

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Registration No. 34713)

(Incorporated in Bermuda)

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 year ended 31 December 2017

	<u>2017</u>	<u>2016</u>	<u>+/(-) %</u>
<u>Continuing operations</u>			
Revenue	727	11	6,509
Cost of sales	(564)	(5)	11,180
Gross profit	163	6	2,617
Other operating income	128	10	1,180
Selling expenses	(57)	(177)	(67)
Administrative expenses	(2,422)	(1,353)	79
Finance costs	(13)	(31)	(58)
Depreciation	(104)	-	Nm
Loss before other losses	(2,147)	(1,545)	39
Other gain or (loss)	-	(23,495)	Nm
Loss before Tax	(2,147)	(25,040)	Nm
Income tax expense	-	-	-
Profit from continuing operations	(2,147)	(25,040)	(91)
<u>Discontinued operations</u>			
Loss from discontinued operations	-	(2,640)	Nm
Total loss	(2,147)	(27,680)	(92)
Profit attributable to:			
Equity holders of the Company	(1,510)	(27,371)	Nm
Non-controlling interests	(637)	(309)	Nm
	(2,147)	(27,680)	(92)

Discontinued Operations
(Note A)

(Loss) for the period from discontinued operations	-	(2,640)	Nm
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(Loss) for the period,
representing total
comprehensive (loss) the
period, attributable to equity
holders of the company

-

(2,640)

Nm

Nm: not meaningful

Note A - Discontinued operations

On 15 March 2016, the Company obtained shareholders' approval at the Special General Meeting ("SGM") for the Proposed Disposal of the Company's entire interests in its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited ("Disposal Group") to Manfaith Investments Ltd. for a consideration of RMB420 million.

The Company has completed the disposal of the entire interest in the Disposal Group on 21 July 2016. Pursuant to the Completion, an amount equivalent to the cash consideration has been paid by the purchaser.

Discontinued operations (SGD'000)

	<u>Group</u>		
	Year ended 31 December		
	<u>2017</u>	<u>2016</u>	<u>+/(-) %</u>
Revenue	-	46,283	Nm
Expenses	-	(48,861)	Nm
Loss before income tax	-	(2,578)	
Income tax expense	-	(62)	Nm
Net loss after income tax from discontinued operations	-	(2,640)	Nm

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 December 2017

	<u>Group</u>			<u>Company</u>		
	<u>As at</u> <u>31/12/2017</u>	<u>As at</u> <u>31/12/2016</u>	<u>+ / (-)</u> <u>%</u>	<u>As at</u> <u>31/12/2017</u>	<u>As at</u> <u>31/12/2016</u>	<u>+ / (-)</u> %
		<u>6</u>				
<u>ASSETS</u>						
Current assets:						
Cash and bank balances	1,169	468	150	23	13	77
Trade receivables	311	45	590	-	-	-
Loans	364	-	Nm	350	-	-
Other receivables and prepayments	48	-	Nm	24	63	(22)
Amount due from related party	24	-	Nm	-	-	-
Amount due from subsidiary	-	-	Nm	300	-	-
GST input tax	13	-	Nm	-	-	-
Work In Progress	220	-	Nm	-	-	-
Fixed Deposit	147	-	Nm	-	-	-
Total current assets	2,296	513	Nm	697	76	Nm
Non-current assets:						
Property, plant and equipment	407	107	280	151	-	Nm
Accumulated Depreciation	(9)	-	Nm	(8)	-	Nm
Fixed Deposit	80	80	-	-	-	Nm
Total non-current assets	478	187	160	143	2	Nm
Total assets	2,774	700	296	840	78	Nm

LIABILITIES AND EQUITY

Trade Creditor	108	-	Nm	-	-	-
Other Creditor	2,850	503	467	-	-	-
Accrued Expenses	654	-	Nm	547	2540	(78)
Amount due to Shareholders	119	-	Nm	119	-	Nm
Amount due to Director	1,150	-	Nm	-	-	-
Short term loans from a company which a director has an interest	-	1,299	Nm	-	-	-
Amount due to Subsidiary	-	-	-	16	-	Nm
Promissory Note	2,150	2,150	Nm	2,150	-	Nm
GST Payable	10	-	Nm	-	-	-
Total Liability	7,041	3,952	78	2,832	2,540	11

Equity

Capital and reserves attributable to equity holders of the Company

Share capital	1,829	165	Nm	1,177	165	613
Treasury shares	(27)	(27)	-	(27)	(27)	-
Other reserves	-	317	Nm	-	317	-
Accumulated losses	(5,067)	(3,342)	52	(3,142)	(2,948)	7
	(3,265)	(2,888)	13	(1,992)	(2,493)	(20)
Non-controlling interests	(1,002)	(365)	174	-	-	-
Total equity	(4,267)	(3,252)	31	(1,992)	(2,493)	(20)
Total liabilities and equity	2,774	700	296	840	78	977

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 year ended 31 December 2017

	Group	
	<u>2017</u>	<u>2016</u>
Cash flow from operating activities:		
Loss before income tax:	(2,147)	(27,340)
Adjustment for:		
Depreciation	104	20
Finance costs	-	30
Income Tax Expense	-	61
Exchange differences	-	(681)
Share of loss of associated company	-	2,238
Loss on disposal of subsidiaries	-	21,083
Operating (loss) / profit before working capital changes	(2,043)	(4,588)
Trade receivables	(716)	(11)
Work in Progress	(220)	41
Payables and accrued expenses	2,706	1,002
Cash used in operations	1,770	(3,556)
Income tax paid	-	(61)
Net cash used in operating activities	(273)	(3,618)
Cash flow from investing activities		
Net Cash Inflow upon gaining control of an associated company	-	429
Disposal of subsidiaries, net of cash disposed	-	55,896
Purchase of property, plant and equipment	(395)	(79)
Net cash generated from investing activities	(395)	56,246

**CONSOLIDATED STATEMENT OF CASH
FLOWS (SGD'000)
For the financial year ended 31 December 2017**

	Group	
	<u>2017</u>	<u>2016</u>
Cash flow from financing activities		
Dividends paid	-	(85,441)
Issuance of shares	1,664	-
Repayment of short term loan	(149)	
Pledged fixed deposits	-	(223)
Net cash generated from / (used in) financing activities	1,515	(85,665)
Net increase / (decrease) in cash and cash equivalents	847	(33,036)
Cash and cash equivalents at beginning of period	322	33,354
Effects of currency translation on cash and cash equivalents	-	(1)
Cash and cash equivalents at end of period (Note 1)	1,169	317

Note 1:

	Group	
	<u>2017</u>	<u>2016</u>
Cash and bank balances	1,316	462
Less: Fixed deposits pledged	(147)	(223)
Cash and cash equivalents at end of period	1,169	239

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 a change in the Company share capital during the fourth quarter ended 31 December 2017

On 12 December 2017, company has issued 18,740,000 shares. As of 31 December 2017, the company has total number of shares of 114,520,849 including treasury shares. (2016: 95,780,849).

2017	Share capital	Treasury shares	Share based payment 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>Group</u>						
Beginning of financial year	165	(27)	317	(3,342)	(365)	(3,252)
Transfer to accumulated loss upon lapse of share based payments			(317)	317	-	-
Total comprehensive loss for the year	-	-		(1,510)	(637)	(2,147)
Issuance of shares	1,664	-	-	-	-	1,664
Other adjustment	-	-	-	(532)	-	(532)
Acquisition of subsidiary	-	-	-	-	-	-
End of financial year	1,829	(27)	-	(5,067)	(1,002)	(4,267)

2016

	Share capital	Treasury shares	Share premium	Other reserve	Capital reserve	Share based payment reserve	Asset revaluation reserve	Retained profits	Foreign currency reserve	Total	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>SGD'000</u>
Group												
Beginning of financial year	16,315	(2,648)	24,372	14,597	(2,246)	317	4,253	54,965	-	109,925	-	109,925
Total comprehensive income for the year	-	-	-	-	-	-	-	(27,371)	-	(27,371)	(309)	(27,680)
Capital Reduction	(16,150)	2,621	(24,372)	-	-	-	-	37,901	-	-	-	-
Special dividend	-	-	-	-	-	-	-	(85,441)	-	-	-	(85,441)
Disposal of subsidiaries	-	-	-	(14,597)	2,246	-	(4,253)	16,604	-	-	-	-
Translation of foreign subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	(56)	(56)
Total transactions with owners, recognized directly in equity	(16,150)	2,621	(24,372)	(14,597)	2,246	-	(4,253)	(58,307)	-	(112,476)	(365)	(113,177)
End of financial year	165	(27)	-	-	-	317	-	(3,342)	-	(2,851)	(365)	(3,252)

2017	Share capital	Treasury shares	Reserve	Accumulated losses	Total equity
	<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)	317	(2,949)	(2,494)
Profit for the year	-	-	(317)	(798)	(1,115)
Total comprehensive income for the year	165	(27)	-	(3,747)	(3,609)
Issuance of shares	1,012	-	-	-	1,012
Other adjustment	-	-	-	605	605
End of financial year	1,177	(27)	-	(3,142)	(1,992)

2016	Share capital	Treasury shares	Other 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	16,516	2,681	317	(24)	19,490
Loss for the year	-	-	-	(2,925)	(2,925)
Capital Reduction	(16,351)	(2,708)	-	-	(19,058)
End of financial year	165	(27)	317	(2,949)	(2,493)

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 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.

Accordingly, the number of ordinary shares held as treasury shares as at 31 December 2017 was 2,043,600 shares (31 December 2016: 3,150,000 shares).

Issued shares (excluding ordinary shares)

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 total number of issued shares excluding treasury shares were 93,737,249.

Subsequent thereto, on 12 December 2017, the Company issued and allotted 18,740,000 new ordinary shares pursuant to the subscription agreements dated 2 November 2017 (the “**Subscription**”). These shares have been listed and quoted on the Singapore Exchange Securities Trading Limited on 15 December 2017.

Accordingly, the total number of issued shares excluding treasury shares as at 31 December 2017 is 112,477,249 shares (31 December 2016: 92,630,849 shares).

Outstanding convertibles or share options

As at 31 December 2017, there were no shares that may be issued on conversion of any outstanding convertibles or share options (31 December 2016: 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 new management of the Company, upon taking over, conducted a review of the number of shares and The Central Depository had confirmed that the total number of issued shares excluding treasury shares are 93,737,249.

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

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>Group</u>	
	<u>2017</u>	<u>2016</u>
<u>Continuing operations</u>		
Basic EPS (SGD cents)	(1.91)	(27.03)
Diluted EPS (SGD cents)	(1.91)	(27.03)
<u>Discontinued operations</u>		
Basic EPS (SGD cents)	-	(2.85)
Diluted EPS (SGDcents)	-	(2.85)

The calculation of basic (loss) earnings per ordinary share for 2017 was based on 112,477,249 (2016: 92,630,849) 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>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
Net asset value per ordinary share (SGD cents)	(3.79)	(3.51)	(1.77)	(2.69)

Net asset value per share is based on the existing number of shares in issue of 112,477,249 ordinary shares (2016: 92,630,849 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's revenue has increased from SGD11 thousand to SGD727 thousand due to the increased projects secured by the subsidiary Arete M. The selling expenses decreased from SGD177 thousand to SGD57 thousand despite the increase in revenue. However, the administrative expense increased significantly from SGD1.35million to 2.42million. This is due to the holding company is currently exploring into new business opportunity and the group has invested in the new office, hiring more staff and engaging more professionals for advice. And at the same time, as Arete M's business is expanding, it incurred more admin expenses too.

The Group recorded total comprehensive loss of SGD2.15 million as compared to total comprehensive loss of SGD 27.68 million generated during the same period in 2016.

Statement of Financial Position

Total assets amounted to SGD2.77 million as at 31 December 2017, which comprised of SGD2.29 million of current assets and SGD0.48 million of non-current assets.

Total liabilities amounted to SGD7.04 million as at 31 December 2017, which were all represented by current liabilities. It has increased from SGD3.95 million in 2016. It was mainly resulted from the loans took on by Arete M during the financial year.

Consolidated Statement of Cash Flows

There was an outflow of SGD0.27 million from operating activities for the year ended 31 December 2017 as compared to an outflow of SGD 3.62 million for the year ended 31 December 2016. There is a significant cash inflow from financing activities, the group has seen an inflow of SGD1.51 million, it was mainly due to the issuance of new shares.

Cash and cash equivalents as at 31 December 2017 is approximately SGD1.17 million, an increase of SGD 0.7 million as compared to SGD 0.47 million as at 31 December 2016.

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.

Whilst the Group remains committed to assist Arete M Pte. Ltd. in securing sufficient capital to support its future growth in the information-communication services industry, it has also been exploring for new business so as to increase revenue streams. In the event that the Company continues to be unable to secure new financing to support Arete M Pte. Ltd.'s growth plan so that it becomes profitable, the Board may consider disposing Arete M Pte. Ltd. If so, we will update shareholders on the same in accordance with the requirement of the SGX-ST Listing Rules.

As part of the Group's effort to increase its revenue stream, the Company has entered into a conditional sale and purchase agreement on 8 March 2018 with Letu Investment Pte. Ltd. and New Pacific Trading Pte. Ltd. (collectively, the "**Vendors**") pursuant to which the Vendors propose to sell, and the Company acquires, 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**").

In connection with the Proposed Acquisition, the Board intends to seek the approval of shareholders of the Company for the Company to diversify into the proposed new business (the "**Proposed Diversification**") as follows:

- (a) the ownership, operation and management of supermarkets and department stores retailing food (including wet and dry foods) and beverages, general merchandise such as household products and toiletries, stationary, electrical appliances, cosmetics, apparel and footwear (the "**Products**"), including physical stores and web-stores on online platforms;
 - (b) the sale, distribution and delivery of the Products to other businesses and consumers;
 - (c) ownership, acquisition, operation and maintenance of factories manufacturing the Products, and warehouses involved in the storage and distribution of the Products; and
 - (d) development, ownership and acquisition of such related technology,
- (the "**Proposed New Business**").

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. Confirmation pursuant to Rule705(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 year ended 31 December 2017 to be false or misleading in any material respect.

14. 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.

No.

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).

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group is essentially a single operating segment (Arete M Pte. Ltd.) by itself under FRS 108 Operating Segments, and no separate segment information is presented. As there is only one single operating segment, information on the reconciliation of the reportable segment as required under FRS 108 does not apply.

The entity-wide disclosures applicable to a single operating segment are as follows:

- all the revenue of the Group are from Singapore.
- the majority of the assets of the Group are employed in Singapore.

- segment assets employed by the Group in a country other than Singapore as at 31 December 2017 was negligible. There are no material non-current assets deployed outside of Singapore.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 above.

18. A breakdown of sales as follows –

	Latest Financial Year \$'000	Previous Financial Year \$'000	% increase / (decrease)
	Group	Group	Group
Sales reported for first half year	396	-	Nm
Operating profit/loss after tax before deducting minority interests reported for first half year	(88)	(185)	(52)
Sales reported for second half year	331	11	2,909
Operating profit/loss after tax before deducting minority interests reported for second half year	(2,147)	(27,680)	(92)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

The Company will not be declaring any dividends for FY2017. (FY2016: approximately S\$86.5 million was declared as dividends)

20. Use of Proceeds

Pursuant to the Subscription, the Company received net proceeds of \$986,960 (the “**Net Proceeds**”). Please refer to the Company's announcement dated 8 March 2018 in relation to the change in use of Net Proceeds. In light with the aforesaid announcement and as at the date hereof, the Company has utilised the Net Proceeds as follows:

Use of Net Proceeds	Net Proceeds utilized as at the date of this announcement	Revised percentage allocation of Net Proceeds as at the date of this announcement (%)
Wages, salaries and other head office operating expenses	302	30

Use of Net Proceeds	Net Proceeds utilized as at the date of this announcement	Revised percentage allocation of Net Proceeds as at the date of this announcement (%)
Professional fees including auditor fees and company secretary fees	184	20
Other trade payables	150	15
Acquisition project	350	35
TOTAL	986	100

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person who is a relative of a director or a chief executive officer or a substantial shareholder of the issuer occupying managerial position.

FOR AND ON BEHALF OF THE BOARD

WANG ZHEJUN
Executive Director

14 March 2018