

**TeleChoice International Limited
and its Subsidiaries
Registration Number: 199802072R**

Consolidated Financial Statements
For the financial year ended 31 December 2021

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TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

A. Consolidated Statement of Profit or Loss and Other Comprehensive Income for Financial year ended 31 December 2021

Consolidated Statement of Profit or Loss

In S\$'000	2H2021	2H2020	+/- %	FY2021	FY2020	+/- %
Revenue (Note 1)	100,763	112,830	-10.7%	194,350	213,474	-9.0%
Cost of sales (Note 1)	(91,246)	(103,407)	11.8%	(177,979)	(195,966)	9.2%
Gross profit (Note 2a)	9,517	9,423	1.0%	16,371	17,508	-6.5%
Gross margin % (Note 2b)	9.4%	8.4%	1.0 ppt	8.4%	8.2%	0.2 ppt
Other income (Note 3)	1,837	3,872	-52.6%	3,449	6,623	-47.9%
Selling and marketing expenses	(3,415)	(3,101)	-10.1%	(7,027)	(6,769)	-3.8%
Administrative expenses	(6,880)	(7,466)	7.8%	(14,051)	(15,338)	8.4%
Other expenses (Note 4)	(115)	(44)	-161.4%	(260)	(186)	-39.8%
Net finance costs (Note 5)	(235)	(621)	62.2%	(583)	(1,419)	58.9%
Operating profit/(loss) before share of loss of associate and income tax	709	2,063	-65.6%	(2,101)	419	nm
Share of loss of associate (net of tax) (Note 6)	(19)	(110)	82.7%	(134)	(245)	45.3%
Operating profit/(loss) before income tax	690	1,953	-64.7%	(2,235)	174	nm
% of revenue	0.7%	1.7%	-1.0 ppt	-1.1%	0.1%	-1.2 ppt
Impairment of goodwill (Note 7)	—	(5,329)	nm	—	(5,329)	nm
Profit/(Loss) before income tax	690	(3,376)	nm	(2,235)	(5,155)	56.6%
% of revenue	0.7%	-3.0%	3.7 ppt	-1.1%	-2.4%	1.3 ppt
Income tax expense (Note 8)	(228)	(209)	-9.1%	(465)	(464)	-0.2%
Profit/(Loss) for the period/year	462	(3,585)	nm	(2,700)	(5,619)	51.9%
Attributable to:						
Equity holders of the Company	462	(3,585)	nm	(2,700)	(5,619)	51.9%
% of revenue	0.5%	-3.2%	3.7 ppt	-1.4%	-2.6%	1.2 ppt
Non-controlling interests	—	—	—	—	—	—
	462	(3,585)	nm	(2,700)	(5,619)	51.9%
Weighted average number of shares (in S\$'000)	453,381	453,608		453,872	453,210	
Earnings per share (in cents)						
Basic	0.10	(0.79)		(0.59)	(1.24)	
Diluted	0.10	(0.79)		(0.59)	(1.23)	

nm - not meaningful



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Consolidated Statement of Other Comprehensive Income

In S\$'000	2H2021	2H2020	+/- %	FY2021	FY2020	+/- %
Profit/(Loss) for the period/year	462	(3,585)	nm	(2,700)	(5,619)	51.9%
<u>Items that will not be reclassified to profit or loss:</u>						
Defined benefit plan re-measurements	106	65	63.1%	106	65	63.1%
Tax on items that will not be reclassified to profit or loss	(23)	(13)	-76.9%	(23)	(13)	-76.9%
	83	52	59.6%	83	52	59.6%
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign subsidiaries	344	(845)	nm	104	(457)	nm
Share of foreign currency translation differences of associate	3	(17)	nm	4	10	-60.0%
Realisation of reserve upon disposal of a subsidiary	14	—	nm	14	—	nm
Exchange differences on monetary items forming part of net investment in a foreign operation	(3)	(67)	95.5%	—	(38)	nm
	358	(929)	nm	122	(485)	nm
Other comprehensive income/(loss) for the period/year, net of tax	441	(877)	nm	205	(433)	nm
Total comprehensive profit/(loss) for the period/year	903	(4,462)	nm	(2,495)	(6,052)	58.8%
Attributable to:						
Equity holders of the Company	903	(4,462)	nm	(2,495)	(6,052)	58.8%
Non-controlling interests	—	—	—	—	—	—
Total comprehensive income/(loss) for the period/year	903	(4,462)	nm	(2,495)	(6,052)	58.8%

Explanatory Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

- (1) In 2H2021 and FY2021, the Group revenue was lower due to the lower revenue from PCS and Engineering divisions. Correspondingly, cost of sales was lower.
- (2a) The higher gross profit in 2H2021 against 2H2020 was attributed to PCS and Engineering divisions. The lower gross profit in FY2021 against FY2020 was attributed to the ICT division.
- (2b) In 2H2021 and FY2021, the Group higher gross margin from PCS and Engineering divisions was partially offset by the lower gross margin from the ICT division.
- (3) Other income was lower due to lower government grants received in Singapore under the Job Support and Rental Support Scheme.
- (4) The higher other expenses in 2H2021 and FY2021 was due to additional withholding tax expenses incurred. In addition, in FY2021 there was a net exchange loss as compared to a net exchange gain in FY2020.
- (5) Lower finance costs in 2H2021 and FY2021 were due to lower bank borrowings as sales activities were reduced.
- (6) Share of loss of associate was from MVI Systems Limited. The lower share of loss was attributed to the higher revenue recognition with more projects completed during the year.
- (7) Impairment of goodwill relates to investment in S&I Systems Pte Ltd ("S&I") due to the recoverable amount being below its carrying value and accordingly, the goodwill which was acquired in FY2010 was fully impaired.
- (8) Income tax expense for FY2021 remained at the same level as the previous year despite an operating loss position in FY2021 as the Group has to account for taxes charged for profitable overseas subsidiaries as well as lower deferred tax asset recognised during the year.



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B. Statements of Financial Position
As at 31 December 2021

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

Lower total equity as at 31 December 2021 was due to losses recorded for FY2021 and a dividend payment in May 2021.



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C. Consolidated Statement of Cash Flows
Financial year ended 31 December 2021

In S\$'000	2H2021	2H2020	FY2021	FY2020
Operating Activities				
Profit/(Loss) before income tax	690	(3,376)	(2,235)	(5,155)
Adjustments for:				
Amortisation of intangible assets	139	124	261	309
Depreciation of plant and equipment	398	389	708	803
Depreciation of right-of-use assets	2,177	2,325	4,435	4,836
Finance costs	264	659	650	1,512
Finance income	(29)	(38)	(67)	(93)
Impairment of goodwill	—	5,329	—	5,329
Gain on disposal of plant and equipment and intangible assets	(72)	(9)	(73)	(13)
Gain on disposal of a subsidiary	(17)	—	(17)	—
Write back for warranties	(58)	(55)	(50)	(57)
Impairment loss/(Reversal of impairment loss) on trade receivables	5	10	6	(14)
Share-based payments expenses	243	386	485	772
Share of loss of an associate	19	110	134	245
Cash from operating profit before working capital changes	3,759	5,854	4,237	8,474
Changes in working capital	11,748	(230)	23,673	16,303
Cash generated from operations	15,507	5,624	27,910	24,777
Income tax paid	(186)	(217)	(389)	(489)
Net cash inflow from operating activities	15,321	5,407	27,521	24,288
Investing Activities				
Dividend received from associate	—	—	—	111
Purchase of intangible assets	(130)	(4)	(226)	(86)
Purchase of plant and equipment	(228)	(121)	(934)	(801)
Proceeds from disposal of plant and equipment	79	19	86	28
Proceeds from disposal of a subsidiary	14	—	14	—
Interest received	11	13	16	31
Net cash outflow from investing activities	(254)	(93)	(1,044)	(717)
Financing Activities				
Dividend paid	—	—	(2,272)	(4,525)
Interest paid	(252)	(644)	(616)	(1,496)
Purchase of treasury shares	(59)	(155)	(198)	(512)
Proceeds from bank loans	2,516	32,807	23,362	52,542
Repayment of short term bank loans	(9,679)	(38,430)	(34,991)	(60,571)
Payment of lease liabilities	(2,090)	(2,335)	(4,292)	(4,713)
Net cash outflow from financing activities	(9,564)	(8,757)	(19,007)	(19,275)
Net increase/(decrease) in cash and cash equivalents	5,503	(3,443)	7,470	4,296
Cash and cash equivalents at beginning of period/year	29,240	30,916	27,311	23,090
Effect of exchange rate changes on balances held in foreign currencies	68	(162)	30	(75)
Cash and cash equivalents at end of period/year	34,811	27,311	34,811	27,311



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Cash flows from operating activities

Net cash inflow in 2H2021 and FY2021 were positive from cash from operating profits and positive changes in working capital mainly due to higher trade and other payables.

Cash flows from investing activities

Net cash outflow in 2H2021 and FY2021 were mainly in capital expenditure.

Cash flows from financing activities

Net cash outflow in 2H2021 and FY2021 were mainly from net repayment of bank loans. There was also lower dividend payment in FY2021.



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D. Statements of Changes in Equity
Financial year ended 31 December 2021

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
GROUP						
At 1 July 2020	21,987	36,107	7,797	65,891	11	65,902
Total comprehensive income for the period	—	(3,533)	(929)	(4,462)	—	(4,462)
Purchase of treasury shares	—	—	(155)	(155)	—	(155)
Issue of treasury shares	—	—	129	129	—	129
Share-based payments expenses	—	—	386	386	—	386
At 31 December 2020	21,987	32,574	7,228	61,789	11	61,800
At 1 July 2021	21,987	27,140	7,095	56,222	11	56,233
Total comprehensive income for the period	—	545	358	903	—	903
Purchase of treasury shares	—	—	(59)	(59)	—	(59)
Share-based payments expenses	—	—	243	243	—	243
Disposal of a subsidiary	—	—	—	—	(11)	(11)
At 31 December 2021	21,987	27,685	7,637	57,309	—	57,309
At 1 January 2020	21,987	42,666	7,324	71,977	11	71,988
Total comprehensive income for the year	—	(5,567)	(485)	(6,052)	—	(6,052)
Purchase of treasury shares	—	—	(512)	(512)	—	(512)
Issue of treasury shares	—	—	129	129	—	129
Share-based payments expenses	—	—	772	772	—	772
FY2019 final dividend of 1.0 cents per share (one-tier tax exempt)	—	(4,525)	—	(4,525)	—	(4,525)
At 31 December 2020	21,987	32,574	7,228	61,789	11	61,800
At 1 January 2021	21,987	32,574	7,228	61,789	11	61,800
Total comprehensive income for the year	—	(2,617)	122	(2,495)	—	(2,495)
Purchase of treasury shares	—	—	(198)	(198)	—	(198)
Share-based payments expenses	—	—	485	485	—	485
Disposal of a subsidiary	—	—	—	—	(11)	(11)
FY2020 final dividend of 0.5 cents per share (one-tier tax exempt)	—	(2,272)	—	(2,272)	—	(2,272)
At 31 December 2021	21,987	27,685	7,637	57,309	—	57,309



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D. Statements of Changes in Equity
Financial year ended 2021

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
<u>COMPANY</u>				
At 1 July 2020	21,987	7,745	13,437	43,169
Total comprehensive income for the period	—	(4,864)	—	(4,864)
Purchase of treasury shares	—	—	(155)	(155)
Issue of treasury shares	—	—	129	129
Share-based payments to employees of Company's subsidiaries	—	—	117	117
Share-based payments expenses	—	—	269	269
At 31 December 2020	21,987	2,881	13,797	38,665
At 1 July 2021	21,987	119	13,900	36,006
Total comprehensive income for the period	—	654	—	654
Purchase of treasury shares	—	—	(59)	(59)
Share-based payments to employees of Company's subsidiaries	—	—	90	90
Share-based payments expenses	—	—	153	153
At 31 December 2021	21,987	773	14,084	36,844
At 1 January 2020	21,987	12,143	13,408	47,538
Total comprehensive income for the year	—	(4,737)	—	(4,737)
Purchase of treasury shares	—	—	(512)	(512)
Issue of treasury shares	—	—	129	129
Share-based payments to employees of Company's subsidiaries	—	—	234	234
Share-based payments expenses	—	—	538	538
FY2019 final dividend of 1.0 cents per share (one-tier tax exempt)	—	(4,525)	—	(4,525)
At 31 December 2020	21,987	2,881	13,797	38,665
At 1 January 2021	21,987	2,881	13,797	38,665
Total comprehensive income for the year	—	164	—	164
Purchase of treasury shares	—	—	(198)	(198)
Share-based payments to employees of Company's subsidiaries	—	—	179	179
Share-based payments expenses	—	—	306	306
FY2020 final dividend of 0.5 cents per share (one-tier tax exempt)	—	(2,272)	—	(2,272)
At 31 December 2021	21,987	773	14,084	36,844

E. Notes to the Financial Statements

1. Corporate information

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

These financial statements as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the Group).

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

2. Basis of preparation

The financial statements for the financial year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the six months ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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 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 interim period are included in the following notes:

- Note 10 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

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 StarHub Platinum Shops. In addition, it is the appointed distributor of StarHub's prepaid card business. PCS also manages concept stores for major mobile device manufacturers such as Samsung and Oppo. 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.

Revenue	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and cards sales	41,472	48,986	13,079	9,308	2,032	4,824	56,583	63,118
Voice services, mobile data and location tracking services	—	—	1,048	1,174	—	—	1,048	1,174
Logistic and consultancy services	4,674	6,318	—	—	—	—	4,674	6,318
Maintenance support services	—	—	6,499	5,244	—	100	6,499	5,344
Network engineering projects	—	—	—	—	24,872	26,927	24,872	26,927
Info-communication technology projects	—	—	7,087	9,949	—	—	7,087	9,949
Total revenue from external customers	46,146	55,304	27,713	25,675	26,904	31,851	100,763	112,830
Inter-segment revenue	—	3	58	59	—	—	58	62
	46,146	55,307	27,771	25,734	26,904	31,851	100,821	112,892
Timing of revenue recognition								
Products transferred at a point in time	46,146	55,304	17,678	12,962	8,048	9,719	71,872	77,985
Products and services transferred over time	—	—	10,035	12,713	18,856	22,132	28,891	34,845
	46,146	55,304	27,713	25,675	26,904	31,851	100,763	112,830

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	2H2021 S\$'000	2H2020 S\$'000	2H2021 S\$'000	2H2020 S\$'000	2H2021 S\$'000	2H2020 S\$'000	2H2021 S\$'000	2H2020 S\$'000
Interest income	8	17	20	39	10	1	38	57
Interest expenses	(149)	(195)	(15)	(21)	(109)	(462)	(273)	(678)
Amortisation of intangible assets	(25)	(25)	(113)	(94)	(1)	(5)	(139)	(124)
Depreciation of plant and equipment	(60)	(81)	(147)	(47)	(191)	(261)	(398)	(389)
Depreciation of right-of-use assets	(2,021)	(2,166)	(7)	(9)	(149)	(150)	(2,177)	(2,325)
Reportable segment (loss)/profit before income tax	(239)	(597)	(752)	119	(60)	(1,293)	(1,051)	(1,771)
Government grants	886	2,102	774	1,223	100	509	1,760	3,834
Reportable segment profit/(loss) before income tax	647	1,505	22	1,342	40	(784)	709	2,063
Share of loss of associate (net of tax)	—	—	(19)	(110)	—	—	(19)	(110)
Impairment of goodwill	—	—	—	(5,329)	—	—	—	(5,329)
Reportable segment assets	39,017	34,991	41,603	35,407	34,029	45,113	114,649	115,511
Investment in associate	—	—	1,818	1,948	—	—	1,818	1,948
Capital expenditure								
- Plant and equipment	158	4	37	63	33	54	228	121
- Intangible assets	14	—	116	4	—	—	130	4
Reportable segment liabilities	22,563	19,545	23,814	14,909	12,781	21,205	59,158	55,659

	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
Revenue	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and cards sales	78,576	90,816	22,926	16,755	4,137	8,506	105,639	116,077
Voice services, mobile data and location tracking services	—	—	2,227	2,771	—	—	2,227	2,771
Logistic and consultancy services	9,590	10,990	—	—	—	—	9,590	10,990
Maintenance support services	—	—	16,446	10,913	30	144	16,476	11,057
Network engineering projects	—	—	—	—	47,703	55,478	47,703	55,478
Info-communication technology projects	—	—	12,715	17,101	—	—	12,715	17,101
Total revenue from external customers	88,166	101,806	54,314	47,540	51,870	64,128	194,350	213,474
Inter-segment revenue	17	3	103	144	—	—	120	147
	88,183	101,809	54,417	47,684	51,870	64,128	194,470	213,621
Timing of revenue recognition								
Products transferred at a point in time	88,166	101,806	36,001	24,821	13,418	17,118	137,585	143,745
Products and services transferred over time	—	—	18,313	22,719	38,452	47,010	56,765	69,729
	88,166	101,806	54,314	47,540	51,870	64,128	194,350	213,474



TELECHOICE INTERNATIONAL LIMITED
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	Personal communications solutions services		Info-communications technology services		Network engineering services		Total	
	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Interest income	21	39	58	129	11	2	90	170
Interest expenses	(280)	(410)	(40)	(35)	(353)	(1,144)	(673)	(1,589)
Amortisation of intangible assets	(49)	(89)	(208)	(210)	(4)	(10)	(261)	(309)
Depreciation of plant and equipment	(131)	(174)	(203)	(86)	(374)	(543)	(708)	(803)
Depreciation of right-of-use assets	(4,122)	(4,486)	(15)	(17)	(298)	(333)	(4,435)	(4,836)
Reportable segment loss before government grants and income tax	(1,026)	(2,556)	(3,243)	(1,232)	(1,100)	(2,175)	(5,369)	(5,963)
Government grants	1,397	3,388	1,411	2,168	460	826	3,268	6,382
Reportable segment profit/(loss) before income tax	371	832	(1,832)	936	(640)	(1,349)	(2,101)	419
Share of loss of associate (net of tax)	—	—	(134)	(245)	—	—	(134)	(245)
Impairment of goodwill	—	—	—	(5,329)	—	—	—	(5,329)
Reportable segment assets	39,017	34,991	41,603	35,407	34,029	45,113	114,649	115,511
Investment in associate	—	—	1,818	1,948	—	—	1,818	1,948
Capital expenditure								
- Plant and equipment	185	26	521	108	228	667	934	801
- Intangible assets	21	27	205	53	—	6	226	86
Reportable segment liabilities	22,563	19,545	23,814	14,909	12,781	21,205	59,158	55,659



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

Group	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Total revenue for reportable segments	100,821	112,892	194,470	213,621
Elimination of inter-segment revenue	(58)	(62)	(120)	(147)
Consolidated revenue	100,763	112,830	194,350	213,474
Profit or loss				
Total profit or loss for reportable segments	709	2,063	(2,101)	419
Impairment of goodwill	–	(5,329)	–	(5,329)
Share of loss of associate	(19)	(110)	(134)	(245)
Consolidated profit/(loss) before income tax	690	(3,376)	(2,235)	(5,155)
Assets				
Total assets for reportable segments			114,649	115,511
Investment in associate			1,818	1,948
Consolidated total assets			116,467	117,459
Liabilities				
Total liabilities for reportable segments			59,158	55,659
	Reportable segment totals		Adjustments	Consolidated totals
	S\$'000		S\$'000	S\$'000
Other material items 2H2021				
Interest income	38		(9)	29
Interest expenses	(273)		9	(264)
Capital expenditure				
- plant and equipment	228		–	228
- intangible assets	130		–	130
Other material items 2H2020				
Interest income	57		(19)	38
Interest expenses	(678)		19	(659)
Impairment of goodwill	(5,329)		–	(5,329)
Capital expenditure				
- plant and equipment	121		–	121
- intangible assets	4		–	4

	Reportable segment totals S\$'000	Adjustments S\$'000	Consolidated totals S\$'000
Other material items FY2021			
Interest income	90	(23)	67
Interest expenses	(673)	23	(650)
Capital expenditure			
- plant and equipment	934	—	934
- intangible assets	226	—	226
Other material items FY2020			
Interest income	170	(77)	93
Interest expenses	(1,589)	77	(1,512)
Impairment of goodwill	(5,329)	—	(5,329)
Capital expenditure			
- plant and equipment	801	—	801
- intangible assets	86	—	86

Geographical segments

The Group has operations primarily in Singapore, Indonesia, Philippines and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

Group	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Revenue				
Singapore	76,683	86,073	149,142	158,086
Indonesia	16,817	21,877	32,487	45,221
Malaysia	3,376	3,886	6,630	7,689
Philippines	3,354	727	5,346	2,013
Hong Kong	21	149	23	160
Other countries	512	118	722	305
	100,763	112,830	194,350	213,474

Group	31 December 2021 S\$'000	31 December 2020 S\$'000
Non-current assets*		
Singapore	14,349	13,979
Indonesia	601	687
Malaysia	30	48
Philippines	95	77
Hong Kong	1,818	1,948
Other countries	1	82
	<u>16,894</u>	<u>16,821</u>

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

5. Financial assets and financial liabilities

Group	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000
31 December 2021			
Financial assets not measured at fair value			
Trade and other receivables*	29,481	—	29,481
Cash and cash equivalents	34,811	—	34,811
	<u>64,292</u>	<u>—</u>	<u>64,292</u>
Financial liabilities not measured at fair value			
Trade and other payables#	—	45,129	45,129
Loans and borrowings	—	2,502	2,502
	<u>—</u>	<u>47,631</u>	<u>47,631</u>
Company			
31 December 2021			
Financial assets not measured at fair value			
Trade and other receivables*	8,513	—	8,513
Cash and cash equivalents	10,030	—	10,030
	<u>18,543</u>	<u>—</u>	<u>18,543</u>
Financial liabilities not measured at fair value			
Trade and other payables#	—	12,807	12,807

	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000
Group			
31 December 2020			
Financial assets not measured at fair value			
Trade and other receivables*	36,905	—	36,905
Cash and cash equivalents	27,311	—	27,311
	<u>64,216</u>	<u>—</u>	<u>64,216</u>
Financial liabilities not measured at fair value			
Trade and other payables#	—	28,865	28,865
Loans and borrowings	—	14,131	14,131
	<u>—</u>	<u>42,996</u>	<u>42,996</u>
Company			
31 December 2020			
Financial assets not measured at fair value			
Trade and other receivables*	9,615	—	9,615
Cash and cash equivalents	4,892	—	4,892
	<u>14,507</u>	<u>—</u>	<u>14,507</u>
Financial liabilities not measured at fair value			
Trade and other payables#	—	5,753	5,753
Loans and borrowings	—	4,000	4,000
	<u>—</u>	<u>9,753</u>	<u>9,753</u>

* Excludes prepayments and deferred expenses

Excludes advances from customers

6. Profit/(Loss) before tax

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

Group	Note	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Amortisation of intangible assets	(a)	139	124	261	309
Depreciation of plant and equipment	(a)	398	389	708	803
Depreciation of right-of-use assets	(b)	2,177	2,325	4,435	4,836
Audit fees paid to:					
- auditors of the Company		117	126	225	227
- other auditors	(c)	142	83	217	98
Cost of inventories recognised as an expense in income statement		48,899	51,860	90,031	94,884
Directors' remuneration		225	244	471	480
Grant income from Job Support Scheme	(d)	(806)	(2,172)	(2,147)	(4,382)
Other government grants	(d)	(954)	(1,662)	(1,121)	(2,000)
Net exchange loss/(gain)	(e)	26	74	27	(106)
Impairment loss/(Reversal of impairment loss) on trade receivables	(f)	5	10	6	(14)
Gain on disposal of plant and equipment and intangible assets		(72)	(9)	(73)	(13)
Write (back)/down of inventories to net realisable value	(g)	(103)	(861)	41	(784)

	Note	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Employee benefits expense					
Staff costs	(h)	20,804	22,681	42,390	47,340
Contributions to defined contribution plans, included in staff costs	(i)	1,735	1,540	3,132	2,925
Share-based payments expenses, included in staff costs	(j)	243	386	485	772
Finance income					
Interest income					
- banks and financial institutions		(11)	(7)	(16)	(31)
- interest accretion		(18)	(31)	(51)	(62)
		(29)	(38)	(67)	(93)
Finance costs					
Interest expense					
- banks and financial institutions		168	532	456	1,238
- leases liabilities		82	112	159	258
- interest accretion		14	15	35	16
		264	659	650	1,512

- (a) In 2H2021, amortisation of intangible assets and depreciation of plant and equipment were higher as there were acquisitions during the second half of the year. The lower amortisation of intangible assets and depreciation of plant and equipment in FY2021 was due to certain assets being fully amortised during the first half of the year.
- (b) Lower depreciation of right-of-use assets was due to closure of several retail outlets.
- (c) Higher audit fees paid to other auditors was due to internal audit function being outsourced during 2021. In FY2020, the internal audit function was performed by the in-house team.
- (d) There were lower receipts from the Job Support and Wage Credit Scheme. The amounts received under the Rental Support Scheme were also lower.
- (e) Net exchange loss in FY2021 arose mainly from the revaluation of USD net payable balances as USD strengthened against SGD. Net exchange gain in FY2020 arose mainly from USD bank balances due to strengthening of USD against SGD.
- (f) The provision for bad debts was attributed to ICT customers.
- (g) In FY2021, there was higher provision on slow moving inventories. In FY2020, there were write backs on inventories for mobile phones which were sold during the year.
- (h) Staff costs were lower due to lower sales activities resulting in lower cost of sales related salaries cost and lower sales commission paid.
- (i) The higher amounts in 2H2021 and FY2021 were mainly attributable to the additional provision required under Indonesia's Omnibus law introduced in 2021 for its contract employees in Indonesia.
- (j) Share-based payments expenses were lower in FY2021 due to lower share grants issued as the conditions under the TeleChoice Performance Share Plan "PSP" were not met.

7. Taxation

	Group			
	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense				
Current year	362	226	662	611
Under provision in respect of prior years	65	23	2	19
	<u>427</u>	<u>249</u>	<u>664</u>	<u>630</u>
Deferred tax credit				
Origination and reversal of temporary differences	(136)	(41)	(136)	(41)
(Over)/Under provision in respect of prior years	(63)	1	(63)	(125)
	<u>(199)</u>	<u>(40)</u>	<u>(199)</u>	<u>(166)</u>
 Tax expense	 <u>228</u>	 <u>209</u>	 <u>465</u>	 <u>464</u>

8. Dividend

The following exempt (one-tier) final dividend in respect of the previous financial year were approved and paid by the Group and Company during the interim period:

	Group and Company	
	FY2021	FY2020
	S\$'000	S\$'000
Paid by the Company to owners of the Company		
0.5 cents per qualifying ordinary share (2020: 1.0 cents)	2,272	4,525

9. Net asset value

	GROUP		COMPANY	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	12.64	13.60	8.13	8.51

10. Intangible assets

Group	Computer software S\$'000	Retail business infrastructure S\$'000	Customer relationships S\$'000	Order backlogs S\$'000	Goodwill S\$'000	Total S\$'000
At 31 December 2020						
Cost	3,299	1,304	6,688	727	11,853	23,871
Accumulated amortisation and impairment losses	(2,733)	(1,304)	(6,688)	(727)	(5,446)	(16,898)
Carrying amounts	566	—	—	—	6,407	6,973
Cost						
At 1 January 2021	3,299	1,304	6,688	727	11,853	23,871
Additions	226	—	—	—	—	226
Disposal/Write off	(80)	—	—	—	—	(80)
At 31 December 2021	3,445	1,304	6,688	727	11,853	24,017
Accumulated amortisation and impairment losses						
At 1 January 2021	2,733	1,304	6,688	727	5,446	16,898
Amortisation charge for the year	261	—	—	—	—	261
Disposal/Write off	(80)	—	—	—	—	(80)
At 31 December 2021	2,914	1,304	6,688	727	5,446	17,079
Carrying amounts						
At 31 December 2021	531	—	—	—	6,407	6,938

	Computer software S\$'000
Company	
At 31 December 2020	
Cost	1,351
Accumulated amortisation and impairment losses	(1,246)
Carrying amounts	<u>105</u>
Cost	
At 1 January 2021	1,351
Additions	21
At 31 December 2021	<u>1,372</u>
Accumulated amortisation	
At 1 January 2021	1,246
Amortisation charge for the year	46
At 31 December 2021	<u>1,292</u>
Carrying amounts	
At 31 December 2021	<u>80</u>

Impairment testing for cash generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to a CGU which is the acquired group of entities. The recoverable amounts of the CGU was 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 CGU. The Group performed its annual impairment test in December. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

11. Plant and equipment

During the financial year ended 31 December 2021, the Group acquired assets amounting to S\$934,000 (31 December 2020: S\$801,000) and disposed of assets amounting to S\$13,000 (31 December 2020: S\$15,000).

12. Loan and borrowings*

In S\$'000	As at 31/12/2021	As at 31/12/2020
Amount repayable in one year or less		
Bank loan – unsecured	2,502	14,131
Amount repayable after one year		
Bank loan – unsecured	–	–
Total	<u>2,502</u>	<u>14,131</u>

Details of any collateral

Nil

*Group borrowings exclude the lease liabilities recognised following the adoption of SFRS(I) 16 *Leases*.

13. Share Capital

As at 31 December 2021, the share capital of the Company amounted to S\$21.987 million comprising 453,319,335 issued ordinary shares excluding treasury shares. (30 June 2021: 453,649,335 ordinary shares excluding treasury shares; 31 December 2020: 454,419,335 ordinary shares excluding treasury shares).

During the financial year ended 31 December 2021, there was no issuance of new ordinary shares.

(i) Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)

As at 31 December 2021, the number of outstanding shares granted under the Company’s RSP and PSP were 8,272,950 (31 December 2020: 6,591,270) and 2,835,600 (31 December 2020: 4,160,000) respectively.

(ii) Treasury Shares

During the second half period ended 31 December 2021, a total of 330,000 ordinary shares were repurchased from the market at a total consideration of S\$58,762.

During the financial year ended 31 December 2021, a total of 1,100,000 ordinary shares were repurchased from the market at a total consideration of S\$197,693. As at 31 December 2021, there were 1,103,165 (31 December 2020: 3,165) treasury shares representing approximately 0.24% of the total issued share capital of the Company. There was no sale, disposal, cancellation or use of treasury shares in FY2021.

(iii) Subsidiary Holdings

As at 31 December 2021, none of the Company’s subsidiaries held any shares in the Company (31 December 2020: Nil).

14. Subsequent events

There are no known subsequent events which led to adjustments to this set of consolidated financial statements.

F. Notes to the Financial Statements

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The consolidated statements of financial position as at 31 December 2021 and the related consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows for the full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

2. Review of Group performance

The Group registered revenue of S\$100.8 million in 2H2021, a 11% decrease as compared to S\$112.8 million in 2H2020 on the back of lower contribution from PCS and Engineering Divisions. However, against 1H2021, with all three Business Divisions recording higher revenue in 2H2021, the Group recorded an 8% increase in revenue in 2H2021. Group revenue of S\$194.4 million in FY2021 was 9% lower than FY2020 due to lower revenue contribution from the PCS and Engineering Divisions.

The S\$0.7 million profit before tax recorded in 2H2021 was 65% lower than 2H2020 profit before tax of S\$2.0 million. This was mainly attributed to the lower government grants received in 2H2021 and additional employee benefits contribution provision required under Indonesia's Omnibus law introduced in 2021 for its contract employees in Indonesia. However, against 1H2021, there was improvement in the Group profit before tax in 2H2021 as all three Business Divisions recorded better operating performance in 2H2021 leading the Group to narrow its loss before tax of S\$2.9 million in 1H2021 to a lower loss before tax of S\$2.2 million in FY2021. Against FY2020 operating profit of S\$0.2 million, the lower profit before tax recorded in FY2021 was mainly due to decrease of S\$3.1 million in government and rental support received in FY2021. There were also expenses incurred for the Group's new initiatives in FY2021. Lower operating expenses and lower financing cost had partially mitigated the lower gross profit in FY2021. Excluding the impact from the lower government support, the improvement in the Group operating performance in FY2021 was attributed to PCS and Engineering Divisions.

PCS Division registered significant profit improvement in FY2021. Revenue was lower due to lower mobile phones and prepaid card sales. Gross margin improved as compared to the equivalent period a year ago when the COVID-19 situation caused lower footfall in shopping malls thereby impacting performance. The closure of several non-performing retail stores had also improved profitability in FY2021. In addition, the sales of Quair, an innovative clean air solution have been encouraging since its launch in June 2021. Unfortunately, retail traffic in its Malaysia operations continued to be lackluster due to the surge of COVID-19 cases, resulting in lower profits due to lower variable commissions received with fewer walk-in customers.

ICT Division incurred a loss although higher revenue was registered in FY2021. Customers remained prudent in capex spending with resultant delay in project tendering and awards. There is also increasing demand for cloud-based solutions to reduce capex spending. The higher revenue in FY2021 was mainly from lower margin maintenance renewal and hardware sales. The Division's loss was primarily due to lower project and services revenue recognition, product sales and voice usage. To capture new market, the Division also incurred expenses relating to its new Internet of Things ("IoT") and Cloud initiatives. The development of its in-house IoT service platform and cloud-based Unified Communications and Contact Centre solutions will bolster its service capabilities to enable these solutions to be delivered in a faster, cheaper and more consistent manner.

Engineering Division's performance in FY2021 continued to be impacted by the COVID-19 pandemic situation and it had recorded a lower loss as compared to FY2020 mainly from lower losses from the Philippines operation which managed to narrow its loss on the back of revenue from its new higher-margin projects. The Division losses were mainly attributed to losses incurred for the Singapore operation mainly due to lower revenue recognition and lower gross margins. These losses were partially mitigated by profit contribution from its Indonesian operation which has recorded gross margin improvements and lower financing cost. The Division weaker operating performance was also compounded by the lack of government support for its regional operations and the safety concerns for its employees.

The Group generated higher cash from its operating activities in FY2021 due to lower working capital requirement as a result of reduction in sales activities arising from the current economic uncertainties. As at 31 December 2021, after paying dividends of S\$2.3 million, the Group remains in a net cash position of S\$32.3 million, an improvement of S\$19.1 million against 31 December 2020 net cash of S\$13.2 million.

3. Variance from prospect statement

No forecast was previously disclosed to the market.

4. Prospects

The Group maintains a cautious outlook in FY2022, taking into account both the projected growth trajectory improvement for the Singapore and regional economy, and the downside risks.

The Singapore economy expanded by 7.6 per cent in 2021, and the Ministry of Trade and Industry has maintained GDP growth forecast at 3.0 to 5.0 per cent for 2022. The Southeast Asian economies of Malaysia, Thailand and Indonesia, are also expected to grow at a faster pace this year due to a pickup in domestic demand and robust external demand with the further easing of restrictions in these economies.

Although the economic outlook has improved compared to the previous year, rising energy prices and supply chain disruptions have led to broad-based inflation. The potential emergence of more virulent virus strains continues to cast a shadow over full reopening of economies despite aggressive vaccination roll-outs.

In spite of the cautious outlook, based on TeleChoice's current operating activities, the Group is targeting for revenue increase and PATMI improvement. PCS Division will continue to broaden its service and product range as well as to rationalise and augment its retail operations and prepaid card business. ICT Division will accelerate its service based offerings growth including ICT projects, maintenance support services and to transform its voice and data services. Engineering Division will leverage the roll-out of 5G networks in Singapore and network upgrading in the region to grow its network engineering projects.

The Group will continue to look for business opportunities in synergistic areas both locally and overseas, to further enhance its business capabilities and services while maintaining a strong balance sheet through financial discipline and operational efficiencies.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

5. Dividend

(a) Any dividend declared for the current financial period reported on? Yes

Period	2H2021 and FY2021
Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Rate	S\$0.00125 per ordinary share
Tax Rate	One tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Period	2H2020 and FY2020
Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Rate	S\$0.005 per ordinary share
Tax Rate	One tier tax exempt

(c) Date payable

The proposed dividend, if approved by shareholders, will be paid on 25 May 2022.

(d) Record date

Notice is hereby given that, subject to shareholders' approval of the payment of the abovementioned proposed final dividend at the forthcoming Annual General Meeting to be convened, the Share Transfer Books and Registers of Members of the Company will be closed on 11 May 2022. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902, up to 5 p.m. on 10 May 2022 will be registered to determine shareholders' entitlement to the proposed dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd ("CDP"), the proposed dividends will be paid by the Company to CDP which will, in turn, distribute the dividend entitlement to the shareholders.

6. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

7. Interested Person Transactions - DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii)

In S\$M	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			
		2H2021	2H2020	FY2021	FY2020
<u>Transactions for the sales of goods and services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	10.7	21.8	23.3	38.4
<u>Transactions for the purchases of goods and services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	7.0	12.2	13.9	21.2
<u>Management services</u> Temasek Holdings (Private) Limited and its Associates	Controlling shareholder and its associates	—	—	0.01	0.03
Total Interested Person Transactions		17.7	34.0	37.2	59.6

There were no interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual).

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the SGX-ST Listing Manual. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that none of the personnel occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO

Date: 25 February 2022