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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Telechoice International Limited

Security: Telechoice International Limited

Meeting details:

Date: 23 April 2019

Time: 10.30 a.m.

Venue: Genting 1 Ballroom, Genting Hotel Jurong, Level 1, 2 Town Hall Link Singapore 608516

Company Description

TeleChoice International Limited, an investment holding company, provides various infocommunications products and services in Singapore, Indonesia, Malaysia, Hong Kong, and internationally. The company's Personal Communications Solutions Services segment provides distribution and supply chain management services relating to mobile communication devices, wearables, and accessories; mobile delivery, and field and cabling services; and retail management, fulfilment, and supply chain services to mobile operators. It also manages StarHub Platinum shops and concept stores; distributes prepaid cards; and operates eplanetworld.com, an e-commerce site that offers mobile phones and tablets, as well as accessories for online shoppers. The company's Info-Communications Technology Services segment offers enterprise IT infrastructure services, business solutions and integration services, managed and hosted services, fixed and wireless networking solutions, and contact center and unified communications solutions; consultancy and managed services to adopt cloud, big data, analytics, Internet of things, and smart learning solutions; IDD, SMS broadcast, and mobility solutions for the consumer and enterprise markets; Internet protocol television solutions for the hospitality industry; and distribution services for networking and security products. Its Network Engineering Services segment designs, builds, and manages telecommunication networks; and provides a suite of products to address the network infrastructure needs of fixed and mobile operators. This segment's services include radio network planning and optimization, transmission network planning, network implementation, maintenance, and project management. It also offers a range of products for telecommunication access and coverage needs, as well as for power supply and backup requirements. The company was founded in 1998 and is based in Singapore. TeleChoice International Limited is a subsidiary of STT Communications Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=T41)

1. The info-communications technology services (ICT) division was hit hardest as enterprise-level investments were held back in FY2018. Revenue slipped 4.5% and the group reported a loss before tax of \$0.9 million. The division achieved lower gross margin and incurred one-off restructuring costs.

- (i) **Would the new contracts be contributing to the group's revenue and profit in the new financial year?**
- (ii) **How is the group seizing opportunities brought upon by disruptive technologies (such as Internet of Things, Cybersecurity, artificial intelligence, cloud, big data etc)?**
- (iii) Management highlighted the shifting of the division's focus to "higher-margin, value-added application-related solutions and cloud services opportunities in the market". **What are some of the projects that the ICT division would be bidding for?**
- (iv) **Are some of the division's services (such as IDD, SMS broadcast as well as mobility solutions) being made obsolete by new services and applications?**
- (v) **How much was the one-off restructuring costs?**

2. The company presented its Sustainability Report on pages 43 to 68 of the annual report. This is the second Sustainability Report prepared by the group covering the period ending 31 December 2018.

- (i) **Coverage: When will the group be ready to cover the offshore operations in its Sustainability reporting?**
- (ii) **Engagement:** The group has stated that its stakeholder engagement approaches include both formal and ongoing methods, such as employee engagement surveys, customer satisfaction surveys, feedback channels and the routine interactions with stakeholders. However, it was disclosed that the group had not engaged external stakeholders explicitly to take their views on the identified ESG factors. **Would the board/sustainability management committee be engaging its external stakeholders and incorporating their views in the next report to gather different perspectives?**
- (iii) **Materiality:** In the Sustainability Report, the company provided a list of 14 material topics. **Did the board carry out an in-depth materiality assessment and prioritise material issues according to its impact on the group and the stakeholders?** The material issues should also be reviewed in the context of the prevailing global, economic, and business conditions annually.

Under Chapter 7 of the Listing Manual on Continuing Listing Obligations, Rule 711B states that the sustainability report must describe the issuer's sustainability practices with reference to the following primary components: (a) material environmental, social and

governance factors; (b) policies, practices and performance; (c) targets; (d) sustainability reporting framework; and (e) board statement.

- (iv) Targets:** The company has not presented its targets. **Would the board be providing guidance to management/sustainability management committee on the identification of suitable performance indicators and setting appropriate targets for the group?**

3. In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 CG Code”). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

As disclosed in the Corporate Governance report, as at 31 December 2018, three of the four independent directors, namely Bertie Cheng, Yap Boh Pin and Tang Yew Kay Jackson, were appointed on 6 May 2004, 6 May 2004 and 1 November 2006 respectively.

Mr Cheng, Mr Yap and Mr Tang have each served on the board for almost 15 years, almost 15 years and approximately 12.5 years respectively.

The other independent director, Mr Ronald Seah Lim Siang, was appointed on 3 May 2012 and would exceed the 9-year tenure in 2022 when the revised rules on independence come into effect.

- (i) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (ii) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (iii) What is the search and nomination process for directors, especially independent directors?**
- (iv) How effective has the board been in providing entrepreneurial leadership to management? Would appointing new directors with a strong track record in technology, infocomm technology, retail and even disruptive technologies improve the level of debate, quality of decision making and effectiveness of the board?**