

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

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

(Company Registration No. 34713)

(the “**Company**”)

CHANGE IN AND UPDATE OF USE OF PLACEMENT PROCEEDS

The Board of Directors (the “**Board**”) of 8Telecom International Holdings Co. Ltd. (the “**Company**” and together with its subsidiary, the “**Group**”) refers to the Company’s announcements dated 2 November 2017, 11 December 2017, 14 December 2017 and 18 December 2017 (the “**Placement Announcements**”). Unless otherwise defined, all capitalised terms shall bear the same meanings ascribed to them in the Placement Announcements.

The Group wishes to refer to the use of proceeds as set out in the Placement Announcements as follows:

	Use of Proceeds	Percentage allocation (%)
1	Wages, salaries and other head office operating expenses	30
2	Professional fees including auditor fees and company secretary fees	60
3	Other trade payables	10
	TOTAL	100

The Group would like to announce that there is a change in the use of proceeds from the Placement.

As previously announced, the Group has always been on the lookout for new business so as to increase revenue streams. The Group had managed to, in November 2017, identify two targets (the “**Targets**”) engaged in the supermarket business (the “**Supermarket Business**”). Management had entered into a memorandum of understanding with the vendors of the Targets (the “**Vendors**”) in December 2017 for the purposes of a proposed acquisition of 51% of the total issued and paid-up share capital of the Targets (the “**Proposed Acquisition**”). It is a term of the Vendors that the Company must provide an interest-free loan to the Targets (the “**Loan**”) for the purposes of increasing their stocks of goods in anticipation of greater Chinese New Year sales. Management had agreed to their request as they are of the view that the Supermarket Business is a viable and attractive business with good prospects and the Company therefore wished to invest in the Supermarket Business. Further an increased revenue received by the Supermarket Business for the Chinese New Year would benefit the Company upon acquisition of the Targets. As management was of the view that the Proposed Acquisition is in the best interests of the Company and that the Loan is also repayable on demand, management was therefore agreeable to providing the Loan as such. The audit committee (the “**AC**”) subsequently came to know of the Loan, and immediately requested for an announcement to be made. While the AC understands the intentions of management, the AC is of the view there must not be a repeated instance of this and management has accordingly provided an undertaking that there shall be no change in use of any proceeds, unless Board approval has been obtained. Further details on the Proposed Acquisition may be found in the Company’s announcement made earlier today.

After considering the Group’s current financial position and proposed business plan going forward, the Board had re-allocated:

- (i) \$52,000 of the net proceeds of the Placement (the “**Net Proceeds**”) previously allocated for the payment of professional fees to be utilized towards payment of other trade payables due to additional expenses incurred by the Company; and
- (ii) \$350,000 of the Net Proceeds previously allocated for professional fees to be utilized for its acquisition project instead, based on the abovementioned reasons.

As at the date of this announcement, the utilisation of the Net Proceeds is 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
Professional fees including auditor fees and company secretary fees	184	20
Other trade payables	150	15
Acquisition project	350	35
TOTAL	986	100

The Company will provide a status report on the use of the Net Proceeds in its annual report, in accordance with the SGX-ST listing rules.

BY ORDER OF THE BOARD

Wang Zhejun
Executive Director

8 March 2018