

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of 8Telecom International Holdings Co. Ltd. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit financial statements of the Company and Group comprising:

- the consolidated statement of comprehensive income for the year ended 31 December 2016;
- the balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of Opinion

As stated in Note 2.1 to the financial statements, the Group reported a net loss amounting to RMB133,015,000 for the financial year ended 31 December 2016. In addition, as at 31 December 2016, the Group's current liabilities exceeded its current assets by RMB16,525,000 and its net liabilities amounted to RMB15,628,000. Furthermore, the Company's current liabilities exceeded its current assets by RMB11,989,000 and its net liabilities amounted to RMB11,980,000 as at that date.

While the Group and the Company have embarked on various initiatives to raise funds to meet the operational needs, we were unable to obtain sufficient appropriate audit evidence regarding the likely outcome of the initiatives. We were therefore unable to conclude whether the use of the going concern assumption, which has been adopted for the preparation of the accompanying financial statements, is appropriate.

If the Group and Company are unable to continue as going concerns, several adjustments would have to be made to the accompanying financial statements. Assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the financial statements. In addition, the Group and Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The accompanying financial statements do not reflect these adjustments.

Other Matter

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 28 March 2016 issued by the predecessor audit firm on the financial statements for the financial year ended 31 December 2015 was unqualified.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
8TELECOM INTERNATIONAL HOLDINGS CO. LTD. (continued)**

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Chua Chin San.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, - 8 AUG 2017