

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Registration No. 34713)
(Incorporated in Bermuda)

1(a) (i) An statement of comprehensive income 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 For the third quarter ended 30 September 2018

	GROUP					
	<u>2018Q3</u>	<u>2017Q3</u>	<u>+/(-) %</u>	<u>2018YTD</u>	<u>2017YTD</u>	<u>+/(-) %</u>
	SGD'000	SGD'000		SGD'000	SGD'000	
Revenue	789	147	437%	934	566	65%
Cost of sales	(298)	-	n/m	(298)	(24)	1142%
Gross profit	491	147	234%	636	542	17%
Other operating (expense) income	(16)	-	n/m	134	51	163%
Selling expenses	(12)	(31)	(61%)	(20)	(47)	(57%)
Administrative expenses	(883)	(752)	17%	(1,557)	(1,496)	4%
Finance costs	-	(11)	(100%)	(7)	(12)	(42%)
Profit (loss) before other income	-	(648)	(100%)	(395)	(961)	(59%)
Other non-operating income	-	73	n/m	-	2	n/m
Profit / (Loss) before Tax	(420)	(576)	(27%)	(815)	(961)	(15%)
Income tax expense	-	-	-	-	-	-
Net profit after income tax	(420)	(576)	(27%)	(728)	(961)	(24%)
Less: Net income attributable to non-controlling interest	(92)	-	n/m	(179)	0	n/m
Net profit / (loss) attributable to shareholders	(328)	(576)	(43%)	(723)	(961)	(25%)

n/m: not meaningful.

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

STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	<u>Group</u>			<u>Company</u>		
	<u>As at</u> <u>30/9/2018</u> SGD'000	<u>As at</u> <u>31/12/2017</u> SGD'000	<u>+/(-) %</u>	<u>As at</u> <u>30/9/2018</u> SGD'000	<u>As at</u> <u>31/12/2017</u> SGD'000	<u>+/(-) %</u>
ASSETS						
Current assets:						
Cash and bank balances	30	1,169	(97%)	24	23	4%
Trade receivables	1,035	311	233%	-	-	-
Amount due from shareholder	334	-	n/m	286	-	n/m
Loan	2,408	364	403%	2,397	350	585%
Amount due from Director	24	24	0%	-	-	-
Work in Progress	765	220	248%	-	-	-
Other receivables and prepayments	69	48	44%	24	24	0%
Fixed deposit	147	147	0%	-	-	-
Amount due from subsidiary	-	-	-	-	300	(100%)
GST input tax	101	13	67%	-	-	-
Total current assets	4,173	2,296	81%	1,990	697	185%
Non-current assets:						
Investment in subsidiaries	-	-	-	-	-	-
Fixed Deposit	80	80	0%	-	-	-
Property, plant and equipment	444	398	12%	128	143	(10%)
Total non-current assets	524	478	9%	128	143	(10%)
Total assets	5,438	2,774	96%	2,859	840	240%

**LIABILITIES
AND EQUITY**

Trade payables	851	108	n/m	-	-	-
Amount due to shareholder	-	119	n/m	-	119	-
Amount due to director	1,150	1,150	n/m	-	-	-
Promissory Notes	2,150	2,150	n/m	2,150	2,150	n/m
Other payables and accrued expenses	5387	3,504	53%	2,416	547	n/m
Amount due to Subsidiary	-	-	-	40	16	150%
Amount due to related party	-	-	-	-	-	-
GST payable	87	10	n/m	-	-	-
Total current liabilities	8,364	7041	11%	3,306	2,832	(17%)
Equity	-	-	-	-	-	-
Capital and reserves attributable to equity holders of the Company	-	-	-	-	-	-
Share capital	1,177	1,829	(35%)	1,177	1,177	0%
Treasury shares	(27)	(27)	0%	(27)	(27)	0%
Capital Reserve	1,477	-	n/m	1,477	-	n/m
Accumulated losses	(5,444)	(5,067)	7%	(3,815)	(3,142)	21%
	(2,817)	(3,265)	14%	(1,188)	(1,992)	(40%)
Non-controlling interests	(1,396)	(1,002)	n/m	-	-	-
Total equity	(4,227)	(4,267)	3%	(1,746)	(1,992)	(12%)
Total liabilities and equity	5,438	2,774	125%	2,859	840	240%

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

(a) The amount repayable in one year or less, or on demand

As at 30 September 2018		As at 30 September 2017	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
0	0	0	0

(b) The amount repayable after one year;

As at 30 September 2018		As at 30 September 2017	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
0	0	0	0

(c) Details of any collateral

Not applicable.

1(c) A statement of cash flows (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 30 September 2018

	<u>2018Q3</u> SGD'000	<u>GROUP</u> <u>2017Q3</u> SGD'000
Cash flows from operating activities:		
Loss before income tax	(815)	(961)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	95	45
Allowance for doubtful trade receivables	-	-
Finance costs	7	-
Operating loss before working capital changes	(713)	(916)
Amount due from related parties	-	5,118
Changes in WIP and inventories		
Changes in trade and other receivables and prepayments	(1,561)	(343)
Changes increase in other payable and accrued expenses	(18)	(2,480)
Net cash from (used in) /generating from operating activities	(2,292)	1,379

	<u>2018Q3</u>	<u>GROUP</u>
	SGD'000	2017Q3
		SGD'000
Cash flows used in investing activities:		
Proceeds from disposal of financial assets at fair value thought profit and loss	-	-
Purchase of property, plant and equipment	-	-
Net cash used in investing activities	-	-
	-	-
Cash flows from (used in) financing activities:		
Advances from a related party	-	-
Proceeds from issuance of placement shares	1,750	-
Net cash generating from financing activities	1,750	-
Net (decrease)/increase in cash and cash equivalents	(542)	1204
Cash and cash equivalents at beginning of period	572	459
Cash and cash equivalents at end of period	30	1663

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the first quarter ended 30 September 2018

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Attributable to equity holders of the Company</u>					
	Share capital	Treasury shares	Other reserve	Accumulated losses	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>The Group</u>						
Balance as at 1 July 2018	1,177	(27)	1447	(5116)	(1,304)	(3,807)
Increase in Capital Reserve	-	-	303-		-	-
Increase in non-controlling interest	-	-	-		(92)	(92)
Loss for the period	-	-	-	(328)	-	(328)
Balance as at 30 September 2018	1,177	(27)	1,750	(5,444)	(1,396)	(4,227)

	Attributable to equity holders of the Company						
	Share capital	Treasury shares	Share based payment reserve	Accumulated losses	Non-controlling interest	Total equity	
<u>The Group</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>	
Balance as at 1 July 2017	165	(27)	318	(3,249)	(498)	(3,747)	
Translation difference	-	-	-	-	-	-	
Loss for the period	-	-	-	(92)	-	(92)	
Balance as at 30 September 2017	165	(27)	318	(3,341)	(498)	(3,839)	

<u>Company</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Share based payment reserve</u>	<u>Capital Reserve</u>	<u>Accumulated Losses</u>	<u>Total Equity</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>
Balance as at 1 July 2018	1,177	(27)	318	-	(3,815)	(1,188)
Increase in Capital Reserve	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-
Balance as at 30 September 2018	1,177	(27)	318	-	(3,815)	(1,188)

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There were no changes in the company's share capital during the third quarter ended 30 September 2018.

As announced by the Company on 25 June 2018, the Company has filed for a follow-on equity offering in the amount of S\$2,315,440 at S\$0.103 per share and the offering amount was 22,480,000 shares. The Company had subsequently entered into a termination agreement with one of the subscribers, Tai Yang Technology Pte. Ltd., as announced on 15 October 2018. In light thereof, the follow-on equity offering is now in the amount of S\$1,738,640 at S\$0.103 per share with an offering amount of 16,880,000 shares (the "**June Placement**"). The shares have yet to be issued.

Regarding the announcement dated 15 October 2018 for the Loan from Taiyang Technology Pte Ltd amounting to \$576,800, which was received on 23 June 2018, has been included in Item "Other Payables and Accrued expenses"

As announced by the Company on 16 August 2018, the Company has also filed for another follow-on equity offering in the amount of S\$910,656 at S\$0.1674 per share and the offering amount is 5,440,000 shares (the "**August Placement**"). The shares have yet to be issued.

The subscribers of the June Placement and August Placement have agreed to place the placement proceeds as a loan to the Company, pending issuance of the placement shares, and the Company may utilise such monies in the manner set out in the announcements on 25 June 2018 and 16 August 2018 respectively.

The number of ordinary shares held as treasury shares as at 30 September 2018 was 2,043,600 shares (30 September 2017: 3,150,000 shares). As had been previously set out in the Company's announcement on 14 March 2018, the new management of the Company, upon taking over, conducted a review of the number of shares and The Central Depository had confirmed that the number of treasury shares are 2,043,600.

As at 30 September 2018, there were no shares that may be issued on conversion of any outstanding convertibles or share option (30 September 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 30 September 2018 is 112,477,249 shares (30 September 2016: 92,630,849 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.

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

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings 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.

ACCOUNTING POLICIES

Except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective on 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2016.

CHANGES IN ACCOUNTING POLICIES

The Group has adopted the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15);
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of these SFRS(I)s, amendments to and interpretations of SFRS(I) did not have a material impact on the financial statements of the Group.

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. 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>GROUP</u>	
	<u>2018Q3</u>	<u>2017Q3</u>
<u>Continuing operations</u>		
Basic EPS (SGD cents)	(0.23)	(0.006)
Diluted EPS (SGD cents)	(0.23)	(0.006)

The calculation of basic earnings per ordinary share for 2018Q3 and 2017Q3 were based on 140,397,249 ordinary shares in issued.

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>30/09/2018</u>	<u>30/6/2018</u>	<u>30/09/2018</u>	<u>30/06/2018</u>
Net asset value per ordinary share (SGD cents)	(3.01)	(3.37)	(1.06)	(1.06)

* based on the existing number of shares in issue of 140,397,249 ordinary shares in Q3 2018 (2017Q3: 93,737,249 ordinary shares).

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.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

The Group has made SGD491 thousand revenue in the 2018 Q3 and this is all from projects secured by the subsidiary, Arete M Pte. Ltd. ("Arete M"). Since 2017 Q2, the subsidiary Arete M is able to secure projects and generate revenue. Group's administrative expense has increased slightly from SGD752 thousand in 2017 Q3 to SGD883 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 SGD0.328 million, being significantly lower than SGD0.248 million in Q3 2017. This change was mainly due to an increase in profit of Arete M.

Statement of Financial Position

Total assets amounted to SGD4.86 million as at 30 September 2018, which comprised of SGD3.59 million of current assets and SGD 0.50 million of non-current assets.

Total liabilities amounted to SGD7.78 million as at 30 September 2018, which were all represented by current liabilities and it has increased slightly from SGD6.51 million in Q3 2017.

Consolidated Statement of Cash Flows

There was an inflow of SGD.179 million from operating activities for the period ended 30 September 2018 as compared to an outflow of SGD 1.37 million for the period ended 30 September 2017. The change was mainly due to the operating loss of 0.815 million and increase in receivables and WIP.

There was an inflow of SGD1.48 million from financing activities and it is due to the proposed issuance of new shares on 25 June 2018.

Cash and cash equivalents as at 30 June 2018 is approximately SGD1,072 thousand, a decrease of SGD1,111 thousand as compared to SGD2,183 thousand as at 30 June 2017.

- 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 had previously received clearance from SGX-ST of its circular (the "Circular") in relation to, amongst others, the proposed acquisition by the Company of 51% of the total issued and paid-up share capital of (1) China Commodity Market Pte. Ltd. and (2) China Commodity Shopping Centre Pte. Ltd. (as announced by the Group on 8 March 2018) (the "Proposed Acquisition"). The Group proceeded to issue the Circular and accompanying notice of special general meeting on 2 November 2018. However, the Group had on 7 November 2018 received notification from the SGX-ST of its withdrawal of clearance of the Circular. The SGX-ST had several queries for the Company in relation to the Proposed Acquisition, with regards to claims made by certain unidentified persons on a public forum and had requested the Company to put the Proposed Acquisition on hold pending their satisfaction of all queries and issues relating to the Proposed Acquisition. In light thereof, the Company had on the same day announced its withdrawal of notice of special general meeting. Please refer to the Company's announcements made on 7 and 8 November 2018 for more information. The Group will continue to update shareholders on any material developments.

The Group is also 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 the funding of Arete M.

11. If a decision regarding dividend has been made:

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and
- (b) (i) Amount per share (cents)
- (b) (ii) Previous corresponding period (cents)
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
- (d) The date the dividend is payable
- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

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

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended during 3Q2018.

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 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 second quarter ended 30 June 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 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

TIFFANY GONG QIAN
Executive Director

14 November 2018