

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Company Registration No. 34713)
(Incorporated in Bermuda)
(the “Company”)

PROPOSED PLACEMENT OF 5,440,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT S\$0.1674 FOR EACH SUBSCRIPTION SHARE

1. INTRODUCTION

- 1.1. The Board of Directors of the Company wishes to announce that the Company had on 16 August 2018 (after trading hours) entered into two (2) subscription agreements (each a “**Subscription Agreement**” and collectively, the “**Subscription Agreements**”) with each of the Subscribers (as defined below), pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, an aggregate of 5,440,000 new ordinary shares in the capital of the Company (each a “**Subscription Share**” and collectively the “**Subscription Shares**”) at S\$0.1674 for each Subscription Share (“**Subscription Price**”) (the “**Placement**”) in the following proportion:

Name of Subscribers	No. of Subscription Shares allotted (as a percentage of the existing share capital of the Company) ⁽¹⁾	Subscription Shares expressed as a percentage of the enlarged share capital of the Company ⁽²⁾ (%)
Cai Miao	3,795,000 (3.37%)	2.70%
Peng Yun	1,645,000 (1.46%)	1.17%
Total	5,440,000 (4.83%)	3.87%

Note:

- (1) Based on the Company’s total number of issued shares excluding treasury shares being 112,477,249.
- (2) Based on a total number of issued shares excluding treasury shares being 140,397,249, assuming the completion of the placement of 22,480,000 new ordinary shares as announced by the Company on 25 June 2018 (the “**June Placement**”) and the Placement.
- 1.2. The Subscription Shares will, collectively, represent approximately 4.83% of the Company’s enlarged issued share capital of 140,397,249 shares immediately after completion of the Placement (assuming the completion of the June Placement). The Company has 2,043,600 treasury shares and does not have any existing warrants or other convertibles as at the date of this announcement.
- 1.3. The Subscription Shares shall be allotted and issued free and clear from all liens, claims and encumbrances and with all rights, benefits and entitlements attaching thereto as at the Completion Date (as defined below) (save in respect of rights, benefits and entitlements the record date for which is on or prior to the Completion Date).
- 1.4. An application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST (the “**Official List**”) in due course.

2. **SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT**

Conditions Precedent

- 2.1. Completion of the Placement under the Subscription Agreement is conditional upon, *inter alia*, the following:
- (a) approval in-principle for the listing and quotation of the Subscription Shares on the Official List (on conditions, if any, acceptable to the Company) having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date, such conditions being reasonably acceptable and/or fulfilled by the Company; and
 - (b) the allotment, issue, and subscription of the Subscription Shares by each of the Subscribers not being prohibited by any statute, order, rule, or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore.

For the purposes of this paragraph:

“Completion Date” means (unless otherwise agreed between the Company and the relevant Subscriber) 5 Business Days after the fulfilment or waiver, as the case may be, of all the conditions precedent set out in Clause 4.1 of the Subscription Agreement whereat completion of the subscription for the Subscription Shares will take place, or as may be agreed upon by the parties in writing, but shall not be later than 15 February 2019; and

“Business Day” means a day when banks in Singapore are open for banking business (but shall not include Saturdays, Sundays, and gazetted public holidays in Singapore) and **“Business Days”** shall be construed accordingly.

Subscription Price

- 2.2. The Subscription Price of S\$0.1674 represents a discount of 10% to the volume weighted average price of S\$0.186 per share, being the volume weighted average price of the Company's shares for trades done on the SGX-ST for the full market day on 15 August 2018 (the preceding market day before the signing of the Subscription Agreements).

The Subscription Shares

- 2.3. The Subscription Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to the then existing issued shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of the issue of the Subscription Shares.
- 2.4. The Subscription Shares will only be issued to the Subscribers and will not be issued to any person who is an existing director or substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1)(a) to (d) of the SGX-ST Listing Manual (the **“Listing Manual”**).
- 2.5. The Company will be making an application to the SGX-ST for the listing of and quotation for the Subscription Shares on the Official List of the SGX-ST, and will make the necessary announcement upon receipt of the approval in-principle for the same from the SGX-ST.

3. **DETAILS REGARDING THE SUBSCRIBERS**

- 3.1. Cai Miao is a businessman operating in the steel industry in the People's Republic of China looking for investment opportunities in Singapore. Cai Miao was introduced to the Company by business associates of Wang Zhejun, the Executive Director who has been seeking investment for the Company, and is subscribing for the Subscription Shares for investment purposes.
- 3.2. Peng Yun is a businesswoman from the People's Republic of China involved in the manufacturing industry, particularly in the manufacturing of hospital equipment. Peng Yun was introduced to the Company by business associates of Wang Zhejun, the Executive Director who has been seeking investment for the Company, and is subscribing for the Subscription Shares for investment purposes.
- 3.3. No introducer fees were paid or are payable to any of the Directors for introducing the Subscribers to the Company. No placement agent has been appointed in relation to the Placement.
- 3.4. To the best of the knowledge of the directors and the substantial shareholders, the Subscribers are independent and have no connection (including business relationships) with the Company, its directors and substantial shareholders, and is each not a person to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual. The Subscribers are also not holding the Subscription Shares on trust.
- 3.5. Under the terms of the Subscription Agreement, each of the Subscriber has represented, warranted and undertaken to the Company that it shall not act in concert or collaboration with anyone to obtain or consolidate control over the Company, including as contemplated in the Singapore Code of Take-Overs and Mergers, to and for the benefit of the Company.
- 3.6. None of the Subscribers will hold directly or indirectly 15% or more of the enlarged issued share capital of the Company upon completion of the Placement and the Placement will not cause a transfer of a controlling interest in the Company in contravention of Rule 803 of the Listing Manual.
- 3.7. There are no share borrowing arrangements in respect of the Placement.

4. **AUTHORITY FOR ISSUE OF SHARES**

- 4.1. As the Company has fully utilized its general share issue mandate approved by shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company held on 29 August 2017, the Company will be seeking specific approval from Shareholders for the Placement at a special general meeting to be convened (the "**SGM**").
- 4.2. The Subscription Shares, when allotted and issued in full, will represent approximately 4.83% of the existing issued shares of the Company, and approximately 3.87% of the enlarged issued share capital of the Company (assuming completion of the June Placement) on completion of the Placement.

5. **RATIONALE AND USE OF PROCEEDS**

- 5.1. The net proceeds from the Proposed Subscription (after deducting estimated expenses relating thereto) of approximately S\$895,656 will be used by the Company in the following estimated proportions:

Use of Proceeds	Percentage allocation (%)
1 Working capital for the Company's subsidiaries and targets to be acquired by the Company as set out in its announcement on a proposed acquisition on 8 March 2018	70
2 Wages, salaries and other head office operating expenses and professional fees, including auditor fees, legal fees and company secretary fees	30
TOTAL	100

5.2. The Company will make periodic announcements as and when net proceeds from the Placement are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5.3. Pending deployment of the proceeds from the Placement, such proceeds may be placed as short-term deposits with financial institutions and/or invested in short term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit, from time to time.

5.4. The Directors are of the opinion that after taking into consideration present banking facilities, the working capital available after taking into consideration the Company and its subsidiaries (collectively the “**Group**”) is sufficient to meet its present requirements.

6. **FINANCIAL EFFECTS**

6.1. The financial effects of the Placement are set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Group following the Placement.

6.2. As at the date of this announcement, the issued and paid-up share capital of the Company is US\$10,322,173.10 comprising 112,477,249 shares. On completion (assuming completion of the June Placement), the issued and paid-up share capital will increase to approximately US\$12,684,508.16 (based on an exchange rate of US\$1.00 : S\$1.38 on Bloomberg as at 16 August 2018) comprising 140,397,249 shares, excluding treasury shares.

6.3. Based on the audited consolidated financial statements of the Group for the previous financial year ended 31 December 2016 (“**FY2016**”):

- (a) assuming the Placement and the June Placement was completed on 1 January 2017 with all the Subscription Shares being in issue during the period, the net loss per share of the Group of S\$0.24 (based on an exchange rate of RMB1.00 : S\$0.1995 on Bloomberg as at 16 August 2018) to a net loss per share of S\$0.19; and
- (b) assuming the Placement and the June Placement was completed on 31 December 2016, the net asset value per share of the Group after adjusting for the Subscription Shares and net proceeds of the Placement will improve from a net liability per share of S\$0.028 (based on an exchange rate of RMB1.00 : S\$0.1995 on Bloomberg as at 16 August 2018) to a net liability per share of S\$0.022.

7. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Placement.

8. **NO PROSPECTUS OR OFFER INFORMATION STATEMENT**

The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

9. **FURTHER ANNOUNCEMENTS**

The Company will make further announcement(s) to update shareholders as and when appropriate. In the meantime, shareholders of the Company and potential investors should exercise caution when trading in the shares, and where in doubt as to the action they should take, they should consult their financial, tax, legal or other professional advisers.

10. **DOCUMENTS FOR INSPECTION**

Copies of the Subscription Agreements are available for inspection during the normal business hours at the registered office of the Company Secretary at 24 Raffles Place #19-05 Clifford Centre Singapore 048621 for a period of 3 months from the date of this announcement.

11. **RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Subscription Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Wang Zhejun
Executive Director

16 August 2018