

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Incorporated in Bermuda on 5 January 2004 with limited liability)

(Company Registration No. 34713)

(the "Company")

1(a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (SGD'000)

For the quarter ended 31 Mar 2018

	Group		
	Quarter ended 31 March		
	<u>2018Q1</u>	<u>2017Q1</u>	<u>+/(-) %</u>
<u>Continuing operations</u>			
Revenue	50	-	Nm
Cost of sales	(39)	-	Nm
Gross profit	11	-	Nm
Other operating income	-	48	(100)
			Nm
Selling expenses	(15)	(24)	(38)
Administrative expenses	(656)	(541)	21
Finance costs	(-)	(9)	Nm
Profit (loss) before other losses	(660)	(526)	5
Other non-operating income	29	-	Nm
(Loss)/profit before Tax	-	-	Nm
Income tax expense	-	-	-
Profit from continuing operations	(631)	(526)	(1)
Total (loss)/profit	(631)	(526)	(1)
Profit attributable to:			
Equity holders of the Company	-	(393)	Nm
Non-controlling interests	-	(133)	Nm
	(631)	(526)	(1)

STATEMENT OF FINANCIAL POSITION (SGD'000)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

As at 31 March 2018

	<u>As at</u> <u>31/03/2018</u>	<u>Group</u> <u>As at</u> <u>31/03/2017</u>	<u>+ / (-) %</u>	<u>As at</u> <u>31/03/2018</u>	<u>Company</u> <u>As at</u> <u>31/03/2017</u>	<u>+ / (-) %</u>
<u>ASSETS</u>						
Current assets:						
Cash and bank balances	697	313	123	22	2	1000
Trade receivables	191	8	2,287	-	-	-
Loan	385	-	-	350	-	-
Amount due from Subsidiary	-	-	-	-	23	(100)
Other receivables and prepayments	90	238	(62)	24	26	(8)
Work in progress	191	-	-	-	-	-
GST input tax	50	-	-	-	-	-
Fixed Deposit	147	-	-	-	-	-
Total current assets	1,753	559	213	396	51	676
Non-current assets:						
Investment in Subsidiary	-	-	-	-	2	-
Property, plant and equipment	362	93	289	136	-	-
Fixed Deposit	80	80	-	-	-	-
Total non-current assets	442	173	155	136	2	6700
Total assets	2,194	732	200	532	53	904
<u>LIABILITIES AND EQUITY</u>						
Trade Creditor	42	-	-	-	-	-
Other Creditor and accrued Expenses	3,546	2,731	(79)	659	2,699	80
Amount due to Shareholders	147	-	-	147	-	-
Amount due to Director	1,150	-	-	-	-	-
Amount due to Subsidiary	-	-	-	24	-	-
Loan from related party	-	1,750	(100)	-	-	-
Promissory Note	2,150	-	-	2,150	100	2050
GST Payable	34	-	-	-	-	-
Total current liabilities	7,069	4,481	55	2,979	2,799	3
Equity						
Capital and reserves attributable to equity holders of the Company						
Share capital	1,177	165	613	1177	165	613
Treasury shares	(27)	(27)	-	(27)	(27)	-
Other reserves	-	318	-	-	318	(200)
Retained (losses)/profits	(4,808)	(3,707)	27	(3,598)	(3,203)	16
	(3,658)	(3,251)	9	(2,447)	(2,746)	18
Non-controlling interests	(1,217)	(498)	144	-	-	-
Total equity	(4,875)	(3,749)	27	(2,447)	(2,746)	(18)
Total liabilities and equity	2,194	732	200	532	53	1002

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS (SGD'000)
For the first quarter ended 31 March 2018

	Group	
	<u>2018Q1</u>	<u>2017Q1</u>
Operating activities:		
(Loss) / Profit before income tax:	(631)	(393)
Adjustment for:		
Depreciation and amortization expense	38	-
Finance costs	-	-
Income Tax Expense	-	-
Allowance for doubtful trade receivables	-	26
Operating (loss) / profit before working capital changes	(593)	(345)
Trade receivables	44	(8)
Other receivables and prepayments	-	(193)
Trade payables	50	-
Work in progress	29	-
Other payables and accrued expenses	-	(167)
Cash used in operations	(470)	(713)
Interest paid	-	(9)
Net cash used in operating activities	(470)	(722)
Investing activities		
Proceed from disposal of financial assets at fair value through profit or loss		
Increase in Non-controlling Interest	-	(133)
Purchase of property, plant and equipment	(2)	-
Net cash generated from investing activities	(2)	(133)
Financing activities		
Advances from related party	-	700
Net cash (used in) / from financing activities	0	(700)
Net (decrease) / increase in cash and cash equivalents	(472)	(155)
Cash and cash equivalents at beginning of period	1,169	468
Effects of currency translation on cash and cash equivalents	-	-
Cash and cash equivalents at end of period (Note 1)	697	313

Note 1:

	Group	
	<u>2018Q1</u>	<u>2017Q1</u>
Cash and bank balances	1,315	313
Less: Fixed deposits pledged	(147)	-
Cash and cash equivalents at end of period	1,168	313

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

There was no change in the Company share capital during the third quarter ended 31 March 2018

As at 31 March 2018, there were no share that may be issued on conversion of any outstanding convertibles or share option (2017Q1: Nil)

	<u>Attributable to equity holders of the Company</u>										
	Share capital	Treasury shares	Share premium	Other reserve	Capital reserve	Share based payment reserve	Asset revaluation reserve	Accumulated losses	Foreign currency reserve	Non-controlling interest	Total equity
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
<u>Group</u>											
Balance as at 1 January 2018	1,177	(27)	-	-	-	-	-	(4,177)	-	-	(3,658)
Loss for the period	-	-	-	-	-	-	-	(631)	-	-	(631)
Non-controlling interest	-	-	-	-	-	-	-	-	-	(1,217)	(1,217)
End of financial year	1,177	(27)	-	-	-	-	-	(4,808)	-	(1,217)	(4,875)

2017Q1

	Share capital	Treasury shares	Share premium	Other reserve	Capital reserve	Share based payment reserve	Asset revaluation reserve	Retained profits	Non- controlling interest	Total equity
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
<u>Group</u>										
Balance as at 1 January 2017	165	(27)	-	-	-	318	-	(3,278)	(366)	(3,188)
Translation difference	-	-	-	-	-	-	-	(36)	1	(35)
Loss for the period	-	-	-	-	-	-	-	(393)	(133)	(526)
End of financial year	163	(27)	-	-	-	318	-	(3,707)	(498)	(3,749)

2018Q1	Share capital	Treasury shares	Share based payment reserve	Accumulated losses	Total equity
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
<u>Company</u>					
Beginning of financial year	1,117	(27)	-	(3,403)	(2,253)
Profit for the year	-	-	-	(194)	(194)
Total comprehensive income for the year	1,117	(27)	-	(3,598)	(2,447)
End of financial year	1,117	(27)	-	(3,598)	(2,447)

2017Q1	Share capital	Treasury shares	Share based payment reserve	Retained profits	Total equity
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
<u>Company</u>					
Beginning of financial year	165	(27)	318	(2,886)	(2,403)
Total comprehensive loss for the year	-	-	-	(63)	(63)
Translation adjustment	-	-	-	(253)	(253)
End of financial year	165	(27)	318	(3,202)	(2,746)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Treasury shares

The number of ordinary shares held as treasury shares as at 31 March 2018 was 2,043,600 shares (31 December 2017: 2,043,600 shares).

Issued shares (excluding ordinary shares)

The total number of issued shares excluding treasury shares as at 31 March 2018 is 112,477,249 shares (31 December 2017: 112,477,249 shares).

Outstanding convertibles or share options

As at 31 March 2018, there were no shares that may be issued on conversion of any outstanding convertibles or share options (31 December 2017: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 March 2018 is 112,477,249 shares (31 December 2017: 112,477,249 shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the unaudited financial statements for the current financial period as those of the audited financial statements for the for the year ended 31 December 2016, as well as all the applicable International Financial Reporting Standards ("IFRSs") which became effective for the financial year beginning on or after 1 January 2017. The adoption of these new and revised IFRSs has no material effect on the unaudited financial statements for the current financial period.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There have been no changes in accounting policies and methods of computation.

6. (Loss) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>2018Q1</u>	<u>Group</u> <u>2017Q1</u>
<u>Continuing operations</u>		
Basic EPS (SGD cents)	(0.56)	(0.01)
Diluted EPS (SGD cents)	(0.56)	(0.01)

The calculation of basic (loss) earnings per ordinary share for 2018Q1 was based on 112,477,249 (2017: 93,737,249) ordinary shares in issue.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>31/03/2018</u>	<u>31/12/2017</u>	<u>31/03/2018</u>	<u>31/12/2017</u>
Net asset value per ordinary share (SGD cents)	(4.33)	(3.87)	(2.17)	(2.00)

Net asset value per share is based on the existing number of shares in issue of 112,477,249 ordinary shares (2017: 93,737,249 ordinary shares) as at 31 December 2017.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group has made SGD50 thousand revenue in the 2018 Q1 and this is all from projects secured by the subsidiary Arete M. Since 2017 Q2, the subsidiary Arete M is able to secure projects and generate revenue. As Arete M's business is expanding, it incurred more cost. The Group's administrative expense has increased significantly from SGD541 thousand in 2017 Q1 to SGD656 thousand this quarter. The change is mainly due to the holding company exploring new business opportunities and the Group has invested in the new office and hiring more staff.

The Group recorded total comprehensive loss of SGD0.63 million, around SGD0.1 million higher than 2017 Q1.

Statement of Financial Position

Total assets amounted to SGD2.19 million as at 31 March 2018, which comprised of SGD1.75 million of current assets and SGD0.44 million of non-current assets. It has increased significantly from 2017Q1, and the increase of SGD 1.4 million is mainly caused by loans secured by Arete M to support its growing business, and by a loan made by the Group to its targets, pursuant to the terms of the proposed acquisition by the Company of 51% of the entire issued and paid-up share capital of (1) China Commodity Market Pte. Ltd. and (2) China Commodity Shopping Centre Pte. Ltd. (the **"Proposed Acquisition"**) as announced by the Group on 8 March 2018.

Similarly, the total liabilities amounted to SGD6.96 million as at 31 March 2018, which is higher than SGD4.5 million in 2017 Q1. It is mainly caused by the SGD2.85 million unsecured loan obtained by Arete M.

Consolidated Statement of Cash Flows

There was an outflow of SGD0.47 million from operating activities for the quarter ended 31 March 2018 as compared to an outflow of SGD 0.72 million for the quarter ended 31 March 2017. The change is due to the group is now investing funds into its operations, in search of new business.

Cash and cash equivalents as at 31 March 2018 is approximately SGD0.7 million, an increase of SGD 0.3 million as compared to SGD 0.3 million as at 31 March 2017.

The Group is still exploring various funding options to replenish cash and cash equivalents in order to support the ongoing operations of the Group.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is currently seeking the SGX-ST's approval for the circular in relation to, amongst others, the Proposed Acquisition.

The Group is anticipating revenue from Arete M's fire installation contract works and project management work. In the interim, Arete M is currently exploring business opportunities and is still in the process of working closely with its prospective customers to develop and build its network solution business in Singapore as well as in the region. Accordingly, the Group is looking at other avenues to assist in funding of Arete M.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5) of the SGX Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the quarter ended 31 March 2018 to be false or misleading in any material respect.

15. 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).

The Company confirms that all the required undertakings under Rule 720(1) of the SGX listing Manual have been obtained from its Directors in the format set out in Appendix 7.7 of the SGX Listing Manual. As at the date of this announcement, the Group has no executive officers (excluding directors).

FOR AND ON BEHALF OF THE BOARD

WANG ZHEJUN
Executive Director

15 May 2018