

Question 1

I refer to Resolutions 6 and 7 that pertain to the re-election of Mr Adrian Chan Pengee (Mr Chan) and Ms Jennifer Duong Young (Ms Young). These two directors were appointed to the Board on 24 April 2024, the same day that the company held its 2024 AGM. Their appointments were announced on 22 April 2024.

Can the Board please explain why they were appointed last year without being re-elected at last year's AGM? Why did the Board not plan their appointments such that they could be elected at last year's AGM? As a result, they served a full year without having been properly elected by shareholders at last year's AGM.

I note that an independent director resigned on 31 December 2023 (after serving just one year) and a non-independent non-executive director retired at the 2024 AGM after serving 9 years. There do not appear to be any reasons why Mr Chan's and Ms Young's appointments could not have been planned such that they could have been elected at last year's AGM.

Prior to the FY2023 AGM on 24 April 2024, the Board had 8 directors, comprising 1 Executive Director, 3 Non-Executive Non-Independent Directors (*Non-IDs*), and 4 Independent Directors (*IDs*). Board Chairman, Ronald Seah (*Mr Seah*), was one of the IDs and would have to be re-designated as Non-ID upon conclusion of the FY2023 AGM based on the 9-year restriction on the independence of an ID. One Non-ID was also going to step down upon the conclusion of the FY2023 AGM. As it was intended that Mr Seah would remain as Chairman after his re-designation as Non-ID, the Board needed to have a majority of IDs in order to comply with Provision 2.2 of the Code of Corporate Governance. As such, TeleChoice was looking to appoint another 2 IDs, so that there would be a total 5 IDs out of a 9-member Board upon conclusion of the FY2023 AGM.

TeleChoice had considered a broad pool of potential candidates but was unable to finalize any suitable candidates until Mr Chan and Ms Young were identified.

TeleChoice first contacted Mr Chan and Ms Young to explore their appointments as IDs in early April 2024. They were approached separately and on different occasions by President and CEO, Pauline Wong. This was followed by interviews and conversations with the Nominating Committee ("**NC**"). Their appointments were then recommended by the NC and approved by the Board. Their appointments were finalized only in mid-April 2024.

Due to the timing of finalisation of their appointment as IDs and the scheduled timing for release of the FY2023 AR and related documents on 2 April 2024, there was a pressing shortage of time. It was difficult for them to be appointed prior to, and be subject to re-election at the FY2023 AGM. However, as explained above, their appointments needed to take effect from conclusion of the FY2023 AGM in order for TeleChoice to comply with the Code of Corporate Governance. As such, their appointments were approved by the Board on the basis that they would take effect from the date of FY2023 AGM. In accordance with the Constitution, they are retiring and are subject to re-election at the coming FY2024 AGM to be held on 28 April 2025, so shareholders will have the opportunity to decide on their continued appointment.

Question 2

I note that Mr Shailesh Anand Ganu was appointed to the Board as an independent director on 7 July 2023 and re-elected at the 2024 AGM. Mr Ganu and Mr Chan are both current council members of the Singapore Institute of Directors (SID) with Mr Chan being a Vice Chairman of SID.

- (a) Can the Board please disclose whether Mr Ganu recommended Mr Chan's appointment to the Board?
- (b) Further, Ms Young was recently appointed to the City Developments Ltd's Board under highly controversial circumstances without going through CDL's Nominating Committee, together with Ms Wong Su Yen, who was the immediate past Chairman of SID. Can the Board please explain whether Mr Ganu recommended Ms Young's appointment to the Board?

The appointments of Mr Chan and Ms Young were made following a thorough internal process led by the NC. This process evaluated each candidate's qualifications, experience, and alignment with the Company's strategic needs.

To address your specific queries: -

- (a) Mr Ganu did not recommend or nominate Mr Chan for appointment to the Board.
- (b) Mr Ganu did not recommend or nominate Ms Young for appointment to the Board. Mr Ganu did not know Ms Young in any capacity prior to her appointment.

Mr Ganu is not a member of the NC and was only made aware of both Mr Chan's and Ms Young's appointments when it was officially recommended by the NC for Board's approval.

While SID offers director recommendations and provides board appointment services and resources for companies seeking to recruit directors, the Company did not utilise these services in the appointments of Mr Chan and Ms Young. Both Mr Chan and Ms Young were approached directly by President & CEO, Pauline Wong (*Ms Wong*). Ms Wong had received positive feedback regarding Mr Chan's areas of expertise and felt that there was professional alignment with the Company's strategic direction. Mr Chan had not met or been introduced to Ms Wong until she reached out to him in early April 2024. His candidacy was subsequently evaluated independently by the NC and endorsed through the appropriate governance processes. As for Ms Young, her selection was based on her professional experience, skill sets, qualifications and the Board's evolving needs. It was not influenced by any external developments.

Question 3

Can the Board please disclose the search and nominating process for directors at the company, including how the requisite skills and experience for the Board are identified, how directors are sourced, and the process for assessing their suitability, including due diligence that is done?

The Company has instituted a structured process for the nomination and appointment of directors, overseen by the Nominating & Remuneration Committee (*NRC*). This process is guided by the principles of transparency, meritocracy, and alignment with the Company's long-term strategic objectives. The steps outlined below reflect current practices:

1. Identification of Board Requirements

The NRC conducts regular reviews of the Board's composition, focusing on collective competencies, diversity, independence, and alignment with the Company's evolving strategic direction. These reviews take into consideration the Company's operating environment, market trends, and regulatory developments. A Board skills matrix is maintained and updated to identify capability gaps and guide succession planning.

2. Sourcing of Candidates

Potential candidates are identified through a variety of channels to ensure a diverse and qualified pool:

- Independent external search firms may be engaged, when necessary, especially where specific expertise is required, or a broader reach is needed.
- Professional networks and industry recommendations are tapped.
- Referrals from Board members, senior management, or key stakeholders are considered, provided they are subject to the same rigorous evaluation process.
- Shareholder nominations, where applicable, are welcomed and assessed using the same criteria.

Regardless of the source, all candidates undergo a consistent, merit-based assessment process.

3. Evaluation and Due Diligence

Each shortlisted candidate is subject to a robust and multi-tiered evaluation to determine their suitability for the Board:

- Structured interviews with NRC members, assessing core competencies such as strategic acumen, governance experience, industry knowledge, and alignment with corporate values.
- Review of professional credentials, including qualifications, board experience, leadership track record, and market reputation. Red flags relating to compliance, disclosures, or ethical conduct are thoroughly evaluated.

- Assessment of independence and conflicts, including their relationship with the Company, time availability, and ability to act in the Company's best interest.
- Skills matrix mapping, to determine how the candidate complements the existing Board composition and addresses identified gaps.
- Reference checks and background screening, where appropriate, are carried out to verify credentials, assess integrity, and identify potential litigation or financial concerns. External agencies may be engaged for independent screening.

4. Recommendation and Appointment

Following due diligence, the NRC deliberates and makes a recommendation to the full Board. Upon Board approval, the candidate is either:

- appointed as a director by the Board under the Company's Constitution (subject to shareholder election at the next AGM); or
- proposed directly for election at a general meeting, in line with SGX-ST Listing Rules.

5. On-going Monitoring

All directors, once appointed, are subject to annual Board performance evaluations and assessments of continued "fit and proper" status. The NRC also monitors ongoing development and training needs.

The Company is committed to continually enhancing its Board renewal process, ensuring that it remains aligned with evolving governance practices and the Company's long-term objectives.

Question 4

In recent years, the Board had 7 to 8 directors (8 after the new CEO was appointed as an Executive Director, unlike the former CEO who was not an Executive Director), with no director with a legal background.

- (a) Given that the company is struggling financially and is seeking to renew, rebuild and transform, can the Board please explain why there is a need to increase the size of the Board and to add a lawyer to it?**

- (b) How does the Board see Mr Chan's background as helping in the company's renewal, rebuilding and transformation? Please disclose the Board's desired skills matrix and how Board assessed Mr Chan's background against the desired skills matrix.**

In addressing the need to increase the size of the Board, the decision to expand the Board reflects the Company's evolving strategic direction and the need for broader expertise as we undergo renewal, rebuilding, and transformation. Notably, President & CEO, Ms Wong, was appointed to the Board as an Executive Director. Having the CEO on the Board is considered good governance practice because it ensures greater alignment with the Board's direction and provides direct insights into strategy execution. Some minority shareholders have also previously encouraged this move for stronger accountability and "skin in the game". The overall increase in Board size also helps maintain the right balance of Independent and Non-Independent Directors, while expanding the skills mix to support the Company's growth, particularly as we venture into new business areas and regional markets.

On the addition of a lawyer to the Board and how Mr Chan's background contributes to the Company's renewal, rebuilding, and transformation, the Board recognised the need to strengthen its composition with directors who bring complementary skill sets. As the Company expands into new business areas and regions, it faces regulatory complexities and diverse operating environments. The appointment of a legal expert like Mr Chan enhances the Board's ability to manage legal risks, ensure compliance, and uphold strong governance standards.

The diversity in terms of skill matrix that were considered includes Audit & Compliance, Risk Management & Internal Controls, Telco/ICT Industry, Strategic Planning, Commercial Capability/Financial Acumen and Leadership & Governance. Mr Chan's background is discussed further in the answer to Question 6 below. His background and deep experience as a practising director help the Company meet various skillsets in its skills matrix, including Audit & Compliance, and Leadership & Governance.

Question 5

I note that the company has disclosed that Lee & Lee provides corporate secretarial and legal services to the group and Mr Chan is a Senior Partner of Lee & Lee. Notwithstanding the business relationship between Lee & Lee and the group, the Board has considered him as independent, and provided standard explanations used by many other companies. Mr Chan also serves on 4 other listed boards and has several other principal commitments.

- (a) Under Provision 4.4 of the Code of Corporate Governance, if the Board, having taken into account the views of the NC, determines that directors are independent notwithstanding the existence of relationships set out in Provision 2.1, the company should disclose the relationships and its reasons in the annual report. Footnote 14 of the Code states that such relationships include the kind of relationship which Mr Chan has with the company. Under Practice Guidance 2 to the Code, a director is deemed to be non-independent where there are significant payments or material services provided, in this case by Lee & Lee, to the company. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question.

Given the Code Provision and Practice Guidance, can the Board please disclose:

- (i) how long Lee & Lee has been providing corporate and legal services to the group;
- (ii) the amount that Lee & Lee has been paid for such services in FY2024 and for the previous four years; and
- (iii) the nature of the corporate secretarial and legal services provided, and specifically whether it includes advising on compliance with the Code of Corporate Governance, including relating to providing any opinion on whether Mr Chan should be considered independent.

This is to assist shareholders to assess whether the payments are significant and whether the services are material, and whether Lee & Lee has provided any opinion related to the assessment of the independence of its own partner.

- (b) Given the business relationship and Mr Chan's many commitments, please explain why the NRC and Board did not consider other candidates to appoint to the Board, given the large pool of potential candidates available in the market?

- (a) The Company has engaged Lee & Lee to provide general corporate and commercial and other ad hoc legal services since August 2017, including review of commercial agreements. Since May 2021, Lee & Lee has also provided corporate secretarial services to the Company and its subsidiaries (*Group*). As part of the corporate secretarial services, the scope of work also covered review of the Annual Report which includes the Corporate Governance Report and preparation of documents required for the Company's AGMs.

Taking into account the factors for determining independence under the Code of Corporate Governance and the Practice Guidance, the assessment of Mr Chan's independence was determined by the NRC. The professional fees paid to Lee & Lee in each of FY2024 and the previous 4 years fall below S\$200,000.

- (b) The NRC and Board acknowledge that there is a wide and competitive pool of director candidates. Mr Chan's appointment followed a structured search, during which a broad pool of potential candidates was considered. Some shortlisted individuals were unavailable, while others did not meet the Board's requirements.

Mr Chan's appointment was based on his extensive experience in the corporate, business and legal sector. As the Company undergoes Board transition and pivots into new businesses and markets, including potential joint ventures, strategic alliances, M&As, and other forms of corporate development, the Board identified the need for a director with strong governance and legal expertise, deep regulatory understanding, and has experience navigating complex corporate situations.

Mr Chan stood out for his extensive experience advising listed companies, credibility in corporate governance, and ability to contribute meaningfully from the onset. While he is a Senior Partner at Lee & Lee, he is not involved in the day-to-day delivery of these services. All engagements are conducted through another partner of Lee & Lee. The NC and the Board assessed and determined that this relationship does not affect his independence.

His existing board and professional commitments were thoroughly reviewed not just in terms of number, but also scope, demands, attendance, and engagement. Since joining, Mr Chan has shown strong commitment and provided valuable insights as the Company enters its next phase of growth.

Question 6

Mr Chan is the Chairman of the Audit Committee (AC). However, he is a lawyer by profession. The Singapore Code of Corporate Governance states that the AC should have a majority of directors, including the Chairman, with recent and relevant accounting or related financial management expertise or experience. The company has claimed compliance with the Code by stating: “Whilst the Chairman of our AC is a lawyer by training, he has significant accounting/financial management knowledge and experience taking into account, among other things: (a) his background as a corporate lawyer for 35 years, and as the Head of Corporate Department and Senior Partner at Lee & Lee; (b) that he has been a director on the boards of many listed companies and other entities over many years; and (c) that he has been a director on the boards of many listed companies and had previously served as chairman on some of them, including as Chairman, Audit and Risk Management Committee of the Accounting and Corporate Regulatory Authority and Chairman, Audit and Risk Committee of Ascendas Funds Management (S) Limited (as manager of Ascendas REIT). These are not the criteria for assessing recent and relevant accounting or related financial management expertise or experience under the Guidebook for Audit Committees in Singapore or under the Audit Committee Guide issued by SID, where Mr Chan is Vice Chairman.

- (a) Can the Board please confirm that Mr Chan has, as per the Audit Committee Guide, amongst other things, substantively the following qualities?
- The ability to understand and assess the general application of local and other generally accepted accounting principles
 - The ability to ask pertinent questions about the company’s financial reporting process
 - The ability to effectively challenge Management’s assertions on financials and Management’s responses when appropriate
 - The ability to understand internal controls and risk factors relevant to the company’s operations, including those relation to information technology, treasury operations, industry, financial derivatives, etc.
 - Experience gained through executive responsibility for a sizeable business including having or have had responsibility for the finance function, such as being or having been a CEO, CFO or other senior officer with financial oversight responsibilities
 - Education or professional qualifications relating substantially to accounting or finance
 - Experience of working within the areas of corporate finance, financial reporting or Accounting
- (b) Can the Board please explain why it did not consider appointing a director with more recent and relevant accounting or related financial management expertise or experience to lead a committee whose responsibilities are primarily relating to oversight of financial reporting, internal controls, risk management, internal audit and external audit?
- (c) Can the board please confirm that Mr Chan would be able to substantially answer questions relating to these matters at the AGM if asked by shareholders?

The NRC and Board have carefully assessed Mr Chan's qualifications and are confident that he meets the expectations and standards of an Audit Committee member, not just in form, but in substance. While the Audit Committee Guide provides baseline requirements and accounting knowledge is certainly important, these criteria alone do not ensure effective oversight. In practice, sound judgment, experience, and the ability to navigate complex, real-world situations are just as critical, if not more so.

Mr Chan brings over 23 years of experience as an independent director on SGX-listed boards, having served on numerous audit committees and chaired several of them. He is currently the Chair of the Audit Committee of the manager of Keppel Infrastructure Trust, and had previously held similar roles at CapitaLand Ascendas REIT, the Temasek subsidiary, Azalea Asset Management, and the Accounting and Corporate Regulatory Authority of Singapore. He has also served as Chief Judge and chaired the judging panel for the Best Risk Management Award at the Singapore Corporate Awards for several years.

In his executive role, Mr Chan sits on the Management Committee of a leading law firm and oversees a sizable legal practice, further reinforcing his leadership and operational oversight. Throughout his career, he has worked closely with CFOs, auditors, and regulators, and led financial discussions in high stakes matters such as IPOs, M&As, and restructurings. This is where financial analysis, regulatory compliance, and risk management converge.

Question 7

With effect from 5 December 2023, the company has been placed on the SGX Watch-list, having recorded three consecutive years of pre-tax losses and a market capitalisation below \$40 million over the six months prior.

In light of the poor performance of the company, can the Board please explain why the Board made the decision that the Chairman, Mr Ronald Seah, should be re-designated as a non-independent non-executive director after reaching the tenure limit of 9 years for an independent director, rather than appoint a new Board Chair to help steer the company through its renewal, rebuilding and transformation, and to improve the company's performance?

I note that he has served on the board since 3 May 2012 and as Chairman since 30 June 2020.

In line with the Singapore Code of Corporate Governance, Mr Seah was re-designated as a Non-Independent Non-Executive Director upon conclusion of the FY2023 AGM held on 24 April 2024 in accordance with the 9-year limit for independence.

Given Mr Seah's deep knowledge of the Company and his long-standing service on the Board, his continued contributions are valued, especially as the Company navigates a period of restructuring and recovery. His steady leadership is critical, particularly following the Company's placement on the SGX Watch-list in late 2023. At this crucial time, firm and consistent oversight is necessary to support ongoing transformation. Mr Seah also shares a strong personal responsibility to guide the Company through this transition into recovery. The Company has weathered its most difficult period under Mr Seah's leadership and has now turned around under his watch.

To maintain a healthy balance between leadership and independence, the Board has appointed a Lead Independent Director (*LID*). The LID will provide independent feedback, facilitate meetings among non-executive and independent directors, and act as an additional point of contact for shareholders. This structure ensures the Board's commitment to independent and accountable decision-making, allowing the Company to move forward with stability and added oversight, even as Mr Seah continues in his leadership role.

Question 8

Can the Board please explain what measures it is considering to improve the financial performance of the company and to help the company exit the watchlist?

We view the Company's placement on the Watch-list as a clear call to action, and we are committed to driving improvements across our business divisions to facilitate our exit. As a result of these efforts, TeleChoice returned to profitability in FY2024 with a profit before tax of S\$6.1 million. This is an impressive S\$16.9 million turnaround from the S\$10.8 million loss before tax in FY2023.

In line with our renewed momentum, we have resumed dividend payments and formalised a dividend policy to distribute at least 30% of net profit after tax annually. We have historically exceeded this threshold, reflecting our commitment to delivering long-term value. Shareholders who have held our shares since the IPO have not only recovered their initial investment but have also continued to receive dividends over the years, with total dividends declared amounting to 31 cents since listing.

Looking ahead to FY2025, despite an uncertain economic outlook, the telco and ICT sectors in ASEAN are set for growth, driven by AI, 5G, cloud, and cybersecurity initiatives, increasing the need for robust digital infrastructure, including data centers, to support e-commerce and online services. The *Group* aims to capitalise on emerging industry opportunities. It will continue to enhance operational efficiency, strengthen customer and vendor relationships, and maintain sound financial management, all of which have been key to supporting its recovery. The Group anticipates continued revenue growth in all divisions, requiring additional investment and working capital.

Segmentally, the PCS Division is well-positioned for stable performance. In Malaysia, the focus will be on continuing the 4PL managed services contract with U Mobile, one of the leading mobile operators in Malaysia, expanding the distribution network, and optimising retail outlets to effectively serve both East and West Malaysia. In Singapore, the Division will enhance value-added fulfilment and retail services while further supporting handset principals with improved concept shop experiences to deliver superior customer value. The ICT Division will tap on the rising demand for cloud services and AI solutions, focusing on subscription-based services to secure new contracts and strengthen its offerings. It remains optimistic about growth through AI integration and innovative sales strategies. The Engineering Division will build on its momentum in Indonesia, using its expertise to develop telecom infrastructure, deliver power solutions, and secure managed services and fibre to the home contracts. It will continue to expand its offerings and explore new verticals, particularly data centers, while leveraging growth from network operators in both the fixed and mobile sectors.