

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 2018

	<u>2018</u>	<u>2017</u>	<u>+/(-) %</u>
<u>Continuing operations</u>			
Revenue	1,736	727	139
Cost of sales	(968)	(564)	72
Gross profit	768	163	371
Other operating income	265	128	107
Selling expenses	(38)	(57)	(32)
Administrative expenses	(2,338)	(2,422)	(3)
Finance costs	(8)	(13)	(38)
Depreciation	(108)	(104)	4
Loss before other losses	(1,459)	(2,147)	(32)
Other gain or (loss)	-	-	Nm
Loss before Tax	(1,459)	(2,147)	(32)
Income tax expense	-	-	-
Profit from continuing operations	(1,459)	(2,147)	(32)
<u>Discontinued operations</u>			
Loss from discontinued operations	-	-	Nm
Total loss	(1,459)	(2,147)	(32)
Profit attributable to:			
Equity holders of the Company	(1,026)	(1,510)	(32)
Non-controlling interests	(433)	(637)	(32)
	(1,459)	(2,147)	(32)

Nm: not meaningful

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 2018

	Group			Company		
	<u>As at</u>	<u>As at</u>	<u>+/(-) %</u>	<u>As at</u>	<u>As at</u>	<u>+/(-) %</u>
	<u>31/12/2018</u>	<u>31/12/2017</u>		<u>31/12/2018</u>	<u>31/12/2017</u>	
		7				
<u>ASSETS</u>						
Current assets:						
Cash and bank balances	103	1,169	(91)	14	23	(37)
Trade receivables	1481	311	376	-	-	-
Loans	2,308	364	534	2,397	350	585
Other receivables and prepayments	69	48	43	24	24	
Amount due from related party	372	24	1451	286		Nm
Amount due from subsidiary	-	-	Nm		300	- (100)
GST input tax	84	13	543	-	-	-
Work In Progress	505	220	130	-	-	-
Fixed Deposit	80	147	(46)	-	-	-
Total current assets	5,001	2,296	118	2,721	697	290
Non-current assets:						
Property, plant and equipment	706	407	73	128	151	(15)
Accumulated Depreciation	(250)	(9)	2680		(8)	(100)
Fixed Deposit	147	80	84	-	-	Nm
Total non-current assets	603	478	26	128	143	(10)
Total assets	5,604	2,774	102	2849	840	239

LIABILITIES AND EQUITY

Trade Creditor	1,251	108	1059	-	-	-
Other Creditor	5,509	2,850	93	2658	-	-
Accrued Expenses	63	654	(90)		547	(100)
Amount due to Shareholders	0	119	(100)		119	(100)
Amount due to Director	1,150	1,150	0	-	-	-
Short term loans from a company which a director has an interest	-	-	Nm	-	-	-
Amount due to Subsidiary	40	-	-	40	16	Nm 150
Promissory Note	2,150	2,150	0	2,150	2,150	0
GST Payable	81	10	715	-	-	-
Total Liability	10,245	7,041	46	4,848	2,832	71

Equity

Capital and reserves attributable to equity holders of the Company

Share capital	1,177	1,829	(36)	1,177	1,177	
Treasury shares	(27)	(27)	-	(27)	(27)	-
Other reserves	1,477	-	Nm	1,477	-	Nm
Accumulated losses	(5,871)	(5,067)	16	(4,626)	(3,142)	47
	(3,244)	(3,265)	(1)	(1,999)	(1,992)	0
Non-controlling interests	(1,396)	(1,002)	39	-	-	-
Total equity	(4,641)	(4,267)	9	(1,999)	(1,992)	0
Total liabilities and equity	5,604	2,774	102	2,849	840	239

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 2018

	Group	
	<u>2018</u>	<u>2016</u>
Cash flow from operating activities:		
Loss before income tax:	(1,459)	(2,147)
Adjustment for:		
Depreciation	108	104
Other receivables and prepayments	(21)	-
Income Tax Expense	-	-
Exchange differences	-	-
Share of loss of associated company	-	-
Loss on disposal of subsidiaries	-	-
Operating (loss) / profit before working capital changes	(1,372)	(2,043)
Trade receivables	(1,444)	(716)
Work in Progress	(285)	(220)
Payables and accrued expenses	3,212	2,706
Cash used in operations	1,483	1,770
Income tax paid	-	-
Net cash used in operating activities	111	(273)
Cash flow from investing activities		
Net Cash Inflow upon gaining control of an associated company	-	-
Disposal of subsidiaries, net of cash disposed	-	-
Purchase of property, plant and equipment	(299)	(395)
Net cash generated from investing activities	(299)	(395)

**CONSOLIDATED STATEMENT OF CASH
FLOWS (SGD'000)
For the financial year ended 31 December 2018**

	Group	
	<u>2018</u>	<u>2017</u>
Cash flow from financing activities		
Dividends paid	-	-
Issuance of shares	257	1,664
Repayment of short term loan	(878)	(149)
Pledged fixed deposits	-	-
Net cash generated from / (used in) financing activities	(621)	1,515
Net increase / (decrease) in cash and cash equivalents	(1,066)	847
Cash and cash equivalents at beginning of period	1,169	322
Effects of currency translation on cash and cash equivalents	-	-
Cash and cash equivalents at end of period (Note 1)	103	1,169

Note 1:

	Group	
	<u>2018</u>	<u>2017</u>
Cash and bank balances	330	1,316
Less: Fixed deposits pledged	(227)	(147)
Cash and cash equivalents at end of period	103	1,169

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.

2018	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	1,829	(27)	0	(5,067)	(1,002)	(4,267)
Transfer to accumulated loss upon lapse of share based payments					-	-
Total comprehensive loss for the year	-	-			(394)	(394)
Issuance of shares		-		-	-	-
Other adjustment	(652)	-	1,477	(805)	-	20
Acquisition of subsidiary	-	-	-	-	-	-
End of financial year	1,177	(27)	1,477	(5,872)	(1,396)	(4,641)
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)

2018	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	1,177	(27)		(3,142)	(1,992)
Profit for the year	-	-		(1,484)	(1,484)
Total comprehensive income for the year		(27)	-	(4,626)	(3,476)
Issuance of shares		-	-	-	
Other adjustment	-	-	1,477		1,477
End of financial year	1,177	(27)	1,477	(4,626)	(1,999)

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)

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 financial year ended 31 December 2018.

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 31 December 2018, there were no shares that may be issued on conversion of any outstanding convertibles or share option (31 December: 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 December 2018 is 112,477,249 shares (31 December 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.

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 2017.

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 dividend.

<u>GROUP</u>		
	<u>2018</u>	<u>2017</u>
Continuing operations		
Basic EPS (SGD cents)	(1.04)	(1.91)
Diluted EPS (SGD cents)	(1.04)	(1.91)

The calculation of basic earnings per ordinary share for 2018Q4 and 2017Q4 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>31/12/2018</u>	<u>31/12/2017</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
Net asset value per ordinary share (SGD cents)	(3.99)	(3.79)	(2.03)	(1.77)

* based on the existing number of shares in issue of 140,397,249 ordinary shares in 2018 year ended 31 December (2017 year ended 31 December: 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's revenue has increased significantly from \$0.727 million in 2017 to \$1.736 million in 2018, this is a result of an increase in projects secured by the subsidiary, Arete M Pte. Ltd..

In line with the increased revenue, the Group's Cost of Sales has increased from \$0.564 million in 2017 to \$0.968 million in 2018.

The Group recorded total comprehensive loss of \$ 1.459 million in financial year 2018, being significantly lower than \$2.147 million in financial year 2018. This change was mainly due to an increase in revenue of Arete M while experiencing a lower cost of sales.

Statement of Financial Position

The Group's trade receivable increased from \$0.311 million to 1.481 million due to the increasing of revenue.

Group's loan receivable has increased from \$0.364 million in 2017 to \$2.308 million in 2018 as a result of loans to China Commodity Market Pte. Ltd. and China Commodity Shopping Centre Pte. Ltd. (collectively, the "Target Companies") which were incurred during the cause of acquiring the Target Companies. The Company has since been informed by the SGX-ST on 8 February 2019 that the acquisition of the Target Companies has not been approved and accordingly, but the Company is currently negotiating with the Target Companies on the loan repayment schedule. The Company and the Target Companies are working towards finalizing the loan repayment schedule as soon as possible.

Liabilities arising from other creditors increased significantly from \$2.8 million in 2017 to \$5.5 million in 2018 as a result of the Company treating placement proceeds paid by Top Capital Securities Pte. Ltd., Cai Miao & Peng Yun (collectively, "Subscribers") as amounts owing to them in accordance with the terms of their placements. The Company has been informed by the SGX-ST on 8 February 2019 that the listing and quotation of the Subscribers' placement shares has not been approved. The Company is currently negotiating with the Subscribers on the repayment schedule for amounts owing to them.

Consolidated Statement of Cash Flows

There was an inflow of \$0.111 million from operating activities in financial year 2018 as compared to an outflow of \$0.273 million for financial year 2017.

Cash and cash equivalents as at 31 December 2018 are approximately \$0.103 million, a decrease of \$1.066 million as compared to \$1.169 million as at 31 December 2017.

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

While the Company has previously indicated in Paragraph 10 of the Q3FY2018 result announcement that it is intending to acquire 51% of the issued and paid-up share capital of the Target Companies, the Company will no longer be proceeding with the proposed acquisition.

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 Board refers to the announcement dated 13 February 2019, where the Company has received a letter of demand from Lim Tong Soon, Chung Fui Leng Shirley Mrs Tan Fui Leng Shirley, Loy Soo Kwee, Christopher Chong Seng Fatt, Tang Pen San and Teo Siew Lin (the “Minority Shareholders”) where by the Minority Shareholders have, inter alia, demanded for the return of the Company’s shares in Arete M in exchange for the cancellation of certain promissory notes amounting to \$2.15m in relation to the Arete M Acquisition. The company is currently negotiating with the Minority Shareholders to resolve this situation.

In the event that the Company is unable to come to an amicable resolution with the Minority Shareholders, the Company may have to dispose of its shareholdings in Arete M and should the Company be unable to acquire other assets or operating subsidiaries, it will become a cash Company pursuant to Rule 1018 of the Listing Manual of the SGX-ST.

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 financial year 2018.

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 assurance 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).

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 2018 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	145	396	(63)
Operating profit/loss after tax before deducting minority interests reported for first half year	(395)	(88)	349
Sales reported for second half year	1591	331	381
Operating profit/loss after tax before deducting minority interests reported for second half year	(1,100)	(2,147)	(49)

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 FY2018.

20. Use of Proceeds

Pursuant to the Subscription, the Company received net proceeds of \$3,211,096 (the “**Net Proceeds**”). Please refer to the Company's announcement dated 25 June 2018 & 16 August 2018 in relation to the 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	1,064	32

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	437	14
Other trade payables	1,710	53
TOTAL	3,211	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

WAN GUANG
Executive Director
1 March 2019