

八方电信国际控股有限公司  
8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

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**THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF  
EAST JADE INTERNATIONAL LIMITED AND AIM TECH NETWORK INVESTMENT LIMITED**

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**1. INTRODUCTION**

The Board of Directors of 8telecom International Holdings Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 21 August 2015, entered into a conditional sale and purchase agreement (the “**Agreement**”) with Manfaith Investments Ltd. (“**Purchaser**”) in relation to the proposed disposal of the Company’s entire interest in its two (2) wholly-owned subsidiaries, East Jade International Limited (“**East Jade**”) and Aim Tech Network Investment Limited (“**Aim Tech**”) (the “**Target Companies**”), to the Purchaser (the “**Proposed Disposal**”), for an aggregate cash consideration of RMB 420 million (“**Total Consideration**”).

The Proposed Disposal is conditional upon the Proposed Capital Reorganisation, which comprises the following:

- (a) the reduction of the issued and paid up share capital of the Company (the “**Capital Reduction**”) from US\$9,263,084.90 to US\$92,630.849 (excluding the treasury shares capital) by cancelling the paid-up capital of the Company to the extent of US\$0.099 on each of the shares in the capital of the Company (“**Shares**”) of US\$0.10 in issue so that each issued Share of US\$0.10 shall be treated as one full paid-up share of US\$0.001;
- (b) the sub-division of each unissued Share of US\$0.1 in the authorised but unissued share capital of the Company (which shall include those unissued shares resulting from the Capital Reduction) into 100 Shares of US\$0.001 each (“**Sub-division**”);
- (c) subject to and forthwith upon the Capital Reduction and the Sub-division taking effect, the authorized capital of the Company be increased by the creation of such number of shares of US\$0.001 each (representing the difference between 100,000,000,000 shares and the number of shares of US\$0.001 each in the Company in issue after the Capital Reduction and the Sub-division) as are required to result in an authorised share capital of US\$100,000,000;
- (d) the cancellation of the entire sum standing to the credit of the Company’s share premium account (the “**Share Premium Cancellation**”) amounting to US\$16,552,583.28 (approximately to RMB118.57million); and
- (e) the crediting of the credit amount of US\$9,170,454.051 arising from the Capital Reduction and the credit amount of US\$16,552,583.28 arising from the Share Premium Cancellation, to the contributed surplus account of the Company;

(collectively, the “**Proposed Capital Reorganisation**”).

The credit amount of US\$25.72 million (approximately to RMB184.27 million arising from the Capital Reduction and the Share Premium Cancellation) will be transferred to the Company’s contributed surplus account to be utilised for distributions to be made by the

Company to its shareholders (“**Shareholders**”) pursuant to the Proposed Dividend (as defined below).

For purposes only of this announcement, the exchange rate used is that as at 18 August 2015, of US\$1 to RMB6.3966, and S\$1 to RMB4.5435 (“**Exchange Rate**”). The exchange rate applicable for the transactions set out in this announcement will be based on the prevailing exchange rates prevailing at such times.

The Proposed Disposal is also conditional upon the Company undertaking a distribution via a proposed special dividend (“**Proposed Dividend**”) to the Shareholders of approximately RMB231.29 million to the entitled Shareholders whose names appear on the register of members/record of depositors of the Company as at a books closure date for the Proposed Capital Reorganisation and Proposed Dividend (“**Books Closure Date**”) to be determined later by the Board.

The Proposed Disposal, the Proposed Capital Reorganisation and the Proposed Dividend are inter-conditional upon the concurrent approval of the Shareholders. If any of the resolutions relating to the Proposed Disposal, the Proposed Capital Reorganisation and the Proposed Dividend is not approved by the Shareholders, then all of proposed transactions will not proceed.

## **2. DETAILS OF THE PROPOSED DISPOSAL**

### **2.1 Information on the Purchaser**

The Purchaser, Manfaith Investments Ltd., is a company incorporated in the British Virgin Islands (“**BVI**”), which is also the Company’s ultimate holding company. The Purchaser is 100% owned (legally and beneficially) by the Company’s Executive Chairman and CEO, Mr. Ye Tianyun.

### **2.2 Information on the Target Companies**

East Jade is a private company limited by shares incorporated in the BVI on 27 March 2003 and as at the date of this announcement, has an issued and paid-up share capital of US\$2,000,000 comprising 2,000,000 ordinary shares. As at the date of this announcement, East Jade is a wholly-owned subsidiary of the Company.

Aim Tech is a private company limited by shares incorporated in the BVI on 30 August 2004 and as at the date of this announcement, has an issued and paid-up share capital of US\$50,000 comprising 50,000 ordinary shares. As at the date of this announcement, Aim Tech is a wholly-owned subsidiary of the Company.

With the exception of Hangzhou Eight Adison Industrial Co., Ltd which is engaged in development and sale of office properties, the Target Companies and its subsidiaries (collectively, the “**Target Group Companies**”) are principally engaged in the manufacturing and supplying of telecommunications pipes, telecommunications and other towers as well as provision of telecommunications engineering services. In addition, Hangzhou Proud Wish Industry Co., Ltd is also engaged in the development and sale of office properties.

The particulars of the Target Group Companies are set out in Appendix A of this Announcement.

### 3. PRINCIPAL TERMS OF THE AGREEMENT

#### 3.1 Sale Shares

The total consideration for the Proposed Disposal is RMB 420 million to be paid in cash to the Company by the Purchaser (“**Total Consideration**”) for the sale and purchase of the Sale Shares, which comprises:

- (i) 1,650,000 ordinary shares in East Jade; and
- (ii) 50,000 ordinary shares in Aim Tech,

And includes also the rights to be issued shares in the Target Companies following capitalization by the Company of the Intercompany Payables (as defined below).

(collectively, the “**Sale Shares**”).

#### 3.2 Total Consideration

The Total Consideration for the Proposed Disposal was arrived at on an arm’s length, on a willing buyer and willing seller basis, taking into account the proforma unaudited consolidated net asset value of the Target Group Companies as at 30 June 2015 (“**Adjusted NAV**”).

Under the terms of the Agreement, the Purchaser has irrevocably undertaken that, subject to completion of the Proposed Disposal (“**Completion**”), the Purchaser shall set off against the Total Consideration an amount equivalent to the percentage of the Shares held by the Purchaser and Ye Tianyun as at the Books Closure Date multiplied by the aggregate amount of the Proposed Dividend (the “**Balance Consideration**”), with the balance payable by the Purchaser in cash (the “**Cash Consideration**”).

The Total Consideration shall be satisfied in RMB, as follows:

- (a) an amount equivalent to the Cash Consideration which would be the sum of RMB104,446,540,00 payable on completion of the Proposed Disposal, which shall be a date that to be agreed that is no later than the date falling not later than 90 days after the date on which all the conditions precedent have been satisfied or such other date as may be mutually agreed between the Purchaser and the Company (“**Completion Date**”); and
- (b) an amount equivalent to the Balance Consideration (which is determined by deducting the Cash Consideration from the Total Consideration) on the payment date for the Proposed Dividend (“**Payment Date**”) by way of set off against the entitlement of the Purchaser and Mr Ye Tianyun to the Proposed Dividend (“**Final Payment**”).

The mechanism of the Final Payment, as disclosed above, represents a commercial arrangement mutually agreed upon by the Company and the Purchaser following arms-length negotiations.

The new share certificates will only be released to the Purchaser upon the receipt by the Company of the Balance Consideration upon Final Payment.

### 3.3 Conditions Precedent


The obligations of the parties under the Agreement to complete the Proposed Disposal are conditional upon, *inter alia*, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before the Completion:

- (a) the requisite approval of the board of directors and shareholders (if required) of the Purchaser for the transactions contemplated in the Agreement having been obtained;
- (b) the completion of the sale by the Purchaser of all of the Shares held by the Purchaser in the Company and receipt of proceeds from such sale;
- (c) the Purchaser having obtained all approvals, waivers, filings, registrations and consents as may be necessary from any third party or governmental agency having jurisdiction over the transactions contemplated under the Agreement being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked;
- (d) all approvals, waivers and consents as may be necessary from any third party or governmental agency having jurisdiction over the transactions contemplated under the Agreement being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being acceptable to the Company, in particular:
  - (i) the approval of the Shareholders being obtained at a special general meeting to be convened before the Completion Date for the transactions contemplated herein, including:–
    - (A) the Proposed Disposal;
    - (B) the Proposed Capital Reorganisation; and
    - (C) the Proposed Dividend;
  - (ii) clearance being obtained from the SGX-ST in respect of the Circular to be issued in respect of the transactions contemplated under the Agreement
  - (iii) Consents of the creditors of the Company and the Target Group Companies being obtained, if such consent is in the view of the Company necessary or desirable;
- (e) Mr Ye Tianyun assigning his entitlement under the Proposed Dividend to the Purchaser to be applied towards set off of the Balance Consideration;
- (f) Shareholders of the Company approving the Capital Reorganization (including but not limited to the Capital Reduction) and payment of the Proposed Dividend of not less than an aggregate amount of RMB410,000,000.00; and
- (g) there being no material adverse change in the business, operations, assets, financial condition or prospects of the Target Group Companies on or before the Completion Date.

In the event of any non-fulfilment or amendment or waiver of any conditions precedent, the Company will update the Shareholders and make the necessary announcements immediately.

Under the Agreement, the Company and the Purchaser have agreed that they shall each use its best endeavours to ensure the satisfaction of the conditions precedent.

### 3.4 Change of Name

As at the date of this announcement, the registered owner of the trademark  is Zhejiang 8telecom Co., Ltd, one of the Target Group Companies. Following completion of the Proposed Disposal, it has been agreed in the Agreement that the Company will not be allowed to continue to use the trademark. This will not have any material impact on the Company.

The Company has agreed in the Agreement that it shall effect a change in its name, subject to approval of the shareholders of the Company, within 9 months after the Completion Date such that it does not include “8telecom” or any derivative name.

### 3.5 Right of Termination

The Agreement may be terminated at any time prior to the Completion by any party by notice in writing to the other party if:

- (a) the other party is in material breach of any provision of the Agreement or any of its warranties being unfulfilled, untrue, misleading or incorrect in any material respect; or
- (b) any of the conditions precedent to be fulfilled by the other party have not been fulfilled or waived on or before 30 June 2016, or such other date as the Company and the Purchaser may mutually agree in writing.

The Company and the Purchaser may also terminate the Agreement by mutual written consent.

### 3.6 Representations and Warranties

Pursuant to the terms of the Agreement, the Company and the Purchaser have furnished to each other various representations and warranties customary for transactions of a similar nature such as the Proposed Disposal.

### 3.7 Completion

On Completion Date, the Purchaser shall make payment of the Cash Consideration.

On the Payment Date, the Company will provide the Purchaser with:

- (a) the share transfer forms in respect of the transfer of the shares in the Target Companies, duly executed by the Company, in favour of the Purchaser or its nominee;
- (b) duly issued share certificates in respect of the Target Companies in the name of the Purchaser or its nominee;
- (c) board resolutions of the Targets Companies approving the transfer of the Sale Shares subject to the same being duly stamped if necessary; and the affixation of the common seal of the Target Companies (where required), the issue of new share certificates in respect of the Sale Shares in favour of the Purchaser and/or its nominee and the registration of the Purchaser and/or its nominee in the Target’s register of members as the holder of the Sale Shares;

- (d) a letter assigning the Intercompany Payables owed by the Target Group Companies to the Purchaser; and
- (e) such other documents as may be agreed between the Company and the Purchaser to effect Completion.

Pursuant to the terms of the Agreement, the Balance Consideration shall be payable on the Payment Date by way of offset against the entitlement of the Purchaser and Ye Tianyun to the Proposed Dividend against the Balance Consideration.

Upon Completion, subject to the set off of the Balance Consideration having been effected on the Payment Date, the Target Companies will cease to be wholly-owned subsidiaries of the Company.

### **3.8 Intercompany Payables and Capitalisation of Intercompany Payables**

As at 30 June 2015, the amount owing from the Target Group Companies to the Company is RMB 155,292,000.00 and amount owing from the Company to the Target Group Companies is RMB 26,904,000.00

Pursuant to the terms of the Agreement, the Company has agreed that the aforesaid two amounts will be set off, to provide a net amount of RMB 128,388,000.00 owed by the Target Companies to the Company ("**Intercompany Payables**").

The Company has under the Agreement agreed that prior to Completion, the Company shall pass a resolution, in its capacity as shareholder of the Target Companies, to capitalise the Intercompany Payables into shares in the Target Companies at par value, and that such rights to be issued shares in the Target Companies shall form part of the Sale Shares.

## **4. PROCEEDS FROM THE PROPOSED DISPOSAL**

- 4.1 The net proceeds from the Proposed Disposal, after deducting all costs and expenses are estimated to be approximately RMB 418.94million. For illustrative purposes only and based on the Adjusted NAV, the net gain on the Proposed Disposal for the Group as at 30 June 2015 is RMB 17.70 million.
- 4.2 The Company intends to use the entire net proceeds from the Proposed Disposal to partially fund the Proposed Dividend, with the balance of the Proposed Dividend to be funded by internal resources by the credit arising from the Capital Reduction and Share Premium Cancellation as set out in the Proposed Capital Reorganisation that would be transferred to the Company's contributed surplus account.

## **5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL**

- 5.1 Based on the latest announced unaudited financial statements of the Group for the period ended 30 June 2015, the relative figures applicable to the Proposed Disposal computed on the bases pursuant to Rule 1006 of the Listing Manual are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	Net asset <sup>(1)</sup> value of the Target Group Companies <sup>(2)</sup> to be disposed of, compared with the Group's net asset value	75.72%
(b)	Net profits <sup>(3)</sup> attributable to the Target Group Companies to be disposed of, compared with the Group's net profits	121%
(c)	Aggregate consideration received for the assets compared with the Company's market capitalisation <sup>(4)</sup>	159.57%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to disposal of assets

**Notes:**

- (1) Net asset means total assets less total liabilities.
- (2) The net asset value of the Target Group Companies of RMB 401.24million is based on the Adjusted NAV.
- (3) Net profits means profit or loss before income tax, minority interests and extraordinary items. The net profits of the Target Group Companies and the Group was RMB5.68 million and RMB4.69 million respectively.
- (4) Market capitalisation is calculated based on S\$0.6254 per Share, being the volume weighted average price of the Shares traded on 18 August 2015 until the trading halt on 19 August 2015 (being the last full market day on which the Shares were traded prior to the day the Agreement was entered into), multiplied by 92,630,849 Shares in issue (excluding treasury Shares), based on an Exchange Rate.

5.2 As the relative figures under Rules 1006(a), (b) and (c) of the Listing Manual each exceed 20%, the Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the Shareholders.

**6. PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION**

6.1 Ye Tianyun is a director of both the Company and the Purchaser. He is deemed interested in the Purchaser by virtue of his 100% shareholding in the Purchaser. He has as at the date of this announcement:

- 6.1.1 a direct interest in 3,895,800 Shares, representing 4.206% of the Company's existing total issued and paid-up share capital of 92,630,849 Shares, and.
- 6.1.2 a deemed interested in 66,442,450 Shares, representing 71.728% of the Company's existing total issued and paid-up share capital of 92,630,849 Shares held by Manfaith Investments Ltd, by virtue of him being the sole legal and beneficial owner, of the entire issued share capital of Manfaith Investments Ltd.

6.2 Accordingly, Ye Tianyun is an "interested person" as defined under Chapter 9 of the Listing Manual. Accordingly, the Proposed Disposal constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

- 6.3 Based on the Company's latest audited financial statements for FY2014, the Group's NTA amounted to RMB530.76 million as at 31 December 2014. Accordingly, the Total Consideration constitutes 79% of the latest audited NTA of the Group. This exceeds 5% of the Group's latest audited NTA. Pursuant to Rule 906 of the Listing Manual, the Company will seek the approval of the Shareholders for the Proposed Disposal as an "interested person transaction". Further, Ye Tianyun and any of his "associates" (as defined in the Listing Manual) shall not vote on the resolutions to approve the Proposed Disposal, Proposed Capital Reduction and the Proposed Dividend which are all inter-conditional.
- 6.4 Save as disclosed, there are no other transactions entered into by the Group with Ye Tianyun or his associates during the current financial year which are required to be disclosed under Chapter 9 of the Listing Manual.

## 7. DETAILS ON THE PROPOSED CAPITAL REORGANISATION

- 7.1 As at the date of this announcement, the authorised share capital of the Company is US\$100 million comprising 1,000,000,000 Shares of par value US\$0.10 each, of which 92,630,849 Shares have been issued and fully paid or credited as fully paid and 3,150,000 issued Shares held in treasury. The Company had previously purchased the said 3,150,000 shares from out of the capital paid-up thereon to be held as treasury shares.
- 7.2 The Proposed Capital Reorganisation will involve the following:—
- (a) the proposed reduction of issued share capital of the Company (the "**Capital Reduction**") as follows:
    - (i) by cancelling the paid-up capital of the Company to the extent of US\$0.099 on each of the existing issued and paid-up Shares (excluding the 3,150,000 Shares held as treasury shares) of US\$0.10 par value so that the issued and paid-up capital of the Company is reduced from US\$9,263,084.90 to US\$92,630.849 each issued Share of US\$0.10 par value shall be treated as a fully paid-up Share of US\$0.001 par value as at an effective date to be determined by the Board, and any liability of the holder of such Shares to make any further contribution to the capital of the Company on each such Shares shall be treated as satisfied; and
    - (j) by cancelling the issued capital of the Company to the extent of US\$0.099 on each of the 3,150,000 Treasury Shares of US\$0.10 par value so that the par value of each Treasury Share shall be reduced from US\$0.10 par value to US\$0.001 par value;
  - (b) subject to and forthwith upon the Capital Reduction taking effect, the sub-division of each unissued Share of US\$0.1 within the authorised but unissued share capital of the Company (which shall include, without limitation, those unissued shares resulting from the Capital Reduction referred to in paragraph (a) above) into 100 Shares of US\$0.001 par value each (the "**Sub-division**");
  - (c) subject to and forthwith upon the Capital Reduction and the Sub-division taking effect, the authorized capital of the Company be increased by the creation of such number of shares of US\$0.001 each (representing the difference between 100,000,000,000 shares and the number of shares of US\$0.001 each in the Company in issue after the Capital Reduction and the Sub-division) as are required to result in an authorised share capital of US\$100,000,000;



- (d) the proposed cancellation of the entire share premium account of the Company on an effective date to be determined by the Board (the “**Share Premium Cancellation**”);
  - (e) subject to and forthwith upon the Capital Reduction and the Share Premium Cancellation taking effect, the transfer of the credit arising from the Capital Reduction (being US\$9,170,454.051) and the Share Premium Cancellation (being US\$16,552,583.28 ) to the contributed surplus account of the Company to be applied in such manner as may be determined by the Board and permitted by applicable law, including but not limited to, making distributions to the shareholders of the Company.
- 7.3 Following the Proposed Capital Reorganisation taking effect, the authorised share capital of the Company would remain at US\$100 million but divided into 100,000,000,000 Shares of US\$0.001 each; and the issued share capital of the Company would be reduced from US\$9,263,084.90 divided into 92,630,849 Shares of US\$0.10 par value each (including Shares held in treasury) to US\$92,630.849 divided into 92,630,849 Shares of US\$0.001 par value each. In addition, the entire amount of the funds standing to the credit of the Company’s share premium account would be cancelled and the credit arising therefrom will be transferred to the Company’s contributed surplus account. As at 30 June 2015, the amount standing to the credit of the share premium account of the Company amounted to US\$16,552,583.28 (being approximately RMB118.57million based on the Exchange Rate).
- 7.4 The credit amount of US\$25.72 million (approximately to RMB184.27 million arising from the Capital Reduction and the Share Premium Cancellation to be transferred to the Company’s contributed surplus account to be utilised by the Company for distributions to be made to the Shareholders pursuant to the Proposed Dividend.
- 7.5 The Proposed Capital Reorganisation does not become effective until all the following conditions to the Proposed Capital Reorganisation have been satisfied and the Board has determined and announced the effective date of the Proposed Capital Reorganisation:
- (i) the approval of the Shareholders on the Proposed Disposal, as well as the Proposed Dividend, at a special general meeting of the Company (“**SGM**”) to be convened for that purpose;
  - (ii) the passing of the special resolution to approve the Proposed Capital Reorganisation at the SGM;
  - (iii) the completion of the Proposed Disposal;
  - (iv) the compliance with relevant legal procedure and requirements under the Bermuda Companies Act 1981 of Bermuda to effect the Proposed Capital Reorganisation; and
  - (v) the receipt by the Group of all relevant consents, authorisations or approvals required from any governmental or other competent regulatory authorities.
- 7.6 The Proposed Capital Reorganisation will not involve the diminution of any liability in respect of the unpaid capital or the payment to any Shareholder of any fully paid-up share capital of the Company and will not result in a cancellation or a change in the number of Shares held by the Shareholders immediately after the Proposed Capital Reorganisation taking effect.

## **7.7 Shareholders' entitlements**

Upon the above conditions being satisfied, an announcement will be made to notify the Shareholders of the Books Closure Date, whereupon the transfer books and the Register of Members of the Company will be closed at a time specified therein on the said date. The Books Closure Date will be for the purpose of determining the entitlement of Shareholders under the Proposed Capital Reorganisation and Proposed Dividend. Persons registered in the Register of Members of the Company (and Depositors whose securities accounts are credited with Shares, as the case may be) as at the Books Closure Date will be included for the purpose of the Proposed Capital Reorganisation and Proposed Dividend on the basis of the number of Shares registered in their name (or standing to the credit of their securities accounts, as the case may be) as at the Books Closure Date.

## **8. DETAILS ON THE PROPOSED DIVIDEND**

8.1 Subject to the approval of the Shareholders for the Proposed Dividend, the Board is proposing the declaration of a special one-tier tax-exempt dividend of approximately RMB415.56 million out of (i) its retained earnings account and contributed surplus account, and (ii) the net proceeds from the Proposed Disposal to the entitled Shareholders by way of cash dividends.

8.2 The Proposed Dividend is subject to the following conditions:

- (a) the approval of the Shareholders on the Proposed Disposal, the Proposed Capital Reorganisation as well as the Proposed Dividend, at the SGM;
- (b) the Completion of the Proposed Disposal prior to the payment of the Proposed Dividend; and
- (c) the satisfaction of any regulatory approvals and/or statutory requirements which may be applicable in connection with the Proposed Dividend.

Subject to the fulfilment of the above conditions, the payment of the Proposed Dividend is expected to occur on or after the Completion Date.

8.3 Shareholders should take note that the Company will announce the Books Closure Date and the payment date for the Proposed Dividend following the SGM. Shareholders should note that as the Books Closure Date is conditional on the events stipulated above, in order to be entitled to the Proposed Dividend, Shareholders are advised to continue to hold the Shares up to the Books Closure Date. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

8.4 The aggregate amount of cash to be paid to each entitled Shareholder in respect of the Proposed Dividend shall be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

## **9. RATIONALE**

9.1 The Proposed Disposal will unlock the value of the assets in the Target Group Companies and allow the Company to re-strategise its financial and capital resources. With the Proposed Disposal, the Company will realise the assets of the Group and will allow Shareholders to benefit from the Proposed Capital Reorganisation and distribution of the Proposed Dividend. Shareholders would remain shareholders in the Company and would

continue to benefit from the ongoing business prospects of the Remaining Businesses of the Company.

- 9.2 The Proposed Capital Reorganisation and the Proposed Dividend are to allow Shareholders to realise the value of their Shares in the Company. Shareholders will after receiving the Proposed Dividend continue to hold Shares in the Company and gain from any subsequent capital appreciation in the share price.

## 10. FINANCIAL EFFECTS

The financial effects presented below are pro forma in nature and are for illustrative purposes only. It does not represent the actual financial position and/or results of the Group immediately after completion of the Proposed Disposal, the Proposed Capital Reorganisation and the Proposed Dividend.

### 10.1 Financial effects based on the audited consolidated financial statements of the Group as at 31 December 2014

#### NTA

Assuming that the Proposed Disposal had been effected on 31 December 2014, the effect of the Proposed Disposal on the EPS of the Group is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>	<b>After the Proposed Capital Reorganisation</b>	<b>After the Proposed Dividend</b>
NTA	530,764	419,651	419,651	4,088
NTA per share (cents) *	572.99	453.04	453.04	4.41

#### EPS

Assuming that the Proposed Disposal had been effected on 1 January 2014, the effect of the Proposed Disposal on the EPS of the Group is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>	<b>After the Proposed Capital Reorganisation</b>	<b>After the Proposed Dividend</b>
Net profit (loss) attributable to equity holders of the Company (RMB)	8,039	(2,549)	(2,549)	(2,549)
Weighted average number of ordinary shares * outstanding for basic/undiluted earnings per share ('000)	92,630,849 (excluding 3,150,000 treasury Shares)	92,630,849 (excluding 3,150,000 treasury Shares)	92,630,849 (excluding 3,150,000 treasury Shares)	92,630,849 (excluding 3,150,000 treasury Shares)
Basic/Diluted EPS (cents)	8.68	(2.75)	(2.75)	(2.75)

10.2 **Financial effects based on the unaudited consolidated financial statements of the Group for the six months to 30 June 2015**

NTA

Assuming that the Proposed Disposal had been effected on 30 June 2015, the effect of the Proposed Disposal on the EPS of the Group is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>	<b>After the Proposed Capital Reorganisation</b>	<b>After the Proposed Dividend</b>
NTA	529,864	420,237	420,237	4,674
NTA per share (cents)	572.02	453.67	453.67	5.05

EPS

Assuming that the Proposed Disposal had been effected on 1 January 2015, the effect of the Proposed Disposal on the EPS of the Group is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>	<b>After the Proposed Capital Reorganisation</b>	<b>After the Proposed Dividend</b>
Net profit (loss) attributable to equity holders of the Company (RMB)	4,694	(986)	(986)	(986)
Weighted average number of ordinary shares * outstanding for basic/undiluted earnings per share ('000)	92,630,849 (excluding 3,150,000 treasury Shares)	92,630,849 (excluding 3,150,000 treasury Shares)	92,630,849 (excluding 3,150,000 treasury Shares)	92,630,849 (excluding 3,150,000 treasury Shares)
Basic/Diluted EPS (cents)	5.07	(1.06)	(1.06)	(1.06)

\* based on revised numbers of ordinary shares in issue of 92,630,849 as a results of the Share Consolidation.

**11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, respectively (and as maintained under the Companies Act), as at the date of this announcement, are as follows<sup>(1)</sup>:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>						
Ye Tianyun <sup>(2)</sup>	3,895,800	4.206	66,442,450	71.728	70,338,250	75.934
Chen Xiangjing <sup>(3)</sup>	-	-	300,000	0.324	300,000	0.324
Yeo See Meng <sup>(4)</sup>	-	-	2,774,800	2.996	2,774,800	2.996
<b>Substantial Shareholder (Other than Directors)</b>						
Manfaith Investments Ltd. <sup>(5)</sup>	54,246,450	58.562	12,196,000	13.166	66,442,450	71.728

**Notes:**

- (1) Based on issued shares of 92,630,849 Shares excluding 3,150,000 treasury shares.
- (2) Deemed to have an interest in 66,442,450 Shares held by Manfaith Investments Ltd.
- (3) Deemed to have an interest in 300,000 Shares held through RHB Securities Singapore Pte Ltd.
- (4) Deemed to have an interest in 2,774,800 Shares held by his spouse either in her own name or through DBS Nominees Pte. Ltd.
- (5) Deemed interest in 12,196,000 Shares comprising:
  - (a) 5,176,000 shares held by its nominee, KGI Fraser Securities Pte. Ltd.
  - (b) 7,020,000 shares held by its nominee, Raffles Nominees (Pte) Ltd.

**12. INDEPENDENT FINANCIAL ADVISER**

The Company will in due course appoint an independent financial adviser (“**IFA**”) to the independent Directors of the Company (“**Non-Interested Directors**”) in connection with the Proposed Disposal.

**13. STATEMENT OF THE AUDIT COMMITTEE**

The audit committee of the Company (“**Audit Committee**”) will obtain an opinion from the IFA before forming its view as to whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Shareholders. The views of the Audit Committee will be included in the Circular.

**14. SGM AND CIRCULAR TO SHAREHOLDERS**

The Company will convene an SGM to seek the approval of the Shareholders for the Proposed Disposal, the Proposed Capital Reorganisation and the Proposed Dividend. The Circular containing, inter alia, details thereof, together with the opinions and recommendations of the Non-Interested Directors and the letter from the IFA in relation thereto, and enclosing the notice of SGM in connection therewith, will be despatched to the Shareholders in due course.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Agreement will be available for inspection during normal business hours at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours for a period of three (3) months from the date of this announcement.

**BY ORDER OF THE BOARD**

Lien Kait Long  
Audit Committee Chairman  
21 August 2015

**APPENDIX A**

<b>Name</b>	<b>Place of incorporation / Place of business</b>	<b>Percentage of equity interest attributable to the Company</b>
Aim Tech Network Investment Limited	British Virgin Islands	100%
East Jade International Limited	British Virgin Islands	100%
Jiaxin East Jade Information Technology Infrastructure Investment Construction Co., Ltd	People's Republic of China	100%
Zhejiang Adison Network Construction Co., Ltd	People's Republic of China	100%
Hangzhou Anterson Network Co., Ltd	People's Republic of China	100%
Zhejiang 8Telecom Technology Co., Ltd	People's Republic of China	100%
Zhejiang 8Telecom Co., Ltd	People's Republic of China	100%
Zhejiang Eight Adison Telecommunication Equipment Co., Ltd	People's Republic of China	100%
Hangzhou Eight Adison Industrial Co., Ltd	People's Republic of China	100%
Hangzhou 8Telecom H-Tech Co., Ltd	People's Republic of China	100%
Hangzhou Bafang De Zhou Technology Co., Ltd	People's Republic of China	100%
Guangzhou 8Telecom Communication Equipment Co., Ltd	People's Republic of China	100%
Hangzhou Proud Wish Industry Co., Ltd	People's Republic of China	100%