

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 second quarter ended 30 June 2017

	<u>GROUP</u>					
	<u>2017Q2</u>	<u>2016Q2</u>	<u>+ / (-) %</u>	<u>2017H1</u>	<u>2016H1</u>	<u>+ / (-) %</u>
<u>Continuing operations</u>	SGD'000	SGD'000		SGD'000	SGD'000	
Revenue	396	-	-	-	-	-
Cost of sales	(24)	-	-	-	-	-
Gross profit	372	-	-	-	-	-
Other operating income	3	(3)	n/m	51	(3)	n/m
Selling expenses	(15)	-	n/m	(39)	-	n/m
Administrative expenses	(447)	(180)	(148)	(988)	(292)	230
Finance costs	(0)	(1)	100	(9)	(1)	800
Loss before income tax	(88)	(185)	52	(614)	(304)	102
Income tax expense	-	-	-	-	-	-
Loss for the period from continuing operations	(88)	(185)	52	(614)	(296)	102
Discontinued operations (Note A)						
Profit for the period from discontinued operation	-	(3,122)	100	-	(2,815)	100
Loss/(Profit) for the period, representing total comprehensive income for the period	(88)	(3,307)	97	(614)	(3,114)	78

n/m: not meaningful.

Note A - Discontinued operations

On 15 March 2016, the Company has 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 Investment

	<u>GROUP</u>					
	<u>2017Q2</u>	<u>2016Q2</u>	<u>+/(-) %</u>	<u>2017H1</u>	<u>2016H1</u>	<u>+/(-) %</u>
	SGD'000	SGD'000				
<u>Discontinued operations</u>						
Revenue	-	23,441	(100)	-	45,260	(100)
Cost of sales	-	(19,711)	(100)	-	(38,559)	(100)
Gross profit	-	3,730	(100)	-	6,701	(100)
Other operating income	-	53	(100)	-	(711)	(100)
Changes in fair value of other financial assets	-	-	-	-	-	-
Selling expenses	-	(1,454)	100	-	(2,262)	100
Administrative expenses	-	(4,666)	100	-	(6,468)	100
Finance costs	-	(824)	100	-	(1,184)	100
Profit before income tax	-	(3,161)	100	-	(2,502)	100
Income tax expense	-	39	(100)	-	(313)	100
Profit for the period (discontinuing operations)	-	(3,122)	100	-	(3,729)	100

1(a)(ii) Profit before income tax was arrived at after (crediting) charging the following:

	<u>2017Q2</u>	<u>2016Q2</u>	<u>+/(-) %</u>	<u>2017H1</u>	<u>2016H1</u>	<u>+/(-) %</u>
<u>Continuing operations</u>						
Finance cost	-	1	(100)	-	1	(100)
Net foreign exchange loss (gain)	-	3	(100)	-	3	(100)
<u>Discontinued operations</u>						

Allowance for doubtful trade receivables	-	49	(100)	-	119	(100)
Depreciation and amortisation expense	-	495	(100)		1,000	(100)
Finance cost	-	825	(100)		1,185	(100)
Interest income	-	(25)	100		(117)	100
Government grants	-	(45)	100		(559)	100
Research costs	-	1175	(100)		1,919	(100)
Net exchange loss	-	27	(100)		-	

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 June 2017

	<u>Group</u>			<u>Company</u>		
	<u>As at</u> <u>30/6/2017</u>	<u>As at</u> <u>31/12/2016</u>	<u>+ / (-) %</u>	<u>As at</u> <u>30/6/2017</u>	<u>As at</u> <u>31/12/2016</u>	<u>+ / (-) %</u>
	SGD'000	SGD'000		SGD'000	SGD'000	
ASSETS						
Current assets:						
Cash and bank balances	2,183	468	366	103	13	692
Trade receivables	446	46	870	-	-	-
Amount due from sub-sidiaries	-	-	-	-	53	(100)
Work in Progress	201	-	n/m	-	-	-
Other receivables and prepayments	31	-	n/m	-	13	(100)
Total current assets	2,861	514	457	103	80	28
Non-current assets:						
Investment in subsidiaries	-	-	n/m	-	2	(100)
Fixed Deposit	80	80	0	-	-	-
Property, plant and equip-ment	242	106	128	-	-	-
Total non-current assets	321	186	73		2	(100)
Total assets	3,182	700	355	103	82	26
LIABILITIES AND EQUITY						
Trade payables	-	-	-	-	-	-
Amount due to Holding Compa-ny	-	-	n/m	-	-	-
Loan from related party	2,900	1299	123	250	-	n/m

Amount due to subsidiaries	-	-	n/m	24	2	1100
Income Tax Payable	6	-	n/m	-	-	-
Promissory Notes	2,150	-	n/m	2150	-	n/m
Other payables and accrued expenses	1,873	2653	(29)	496	2,503	(80)
Total current liabilities	6,929	3,952	75	2,920	2,505	16

Equity

Capital and reserves attributable to equity holders of the Company

Share capital	165	165	0	165	165	0
Treasury shares	(27)	(27)	0	(27)	(27)	0
Other reserves	318	318	0	318	318	0
Accumulated losses	(3,705)	(3,343)	(14)	(3,272)	(2,881)	(14)
	(3,249)	(2,887)	(13)	(2,816)	(2,423)	16
Non-controlling interests	(498)	(365)	n/m	-	-	-
Total equity	(3,747)	(3,252)	15	(2,816)	(2,423)	16
Total liabilities and equity	3,182	700	355	103	82	26

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Continuing operations

Amount repayable in one year or less, or on demand

<u>As at 30 June 2017</u>		<u>As at 31 December 2016</u>	
<u>SGD'000</u>		<u>SGD'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	2,900	-	1,299

Amount repayable after one year

<u>As at 30 June 2017</u>		<u>As at 31 December 2016</u>	
<u>SGD'000</u>		<u>SGD'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	-	-	-

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 June 2017

	<u>GROUP</u>			
	<u>2017Q2</u>	<u>2016Q2</u>	<u>2017H1</u>	<u>2016H1</u>
	SGD'000	SGD'000	SGD'000	SGD'000
Cash flows from (used in) operating activities:				
Loss before income tax				
- Continuing operations	(88)	(185)	(442)	(298)
- Discontinuing operations	-	(3,161)	-	(2,816)
		(3,346)	(442)	(3,114)
Adjustments for:				
Depreciation and amortisation expense	23	494	36	1,000
Translation adjustment	-	54	26	
Allowance for doubtful trade receivables	-			
Finance costs	-	825	9	1,187
Interest income	-	(25)	-	(117)
Allowance for doubtful trade receivables	-	49		119
Operating profit before working capital changes	65	1949	(371)	(925)
Trade receivables	(8)	(8077)	(400)	20,718
Other receivables and prepayments	(207)	(173)	(31)	11,147
Construction contracts	-	3,207	-	16,295
Inventories	(201)	570	(201)	3,007
Properties under development	-	(15,418)	-	(13,782)
Trade payables	-	1,670	-	(14,756)
Other payables and accrued expenses	1,350	49,422	1,376	(20,851)
Cash generated from (used in) operations	869	29,250	373	853
Interest received	-	25	-	-
Interest paid	-	(1,922)	-	-
Income tax paid	-	(20)	-	-

Net cash from (used in) operating activities	941	27,333	373	-96,159
Cash flows used in investing activities:				
Advances to a related party	-	(2,117)	-	
Addition of land use rights	-	(47)	-	
Proceeds from disposal of financial assets at fair value through profit and loss	-		(133)	-
Increase in non-Controlling interest				
Purchase of property, plant and equipment	(149)	(137)	(136)	(57,372)
Net cash used in investing activities	(149)	(2300)	(269)	(57,372)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the first quarter ended 30 June 2017

	<u>GROUP</u>			
	<u>2017Q2</u>	<u>2016Q2</u>	<u>2017H1</u>	<u>2016H1</u>
	SGD'000	SGD'000		
Cash flows from (used in) financing activities:				
Repayments of short-term bank loans	-	(37,014)	-	
Increase in short-term bank borrowings	-	36,690	-	64,433
Increase in long-term bank loans	-	-	-	34,131
		(26,395)		
Advances from a related party	1,150	-	1,611	
Repayment of advances to a related party	-	-	-	
Pledged fixed deposits	-	(9,205)		
Net cash from (used in) financing activities	1,150	(35,926)	1,611	98,564
Net increase in cash and cash equivalents	1,870	(10,894)	1,715	(42,045)
Cash and cash equivalents at beginning of period	313	41,317	468	42,888
Cash and cash equivalents at end of period (Note 1)	2,183	30,424	2,183	843

Note 1:

	<u>GROUP</u>			
	<u>2017Q2</u>	<u>2016Q2</u>	<u>2017H1</u>	<u>2016H1</u>
	SGD'000	SGD'000		
Cash and bank balances	2,183	52,111	2,183	843
Less: Fixed deposits pledged		(21,687)		
Cash and cash equivalents at end of period	2,183	30,424	2,183	843

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.

Attributable to equity holders of the Company

	Share capital	Trea- sury shares	Share premium	Other re- serve	Capital re- serve	Share based pay- ment reserve	Asset revalua- tion reserve	Accumu- lated losses	Non- control- ling interest	Total equity
	SGD'0 00	SGD'00 0	SGD'00 0	SGD'0 00	SGD'0 00	SGD'00 0	SGD'00 0	SGD'000	SGD'00 0	SGD'0 00
<u>Group</u>										
Balance as at 1 April 2017	165	(27)	-	-	-	318	-	(3,161)	(498)	3,659
Translation difference	-	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	(88)	-	(88)
Balance as at 30 June 2017	165	(27)	-	-	-	318	-	(3,249)	(498)	(3,747)

Group

Balance as at 1 April 2016	16,112	(2,614)	24,062	14,412	(2,217)	310	4,199	54,168	-	108,426
Income for the period	-	-	-	-	-	-	-	(3,307)	-	(3,307)
Balance as at 30 June 2016	16,112	(2,614)	24,062	1,4412	(2,217)	310	4,199	(50,861)	-	105,119

	Share Capital	Treasury Shares	Share Premium	Share based payment reserve	Accumulat- ed Losses	Total Equi- ty
	<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>Company</u>						
Balance as at 1 April 2017	165	(27)	-	318	(3,153)	(2,697)
Translation adjustment						
Total comprehensive loss for the period	-	-	-	-	(119)	(119)
Balance as at 30 June 2017	165	(27)	-	318	(3,272)	(2,816)
Balance as at 1 April 2016	16,106	(2,614)	24,062	310	(136)	37,728
Total comprehensive loss for the period	-	-	-	-	(185)	(185)
Balance as at 30 June 2016	16,106	(2,614)	24,062	310	(321)	37,543

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 second quarter ended 30 June 2017.

As announced by the Company on 15 March 2016, the Proposed Capital Reorganisation was duly approved by the Shareholders at the Special General Meeting of the Company held on 15 March 2016. As announced on 22 July 2016, the Proposed Capital Reorganisation was completed on 23 July 2016.

The number of ordinary shares held as treasury shares as at 31 March 2017 was 3,150,000 shares (31 March 2017: 3,150,000 shares).

As at 30 June 2017, there were no shares that may be issued on conversion of any outstanding convertibles or share option (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 total number of issued shares excluding treasury shares as at 30 June 2017 is 92,630,849 shares (31 March 2017: 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 year ended 31 December 2016.

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.

The Company has disposed its 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 RMB 420 million on 23 July 2016. Upon the disposal the Company is focusing on developing the business of information-communication services through its subsidiary Arete M Pte. Ltd, which operates in Singapore.

As such, the primary economic environment in which the Company operates in has changed. Following the requirement of IAS21, the Company has adopted Singapore Dollar as the functional currency with prospective changes from 1 Jan 2017.

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>2017Q2</u>	<u>2016Q2</u>
<u>Continuing operations</u>		
Basic EPS (SGD cents)	(0.09)	(0.20)
Diluted EPS (SGD cents)	(0.09)	(0.20)
<u>Discontinuing operations</u>		
Basic EPS (SGD cents)	-	(3.37)
Diluted EPS (SGD cents)	-	(3.37)

The calculation of basic earnings per ordinary share for 2017Q2 and 2016Q2 were based on 93,737,249 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>30/06/2017</u>	<u>31/03/2017</u>	<u>30/06/2017</u>	<u>31/03/2017</u>
	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>
Net asset value per ordinary share (SGD cents)	(4)	(4)	(3)	(3)

* based on the existing number of shares in issue of 92,630,849 ordinary shares (2017Q1: 92,630,849 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

A breakdown of the Group's revenue by product segments:

	2017Q2	2016Q2	Chg
	<u>SGD '000</u>	<u>SGD '000</u>	%
<u>Discontinued Operations</u>			
Telecommunication pipes	-	1,754	(100.00)
Telecommunication & other towers	-	9,843	(100.00)
Telecommunication engineering services	-	10,711	(100.00)
Property	-	321	(100.00)
Network Solution	420	-	n/m
Total revenue	420	22,629	(100.00)

The comparison of the revenue by product segment is not meaningful as the major product segment shown in Q2 2016 was discontinued in Q2 2017.

Note: There is a change in company's primary currency from RMB to SGD as of first quarter of 2017. For the purpose of this report, the exchange rate used is SGD\$1= RMB 0.20294

Consolidated Statement of Profit and Loss and Other Comprehensive Income

The revenue of continuing operations consist of service rendered in relation to provision of networking solutions from August 2016 onwards.

The Group's total selling and administrative expenses and finance costs for continuing operations has increased from SGD 185 thousand to SGD 462 thousand. This is due to the consolidation of Arete M since 1 August 2016.

The Group recorded total comprehensive loss of SGD88 thousand as compared to total comprehensive loss of SGD 3,307 thousand generated during the same period in 2016.

Statement of Financial Position

Total assets amounted to SGD3,193 thousand as at 30 June 2017, which comprised of SGD2,873 thousand of current assets and SGD323 thousand of non-current assets.

The significant increase in current asset is due to a promissory note of SGD2,150 thousand by the shareholders.

Total liabilities amounted to SGD6,929 thousand as at 30 June 2017, which were all represented by current liabilities.

Consolidated Statement of Cash Flows

There was an inflow of SGD373 thousand from operating activities for the period ended 30 June 2017 as compared to an inflow of SGD27 million for the period ended 30 June 2016.

Cash and cash equivalents as at 30 June 2017 is approximately SGD2,183 thousand, a decrease of SGD28,237 as compared to SGD30,420 thousand as at 30 June 2016.

- 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 management of 8Telecom is of the opinion that the demand of the services from Arete M is going to bring substantial growth potential to the Group in the longer term. The Group is focusing on assisting Arete M to secure sufficient capital to support its future growth in information-communication services industry.

During the first half year of 2017, Arete M has engaged in depth discussions with several customers regarding the provision of private LTE network services. These customers are based in Singapore and have expressed strong interest in such services. Some contracts have already been concluded as of 30 June 2017 and recognised in the revenue.

To support the ongoing operation of the Group for the next 12 months, the Group is working with the shareholders of the Company to raise cash to sustain its operation and support future growth.

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

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, aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no mandate has been obtained, a statement to that effect.

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

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial statements set out above to be false or misleading in any material aspect.

Zhang Wen
Director

Wang Zhejun
Director

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.

FOR AND ON BEHALF OF THE BOARD

Zhang Wen
Executive Director
14 August 2017