans	1.94 – 2.34	2020	7,000	7,000

For certain loans, Group entities are obliged to comply with a number of financial covenants, including maintaining certain financial ratios. All covenants were complied with for the above unsecured bank loans during the financial year, except one loan as described below.

One of the Group's overseas subsidiary has a loan with carrying amount of $141,000 at 31 December 2019 that exceeded a gearing ratio covenant. The subsidiary has settled the outstanding loan on 24 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

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					
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)
2019					
Unsecured bank loans		22,160	(22,204)	(22,204)	–
Lease liabilities	21	11,393	(11,822)	(4,929)	(6,893)
Trade and other payables*	18	48,341	(48,341)	(48,341)	–
		81,894	(82,367)	(75,474)	(6,893)
Company					
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)
2019					
Unsecured bank loans		7,000	(7,008)	(7,008)	–
Lease liabilities	21	5,409	(5,656)	(1,313)	(4,343)
Trade and other payables*	18	10,743	(10,743)	(10,743)	–
		23,152	(23,407)	(19,064)	(4,343)

* *Exclude advances from customers*

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 2019	11,204	21,324	32,528
Changes from financing cash flows			
Interest paid	(303)	(1,344)	(1,647)
Proceeds from borrowings	–	45,667	45,667
Repayment of borrowings	–	(44,831)	(44,831)
Payment of lease liabilities	(3,958)	–	(3,958)
Total changes from financing cash flows	(4,261)	(508)	(4,769)

NOTES TO THE FINANCIAL STATEMENTS

	Lease liabilities $'000	Loans and borrowings $'000	Total $'000
The effect of changes in foreign exchange rates	5	–	5
Other changes			
Interest expense	303	1,344	1,647
New leases	4,142	–	4,142
Total other changes	4,445	1,344	5,789
Balance at 31 December 2019	11,393	22,160	33,553
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

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.

Information about leases for which the Group is a lessee is presented below.

NOTES TO THE FINANCIAL STATEMENTS

Right-of-use assets

	Leasehold improvements $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Group				
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
2019				
Balance at 1 January	10,907	132	–	11,039
Additions to right-of-use assets	4,520	6	29	4,555
Depreciation charge for the year	(3,912)	(55)	(15)	(3,982)
Translation difference on consolidation	4	–	–	4
Balance at 31 December	11,519	83	14	11,616
Company				
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
2019				
Balance at 1 January	6,446	71	–	6,517
Additions to right-of-use assets	294	6	29	329
Depreciation charge for the year	(1,233)	(33)	(15)	(1,281)
Balance at 31 December	5,507	44	14	5,565

Lease liabilities

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current	3,141	6,712	2,984	4,196
Current	3,668	4,681	1,211	1,213
	6,809	11,393	4,195	5,409

NOTES TO THE FINANCIAL STATEMENTS

Amounts recognised in the income statement

	Note	2020 $'000	2019 $'000
Interest on lease liabilities	25	258	303
Expenses relating to short-term leases		2,510	5,465
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		13	62
Variable lease payments not included in the measurement of lease liabilities		178	135

Amounts recognised in statement of cash flows

	2020 $'000	2019 $'000
Total cash outflow for leases	4,971	4,261

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.

Finance lease

During the financial year 2019, the Group leased out a telephony system.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2020 $'000	2019 $'000
Less than one year	–	33
Total undiscounted lease receivable	–	33
Unearned finance income	–	(3)
Net investment in the lease	–	30

NOTES TO THE FINANCIAL STATEMENTS

22 Provisions

	Warranties $'000	Reinstatement costs $'000	Total $'000
Group			
At 1 January 2019	155	162	317
Provision made during the year	22	481	503
Provision written back during the year	–	(68)	(68)
Translation difference	3	–	3
At 31 December 2019	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
31 December 2020			
Non-current	–	538	538
Current	118	–	118
	118	538	656
31 December 2019			
Non-current	–	535	535
Current	180	40	220
	180	575	755

	Reinstatement costs $'000
Company	
At 1 January 2019	–
Provision made during the year	294
At 31 December 2019	294
Provision made during the year	–
At 31 December 2020	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.

NOTES TO THE FINANCIAL STATEMENTS

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").

(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, and 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 periods, 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.

NOTES TO THE FINANCIAL STATEMENTS

(viii) The vesting period of the shares granted under the Plans is between one to three years.

(ix) As at 31 December 2020, the initial awards of 14,510,890 (2019: 12,875,890) shares under the TeleChoice PSP and the initial awards of 34,537,920 (2019: 29,919,920) shares under the TeleChoice RSP were made to Eligible Persons. As at 31 December 2020, awards of 4,160,000 (2019: 3,660,000) shares under the TeleChoice PSP and 6,591,270 (2019: 5,649,545) shares under the TeleChoice RSP were outstanding.

The key assumptions applied in estimating the fair values under the TeleChoice PSP are as follows:

Date of grant of shares	**3 June 2020**	**3 June 2019**	**1 June 2018**	**1 June 2017**
Fair value at grant date	$0.133	$0.138	$0.160	$0.112
Assumptions under Monte-Carlo Model				
Expected Volatility				
TeleChoice International Limited	15.10%	10.44%	13.75%	15.89%
Straits Times Index	N/A	N/A	N/A	N/A
Risk-free interest rates	0.43%	1.89%	2.05%	1.31%

The key assumptions applied in estimating the fair values under the TeleChoice RSP are as follows:

Date of grant of shares	**3 June 2020**	**3 June 2019**	**1 June 2018**	**1 June 2017**
Fair value at grant date:				
For RSP vested 12 months from grant date	$0.188	$0.212	N/A	N/A
For RSP vested 24 months from grant date	$0.180	$0.203	$0.240	$0.245
For RSP vested 36 months from grant date	$0.171	$0.194	$0.225	$0.231
For RSP vested 48 months from grant date	N/A	N/A	$0.211	$0.219
Assumptions under Monte-Carlo Model				
Expected Volatility				
TeleChoice International Limited	15.10%	10.44%	13.75%	15.89%
Risk-free interest rates				
Singapore 1-year Government Bond yield	0.29%	1.84%	1.71%	1.07%
Singapore 2-year Government Bond yield	0.35%	1.87%	1.93%	1.21%
Singapore 3-year Government Bond yield	0.43%	1.89%	2.05%	1.31%
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 $772,000 (2019: $713,000) 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 2020 $'000	Group 2019 $'000
Equipment and cards sales	116,077	183,637
Voice services, mobile data and location tracking services	2,771	3,087
Logistic and consultancy services	10,990	26,182
Maintenance support services	11,057	12,974
Network engineering projects	55,478	71,007
Info-communication technology projects	17,101	16,739
Revenue from contracts with customers	213,474	313,626

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 the 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.

	2020 $'000	**2019 $'000**
Trade receivables	32,892	44,315
Contract assets	24,485	42,016
Contract liabilities	(3,883)	(4,579)

NOTES TO THE FINANCIAL STATEMENTS

	Contract liabilities	
	2020	2019
	$'000	$'000
Non-current	205	364
Current	3,678	4,215
	3,883	4,579

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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	3,188	4,273
Increases due to cash received/progress billings, excluding amounts recognised as revenue during the year	–	–	(2,492)	(4,120)
Contract assets recognised, net of reclassification to receivables	(17,531)	9,543	–	–

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	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Maintenance support services and info-communication technology projects	2,424	1,905	2,232	3,524	4,656	5,429

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amounts presented above.

NOTES TO THE FINANCIAL STATEMENTS

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)/Profit before tax

(Loss)/Profit before tax is arrived at after charging/(crediting) the following items:

	Note	Group 2020 $'000	Group 2019 $'000
Amortisation of intangible assets	5	309	484
Depreciation of plant and equipment	4	803	1,074
Depreciation of right-of-use assets	21	4,836	3,982
Audit fees paid to:			
- auditors of the Company		227	236
- other auditors		98	73
Cost of inventories recognised as an expense in income statement		94,884	157,946
Directors' remuneration		480	471
Grant income from Job Support Scheme		(4,382)	–
Other government grants		(2,000)	(307)
Impairment of goodwill		5,329	–
Loss on liquidation of a subsidiary		–	56
Exchange gain		(106)	(54)
(Reversal of impairment loss)/Impairment loss on trade receivables	10	(14)	21
(Gain)/Loss on disposal of plant and equipment		(13)	40
Employee benefits expense			
Staff costs		47,340	53,611
Contributions to defined contribution plans, included in staff costs		2,925	3,104
Share-based payments expenses, included in staff costs	23	772	713
Finance income			
Interest income			
- banks and financial institutions		(31)	(14)
- interest accretion		(62)	(72)
- lease receivables		–	(1)
		(93)	(87)
Finance costs			
Interest expense			
- banks and financial institutions		1,238	1,344
- leases liabilities	21	258	303
- interest accretion		16	46
		1,512	1,693

NOTES TO THE FINANCIAL STATEMENTS

26 Tax expense

	Group 2020 $'000	Group 2019 $'000
Current tax expense		
Current year	611	1,511
Under/(Over) provision in respect of prior years	19	(35)
	630	1,476
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(41)	297
(Over)/Under provision in respect of prior years	(125)	106
	(166)	403
Tax expense	464	1,879

Reconciliation of effective tax rate

	Group 2020 $'000	Group 2019 $'000
(Loss)/Profit before taxation	(5,155)	7,260
Income tax using Singapore tax rate of 17% (2019: 17%)	(876)	1,234
Non-deductible expenses	1,325	457
Non-taxable income	(824)	–
Tax-exempt income	–	(190)
Tax rebate	–	(11)
Utilisation of previously unrecognised deferred tax assets	–	(42)
Deferred tax assets not recognised	973	–
Effect of results of associate presented net of tax	42	(29)
Effect of different tax rates in other countries	(70)	389
(Over)/Under provision in respect of prior years	(106)	71
	464	1,879

27 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the Group's (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2020 $'000	Group 2019 $'000
(Loss)/Profit attributable to equity holders of the Company	(5,619)	5,368

NOTES TO THE FINANCIAL STATEMENTS

	Group Number of shares 2020 ('000)	Group Number of shares 2019 ('000)
Issued ordinary shares at beginning of the year	454,423	454,423
Effect of own shares held	(1,213)	(206)
Weighted average number of ordinary shares during the year	453,210	454,217

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 2020 $'000	Group 2019 $'000
Diluted earnings per share is based on:		
(Loss)/Profit attributable to equity holders of the Company	(5,619)	5,368

	Group Number of shares 2020 ('000)	Group Number of shares 2019 ('000)
Weighted average number of ordinary shares (basic)	453,210	454,217
Effect of RSP shares vested but not released	2,808	2,647
Weighted average number of ordinary shares (diluted) during the year	456,018	456,864

	Group 2020	Group 2019
Earnings per share		
Basic earnings per share (cents)	(1.24)	1.18
Diluted earnings per share (cents)	(1.23)	1.17

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	
	2020	**2019**
	$'000	**$'000**
Ultimate holding company		
Revenue from sale of products and provision of services	254	–
Immediate holding company		
Revenue from sale of products and provision of services	59	108
Management fees paid/payable	(33)	(33)
Other related parties		
Revenue from sale of products and provision of services	38,083	58,959
Purchase of products and services	(19,121)	(37,230)
Shared service expense	(1,437)	(2,073)
Telecommunication services received	(610)	(437)
Associate company		
Purchase of products and services	(496)	(703)

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	
	2020	**2019**
	$'000	**$'000**
Short-term employment benefits		
- Directors	349	342
- Other key management personnel	2,261	2,532
Post-employment benefits (including defined contribution plans)		
- Other key management personnel	694	594
Share-based payments		
- Directors	131	129
- Other key management personnel	585	560
	4,020	4,157

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 regional provider of consumer fulfilment and managed services. It provides retail, e-commerce, distribution and supply chain management services relating to mobile communication devices, wearables and smart accessories. In Singapore, it operates a retail chain under the Planet Telecoms brand, and it is the only StarHub Ltd ("StarHub") Exclusive Partner to manage four (2019: five) StarHub Platinum Shops. In addition, it is the appointed distributor of StarHub's prepaid card business, and also provides StarHub with mobile handset delivery and last mile services. PCS also manages concept stores for major mobile device manufacturers such as Samsung and Huawei. In Malaysia, PCS provides retail management, fulfilment and supply chain services to U Mobile Sdn Bhd, a data-centric and multiple award-winning mobile data service company in Malaysia. PCS also operates an e-commerce site, www.eplanetworld.com, which offers the latest mobile phones, tablets, accessories as well as wearables and smart gadgets for online shoppers.

Info-Communications Technology Services ("ICT"): This division is a leading regional integrated info-communications solutions provider. It provides consultancy and system integration services for enterprise IT infrastructure and cutting-edge business solutions and applications. Its extensive offerings include managed and hosted services, fixed and wireless networking, as well as campus management, customer relationship management, contact centre and unified communications solutions. It also provides consultancy and managed services to help companies adopt cloud, big data, analytics, Internet of Things and smart learning 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. 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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Equipment and cards sales	90,816	141,920	16,755	34,290	8,506	7,427	116,077	183,637
Voice services, mobile data and location tracking services	–	–	2,771	3,087	–	–	2,771	3,087
Logistic and consultancy services	10,990	26,182	–	–	–	–	10,990	26,182
Maintenance support services	–	–	10,913	12,884	144	90	11,057	12,974
Network engineering projects	–	–	–	–	55,478	71,007	55,478	71,007
Info-communication technology projects	–	–	17,101	16,739	–	–	17,101	16,739
Total revenue from external customers	101,806	168,102	47,540	67,000	64,128	78,524	213,474	313,626
Inter-segment revenue	3	–	144	98	–	–	147	98
	101,809	168,102	47,684	67,098	64,128	78,524	213,621	313,724
Timing of revenue recognition								
Products transferred at a point in time	101,806	168,102	24,821	44,477	17,118	16,354	143,745	228,933
Products and services transferred over time	–	–	22,719	22,523	47,010	62,170	69,729	84,693
	101,806	168,102	47,540	67,000	64,128	78,524	213,474	313,626

NOTES TO THE FINANCIAL STATEMENTS

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest income	39	51	129	168	2	7	170	226
Interest expenses	410	561	35	188	1,144	1,083	1,589	1,832
Amortisation of intangible assets	89	280	210	183	10	21	309	484
Depreciation of plant and equipment	174	351	86	104	543	619	803	1,074
Depreciation of right-of-use assets	4,486	3,734	17	17	333	231	4,836	3,982
Reportable segment profit/(loss) before income tax	832	4,133	936	904	(1,349)	2,050	419	7,087
Share of (loss)/profit of associate (net of tax)	–	–	(245)	173	–	–	(245)	173
Impairment of goodwill	–	–	(5,329)	–	–	–	(5,329)	–
Reportable segment assets	34,991	50,330	35,407	50,439	45,113	57,112	115,511	157,881
Investment in associate	–	–	1,948	2,294	–	–	1,948	2,294
Capital expenditure								
- Plant and equipment	26	155	108	56	667	305	801	516
- Intangible assets	27	7	53	43	6	8	86	58
Reportable segment liabilities	19,545	32,727	14,909	26,834	21,205	28,626	55,659	88,187

NOTES TO THE FINANCIAL STATEMENTS

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other material items:

	Group 2020 $'000	Group 2019 $'000
Revenue		
Total revenue for reportable segments	213,621	313,724
Elimination of inter-segment revenue	(147)	(98)
Consolidated revenue	213,474	313,626
Profit or loss		
Total profit or loss for reportable segments	419	7,087
Impairment of goodwill	(5,329)	–
Share of (loss)/profit of associate	(245)	173
Consolidated (loss)/profit before income tax	(5,155)	7,260
Assets		
Total assets for reportable segments	115,511	157,881
Investment in associate	1,948	2,294
Consolidated total assets	117,459	160,175
Liabilities		
Total liabilities for reportable segments	55,659	88,187

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
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
Other material items 2019			
Interest income	(226)	139	(87)
Interest expenses	1,832	(139)	1,693
Capital expenditure			
- plant and equipment	516	–	516
- intangible assets	58	–	58

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.

NOTES TO THE FINANCIAL STATEMENTS

	Revenue $'000	Non-current assets* $'000
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
31 December 2019		
Singapore	242,596	24,276
Indonesia	55,465	639
Malaysia	8,747	89
Philippines	4,772	136
Hong Kong	297	2,294
Other countries	1,749	25
	313,626	27,459

* Non-current assets presented consist of plant and equipment, intangible assets, right-of-use assets and investment in associate.

Major customer

Revenue from one customer of the Group represents approximately 15% (2019: 17%) 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 2020, the Group has 24% (2019: 14%) of total receivables due from 1 (2019: 1) major customer, and approximately 15% (2019: 17%) of the Group's revenue is attributable to sales transactions with this 1 (2019: 1) customer.

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.

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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:

		Group	
	Note	2020 $'000	2019 $'000
(Reversal of impairment loss)/Impairment loss on trade receivables	10	(14)	21

Exposure to credit risk

The Group's and Company'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 balances 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Related companies	11,558	11,355	2,870	318
Multinational companies	20,585	32,952	–	–
Other companies	25,234	42,024	2,445	5,260
	57,377	86,331	5,315	5,578

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 2020 $'000	Impairment 2020 $'000	Gross 2019 $'000	Impairment 2019 $'000
Group					
No credit terms	–	27,955	–	48,330	–
Not past due	–	23,449	–	28,339	5
Past due 0 – 30 days	0.11	1,817	2	7,875	5
Past due 31 – 120 days	0.04	2,384	1	1,630	17
Past due 121 – 360 days	–	1,301	–	151	9
More than one year	1.04	479	5	43	1
		57,385	8	86,368	37

	Expected loss rate %	Gross 2020 $'000	Impairment 2020 $'000	Gross 2019 $'000	Impairment 2019 $'000
Company					
No credit terms	–	15	–	994	–
Not past due	–	5,052	–	3,829	–
Past due 0 – 30 days	–	248	–	723	–
Past due 31 – 120 days	–	–	–	32	–
		5,315	–	5,578	–

Other receivables

The Group and the Company has other receivables of $4,003,000 and $3,172,000 (2019: $2,635,000 and $2,156,000) 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 $10,000 (2019: $47,000) and $1,128,000 (2019: $1,715,000) respectively. Impairment on these balances has been measured on the 12-month expected 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 $136 million (2019: $137 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 risk arises mainly from short-term floating rate borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

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 2020		
Financial liabilities		
Unsecured bank loans	1.00 – 6.53	14,131
31 December 2019		
Financial liabilities		
Unsecured bank loans	1.94 – 9.05	22,160
Company		
31 December 2020		
Financial liabilities		
Unsecured bank loans	1.00 – 2.15	4,000
31 December 2019		
Financial liabilities		
Unsecured bank loans	1.94 – 2.34	7,000

NOTES TO THE FINANCIAL STATEMENTS

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 and Indonesian Rupiah. If the interest rates increase/(decrease) by 100 basis point with all other variables being held constant, the (loss)/profit before tax will be higher/(lower) by the amounts shown below.

	(Loss)/Profit before tax	
	100 bp increase $'000	100 bp decrease $'000
Group		
31 December 2020		
Loans and borrowings	(141)	141
31 December 2019		
Loans and borrowings	(222)	222
Company		
31 December 2020		
Loans and borrowings	(40)	40
31 December 2019		
Loans and borrowings	(70)	70

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").

NOTES TO THE FINANCIAL STATEMENTS

The Group's and Company's exposure to foreign currency are as follows:

	USD $'000
Group	
31 December 2020	
Trade and other receivables	450
Cash and cash equivalents	1,524
Trade and other payables	(1,593)
Net exposure	381
31 December 2019	
Trade and other receivables	396
Cash and cash equivalents	2,316
Trade and other payables	(3,967)
Net exposure	(1,255)
Company	
31 December 2020	
Cash and cash equivalents	48
31 December 2019	
Cash and cash equivalents	194
Trade and other payables	38
Net exposure	232

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)/profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	(Loss)/Profit before tax	
	Group $'000	Company $'000
31 December 2020		
USD	38	5
31 December 2019		
USD	(126)	23

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 2020, the fair value of non-current receivables and payables amounted to $899,000 (2019: $1,212,000) and $573,000 (2019: nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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 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
Group				
31 December 2019				
Financial assets not measured at fair value				
Trade and other receivables	10	47,027	–	47,027
Cash and cash equivalents	15	23,090	–	23,090
		70,117	–	70,117
Financial liabilities not measured at fair value				
Trade and other payables	18	–	48,341	48,341
Loans and borrowings	20	–	22,160	22,160
		–	70,501	70,501

NOTES TO THE FINANCIAL STATEMENTS

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company				
31 December 2019				
Financial assets not measured at fair value				
Trade and other receivables	10	9,449	–	9,449
Cash and cash equivalents	15	5,697	–	5,697
		15,146	–	15,146
Financial liabilities not measured at fair value				
Trade and other payables	18	–	10,743	10,743
Loans and borrowings	20	–	7,000	7,000
		–	17,743	17,743

32 Contingent liability

The Company issued corporate guarantees amounting to $34,130,000 (2019: $24,083,000) in favour of subsidiaries to cover purchases and bank facilities per the terms of the agreements.

33 Subsequent events

On 24 February 2021, the directors proposed a final dividend of 0.5 cent per ordinary share (one-tier tax exempt) in respect of financial year ended 31 December 2020. The proposed final dividend amounting to $2,272,000 has not been recognised as at year end and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company in 2021.

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 2020 and 2019.

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	
		2020	2019
		$'000	$'000
Transactions for the sales of goods and services			
Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	38,396	59,067
Transactions for the purchase of goods and services			
Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	21,168	39,739
Management services			
Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	33	33
Total Interested Person Transactions		**59,597**	**98,839**

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 2021

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	4.31	78,074	0.02
1,001 – 10,000	872	43.23	4,694,335	1.03
10,001 – 1,000,000	1,034	51.27	87,237,337	19.20
1,000,001 and above	21	1.04	362,412,567	79.75
	2,017	100.00	454,422,500	100.00

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% *
1	STT COMMUNICATIONS LTD	228,937,500	50.38
2	LEAP INTERNATIONAL PTE LTD	83,804,200	18.44
3	DBS NOMINEES PTE LTD	7,491,580	1.65
4	HONG LEONG FINANCE NOMS 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	3,639,000	0.80
8	LEE YOONG KIN	3,213,038	0.71
9	LOH SUR JIN ANDREW	2,974,300	0.65
10	LIM SHUH MOH	2,611,233	0.57
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,182,800	0.48
12	RAFFLES NOMINEES (PTE) LIMITED	2,044,900	0.45
13	OCBC NOMINEES SINGAPORE PTE LTD	1,796,900	0.40
14	JACQUELINE TAN KIM HOIE	1,466,000	0.32
15	CHOO SOON KIAH	1,330,000	0.29
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	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,040,000	0.23
		361,382,567	79.53

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 8 March 2021 of 454,419,335 shares (which excludes 3,165 shares which are held as treasury shares representing approximately 0.0007% 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 2021.

SHAREHOLDINGS STATISTICS

AS AT 8 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	% (3)	Deemed Interest	% (3)
Leap International Pte Ltd	83,804,200	18.44	–	–
Lim Chai Hock Clive (1)	183,000	0.04	83,804,200	18.44
STT Communications Ltd (2)	228,937,500	50.38	–	–
Singapore Technologies Telemedia Pte Ltd (2)	–	–	228,937,500	50.38
Temasek Holdings (Private) Limited (2)	–	–	228,937,500	50.38

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. Lim Chai Hock Clive holds a total (direct and deemed) interest in 83,987,200 shares, representing 18.48% 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 7 of the Companies Act, Chapter 50 of Singapore.

(3) The percentage of shareholdings was computed based on the issued share capital of the Company as at 8 March 2021 of 454,419,335 shares (which excludes 3,165 shares which are held as treasury shares as at that date).

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, approximately 30.20% 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 SGX-ST Listing Manual.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of TeleChoice International Limited (the "**Company**") will be held by way of electronic means on 28 April 2021 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 2020 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.5 cent per ordinary share in the capital of the Company ("**Share**"), for the financial year ended 31 December 2020. **Resolution 2**

3. To re-elect Mr Ronald Seah Lim Siang, who is retiring in accordance with Regulation 99 of the Constitution of the Company. **Resolution 3**

   See Explanatory Note (a)

4. That contingent upon the passing of Ordinary Resolution No. 3 above, shareholders to approve the continued appointment of Mr Ronald Seah Lim Siang as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), that will come into effect from 1 January 2022. **Resolution 4**

   See Explanatory Note (b)

5. That contingent upon the passing of Ordinary Resolution No. 4 above, shareholders (excluding the Directors and the President & Chief Executive Officer ("**President & CEO**") of the Company, and associates of such Directors and President & CEO), to approve the continued appointment of Mr Ronald Seah Lim Siang as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, that will come into effect from 1 January 2022. **Resolution 5**

   See Explanatory Note (b)

6. To re-elect Mr Tang Yew Kay Jackson, who is retiring in accordance with Regulation 99 of the Constitution of the Company. **Resolution 6**

   See Explanatory Note (c)

7. That contingent upon the passing of Ordinary Resolution No. 6 above, shareholders to approve the continued appointment of Mr Tang Yew Kay Jackson as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, that will come into effect from 1 January 2022. **Resolution 7**

   See Explanatory Note (d)

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

8. That contingent upon the passing of Ordinary Resolution No. 7 above, shareholders (excluding the Directors and the President & CEO of the Company, and associates of such Directors and President & CEO), to approve the continued appointment of Mr Tang Yew Kay Jackson as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the SGX-ST, that will come into effect from 1 January 2022. **Resolution 8**

   See Explanatory Note (d)

9. To re-elect Ms Cheah Sui Ling, who is retiring in accordance with Regulation 105 of the Constitution of the Company. **Resolution 9**

   See Explanatory Note (e)

10. To re-elect Mr Yeo Siew Chye Stephen, who is retiring in accordance with Regulation 105 of the Constitution of the Company. **Resolution 10**

    See Explanatory Note (f)

11. To approve the sum of $438,459 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 2020 comprising: **Resolution 11**

    (a) $306,921 to be paid in cash (2019: $300,300) (2018: $300,300); and

    (b) $131,538 to be paid in the form of restricted share awards pursuant to the TeleChoice Restricted Share Plan (the "**TeleChoice RSP**") (as amended) (2019: $128,700) (2018: $128,700).

    See Explanatory Note (g)

12. 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 2020 in cash (2019: $42,000) (2018: $42,000). **Resolution 12**

    See Explanatory Note (h)

13. To re-appoint KPMG LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 13**

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

14. That authority be and is hereby given to the Directors to: **Resolution 14**

(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 14(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 14(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 14(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-THIRD 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 (i)

15. That authority be and is hereby given to the Directors to: **Resolution 15**

(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 (j)

16. That: **Resolution 16**

(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 2021 (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 16(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 (k)

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

17. That: **Resolution 17**

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (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 17(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 17(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;

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

(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 17(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;

"**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 a Market Purchase of a Share, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase of a Share, 110% 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 (l)

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

OTHER BUSINESS

18. To transact any other business that may be transacted at an Annual General Meeting of the Company.

By Order of The Board

Chan Jen Keet
Company Secretary

Singapore, 6 April 2021

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 at 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 2021. 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 16 April 2021.

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 2021.

   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 distancing 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.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

8. The Company's Annual Report for the financial year ended 31 December 2020 ("**2020 Annual Report**") and the Appendix to Annual Report dated 6 April 2021 in relation to the proposed renewal of the Shareholders' Mandate for Interested Person Transactions and Share Purchase Mandate ("**2020 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 at:

   a. The 2020 Annual Report may be accessed at URL: http://telechoice.listedcompany.com/ar.html.

   b. The 2020 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 our 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 distancing measures amidst the COVID-19 pandemic.

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-Third Annual General Meeting to be convened on 28 April 2021, the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2021.

Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902, up to 5.00 p.m. on 6 May 2021 (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 20 May 2021.

EXPLANATORY NOTES:

(a) Ordinary Resolution No. 3 is to approve the re-election of Mr Ronald Seah Lim Siang, who is retiring by rotation, in accordance with Regulation 99 of the Constitution of the Company. Upon his re-election, Mr Seah will remain as the Chairman of the Board of Directors of the Company and, as the Chairman of the Remuneration Committee, the Nominating Committee and the Executive Committee of the Company. Detailed information of Mr Seah 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 2020 Annual Report.

(b) Ordinary Resolutions No. 4 and No. 5 are to approve the continued appointment of Mr Ronald Seah Lim Siang as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, that will come into effect from 1 January 2022. Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST requires the continued appointment of a director who has held the position of an independent director of a company for an aggregate period of more than nine years (whether before or after listing) to be approved in separate resolutions by (a) all shareholders; and (b) all shareholders excluding the directors and the chief executive officer of the company, and associates of such directors and chief executive officer. As Mr Seah will have held the position as an Independent Director for more than nine years when Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST comes into effect on 1 January 2022, Mr Seah will be subjected to the above two-tier voting requirement in order for his re-appointment as an Independent Director of the Company to be in compliance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST on and after 1 January 2022. Upon the passing of Ordinary Resolutions No. 3, No. 4 and No. 5, Mr Seah will continue to serve as an Independent Director of the Company and such resolutions may remain in force until the earlier of (x) the retirement or resignation of Mr Seah; or (y) the conclusion of the third annual general meeting of the Company following the passing of the resolutions. Detailed information of Mr Seah 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 2020 Annual Report.

(c) Ordinary Resolution No. 6 is to approve the re-election of Mr Tang Yew Kay Jackson, who is retiring by rotation, in accordance with Regulation 99 of the Constitution of the Company. Upon his re-election, Mr Tang, who is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST, will remain as the Chairman of the Audit Committee of the Company and a member of the Nominating Committee of the Company. Detailed information of Mr Tang 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 2020 Annual Report.

(d) Ordinary Resolutions No. 7 and No. 8 are to approve the continued appointment of Mr Tang Yew Kay Jackson as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, that will come into effect from 1 January 2022. Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST requires the continued appointment of a director who has held the position of an independent director of a company for an aggregate period of more than nine years (whether before or after listing) to be approved in separate resolutions by (a) all shareholders; and (b) all shareholders excluding the directors and the chief executive officer of the company, and associates of such directors and chief executive officer. As Mr Tang has held the position as an Independent Director for more than nine years, Mr Tang will be subjected to the above two-tier voting requirement in order for his re-appointment as an Independent Director of the Company to be in compliance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST on and after 1 January 2022. Upon the passing of Ordinary Resolutions No. 6, No. 7 and No. 8, Mr Tang will continue to serve as an Independent Director of the Company and such resolutions may remain in force until the earlier of (x) the retirement or resignation of Mr Tang; or (y) the conclusion of the third annual general meeting of the Company following the passing of the resolutions. Detailed information of Mr Tang 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 2020 Annual Report.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

(e) Ordinary Resolution No. 9 is to approve the re-election of Ms Cheah Sui Ling, who is retiring by rotation, in accordance with Regulation 105 of the Constitution of the Company. Upon her re-election, Ms Cheah, who is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST, will remain as a member of the Audit Committee of the Company. Detailed information of Ms Cheah 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 2020 Annual Report.

(f) Ordinary Resolution No. 10 is to approve the re-election of Mr Yeo Siew Chye Stephen, who is retiring by rotation, in accordance with Regulation 105 of the Constitution of the Company. Upon his re-election, Mr Yeo will remain as a member of the Remuneration Committee of the Company. Detailed information of Mr Yeo 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 2020 Annual Report.

(g) Ordinary Resolution No. 11 is to approve the payment of an aggregate sum of $438,459 as Directors' remuneration for the financial year ended 31 December 2020 to all of the Directors (other than Mr Lim Chai Hock Clive). If Ordinary Resolution No. 11 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 32 to 38 of the Company's 2020 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.

(h) Ordinary Resolution No. 12 is to approve the payment of $42,000 as Director's remuneration for the financial year ended 31 December 2020 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 (g) 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.

(i) Ordinary Resolution No. 14 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. 14 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. 14 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

(j) Ordinary Resolution No. 15 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.

(k) Ordinary Resolution No. 16 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 2021 (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.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

(l) Ordinary Resolution No. 17 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 2020, 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 Ronald Seah Lim Siang, Mr Tang Yew Kay Jackson, Ms Cheah Sui Ling and Mr Yeo Siew Chye Stephen, each of whom is standing for re-election at the Twenty-Third Annual General Meeting of TeleChoice International Limited (the "**Company**" or "**TeleChoice**") on 28 April 2021, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	Ronald Seah Lim Siang	Tang Yew Kay Jackson	Cheah Sui Ling	Yeo Siew Chye Stephen
Date of Appointment	3 May 2012	1 November 2006	3 June 2020	3 June 2020
Date of last Re-appointment (if applicable)	26 April 2018	23 April 2019	Not Applicable	Not Applicable
Age	73	74	49	66
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Seah has more than 25 years of experience in the banking and financial services 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 Seah's qualifications and experience, and approved the re-election of Mr Seah as an Independent Director of TeleChoice. Further, it is noted that Mr Seah will have held the position as an Independent Director of TeleChoice for more than nine years come 3 May 2021. After due and careful rigorous review, the Board of Directors is of the view that Mr Seah remains independent in his exercise of Board duties as he has continued to demonstrate independent mindedness and conduct, including expressing his own views on issues and challenging management. It is also noted that the re-appointment of Mr Seah as an Independent Director at the forthcoming annual general meeting of TeleChoice will be subjected to the two-tier voting requirement in order for such appointment to be compliant with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual that will come into effect from 1 January 2022.	Mr Tang has over 28 years of experience in the banking and financial services 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 Tang's qualifications and experience, and approved the re-election of Mr Tang as an Independent Director of TeleChoice. Further, it is noted that Mr Tang has held the position as an Independent Director of TeleChoice for more than nine years. After due and careful rigorous review, the Board of Directors is of the view that Mr Tang remains independent in his exercise of Board duties as he has continued to demonstrate independent mindedness and conduct, including expressing his own views on issues and challenging management. It is also noted that the re-appointment of Mr Tang as an Independent Director at the forthcoming annual general meeting of TeleChoice will be subjected to the two-tier voting requirement in order for such appointment to be compliant with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual that will come into effect from 1 January 2022.	Ms Cheah has over 20 years of international investment banking and corporate 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 Cheah's qualifications and experience, and approved the re-election of Ms Cheah as an Independent Director of TeleChoice.	Mr Yeo has over 40 years of operational and management experience in the private and public sectors. 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 Yeo's qualifications and experience, and approved the re-election of Mr Yeo as an Independent Director of TeleChoice.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Independent Director and Chairman of the Remuneration Committee, the Nominating Committee and the Executive Committee	Independent Director and Chairman of the Audit Committee and Member of the Nominating Committee	Independent Director and Member of the Audit Committee	Independent Director and Member of the Remuneration Committee

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

Name of Director	Ronald Seah Lim Siang	Tang Yew Kay Jackson	Cheah Sui Ling	Yeo Siew Chye Stephen
Professional Qualifications	Bachelor of Arts and Social Sciences (Second Class Honors (Upper)) in Economics from the then University of Singapore	Bachelor of Social Sciences (Economics) (Honours) from the then University of Singapore Postgraduate Diploma in Business Administration from the then University of Singapore	Magna Cum Laude with a Bachelor of Arts in Economics and French from Wellesley College, Massachusetts in the US	Bachelor of Arts (Honours) in Engineering Science from Oxford University, UK Master of Science in Industrial Engineering from the National University of Singapore, Singapore Master of Business Administration in International Business from the University of Southern California, US
Working experience and occupation(s) during the past 10 years	Please refer to page 08 of the Annual Report 2020	Please refer to page 09 of the Annual Report 2020	Please refer to page 10 of the Annual Report 2020	Please refer to page 10 of the Annual Report 2020
Shareholding interest in TeleChoice and its subsidiaries	Direct interest of 439,000 shares in TeleChoice	Direct interest of 594,000 shares in TeleChoice	No	No
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	No
Conflict of interest (including any competing business)	No	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	Yes
Other Principal Commitments * including Directorships – Past (for the last 5 years)	• PGG Wrightson Limited (Director)	Nil	Nil	• NTUC LearningHub (Director) • NTUC Link (Director) • Asia Pacific Jets Pte Ltd (Director)
Other Principal Commitments * including Directorships – Present	• Yanlord Land Group Limited (Director) • Global Investments Limited (Director) • M&C REIT Management Limited (Director) • M&C Business Trust Management Limited (Director) • Soft Capital SG (Director)	Nil	• M&C REIT Management Limited (Director) • M&C Business Trust Management Limited (Director) • Parkway Trust Management Limited (Director) • Leap 201 (Director)	Nil

* "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	Ronald Seah Lim Siang (Yes/No)	Tang Yew Kay Jackson (Yes/No)	Cheah Sui Ling (Yes/No)	Yeo Siew Chye Stephen (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	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	No
(c)	Whether there is any unsatisfied judgment against him?	No	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	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	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	No

ADDITIONAL INFORMATION IN RELATION TO DIRECTORS STANDING FOR RE-ELECTION

	Name of Director	Ronald Seah Lim Siang (Yes/No)	Tang Yew Kay Jackson (Yes/No)	Cheah Sui Ling (Yes/No)	Yeo Siew Chye Stephen (Yes/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	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	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	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	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	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	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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(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	No

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TELECHOICE INTERNATIONAL LIMITED

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

PROXY FORM
Twenty-Third Annual General Meeting

IMPORTANT

1. The Twenty-Third 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 at 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 2021. 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 16 April 2021.
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 2021.
6. Please read the notes overleaf which contain instructions on, inter alia, 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-Third Annual General Meeting ("**AGM**") of the Company to be convened and held by way of electronic means on 28 April 2021 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 Ronald Seah Lim Siang as Director			
4.	Approval of the continued appointment of Mr Ronald Seah Lim Siang as an Independent Director, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Rule 210(5)(d)(iii)**") by members			
5.	Approval of the continued appointment of Mr Ronald Seah Lim Siang as an Independent Director, pursuant to Rule 210(5)(d)(iii) by members (excluding the Directors and the President & Chief Executive Officer ("**President & CEO**") of the Company, and associates of such Directors and President & CEO)			
6.	Re-election of Mr Tang Yew Kay Jackson as Director			
7.	Approval of the continued appointment of Mr Tang Yew Kay Jackson as an Independent Director, pursuant to Rule 210(5)(d)(iii) by members			
8.	Approval of the continued appointment of Mr Tang Yew Kay Jackson as an Independent Director, pursuant to Rule 210(5)(d)(iii) by members (excluding the Directors and the President & CEO of the Company, and associates of such Directors and President & CEO)			
9.	Re-election of Ms Cheah Sui Ling as Director			
10.	Re-election of Mr Yeo Siew Chye Stephen as Director			
11.	Approval of Directors' Remuneration to be paid to all of the Directors (other than Mr Lim Chai Hock Clive)			
12.	Approval of Directors' Remuneration to be paid to Mr Lim Chai Hock Clive			
13.	Re-appointment of KPMG LLP as Auditors			
	Special Business			
14.	Authority for Directors to issue shares			
15.	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)			
16.	Approval of Renewal of the Shareholders' Mandate for Interested Person Transactions			
17.	Approval of Renewal of the Share Purchase Mandate			

Dated this __________ day of ____________________ 2021.

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, Chapter 289 of Singapore), 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, 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 2021.

   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 distancing 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, Chapter 50 of Singapore.
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 2021, 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

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TELECHOICE INTERNATIONAL LIMITED

6 SERANGOON NORTH AVENUE 5
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COMPANY REGISTRATION NO. 199802072R