

8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Incorporated in Bermuda)
(Company Registration No. 34713)
(the “**Company**”)

DIFFERENCE BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “**Board**”) of 8Telecom International Holdings Co. Ltd (the “**Company**” and collectively with its subsidiaries, the “**Group**”) refers to the unaudited full year financial results announcements for the financial year ended 31 December 2016 (“**FY2016**”) released via SGXNet on 1 March 2017 (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2016 (the “**Audited Financial Statements**”) released via SGXNet in the Annual Report of the Company for FY2016 on 14 August 2017.

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to highlight that there are certain adjustments made by the Company to the Unaudited Consolidated Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, and Unaudited Consolidated Statement of Cash Flows in the Audited Financial Statements compared to what was disclosed in the Unaudited Financial Statements. The adjustments were made following the finalisation of the audit and a summary of the adjustments is set out in the appendix to this announcement.

The adjustments were mainly a result of, *inter alia*, the reclassification of an asset inadvertently incorrectly stated in the Unaudited Consolidated Statement of Profit and Loss and Other Comprehensive Income and exchange differences due to fluctuations in the exchange rates.

By Order of the Board

Zhang Wen
Executive Director

17 August 2017

Consolidated Income Statement

For the financial year ended 31 December 2016

	As per audited financial state- ment	As per an- nouncement as at 1 March 2017	Increase/ (De- crease)	
	RMB '000	RMB '000	RMB '000	
<u>Continuing Operations</u>				
Sales	52	52	-	
Cost of Sales	(24)	(7)	(17)	
Gross Profit	28	45	(17)	
Other income	51	-	51	
Other (losses)/gains - net	(112,903)	(91,646)	(21,257)	N1
Expenses				
- Distribution and market	(850)	(392)	(458)	
- Administrative	(6,504)	(7,244)	740	
- Finance	(148)	(31)	(117)	
Profit (loss) before income tax	(120,326)	(99,268)	(21,058)	N1
Income tax expense	-	-	-	
Loss from continuing operations	(120,326)	(99,268)	(21,058)	N1
Discontinued operations				
(Loss)/profit from discontinued operations	(12,689)	(12,689)	-	
Total (loss)/profit and comprehensive (loss)/income	(133,015)	(111,957)	(21,058)	N1

(Loss)/profit attributable to equity holders of the company relates to:

(Loss) from continuing operations	(118,840)	(110,471)	(8,369)
(Loss) / profit from discontinued operations	(12,689)	(12,689)	

Total (loss) / profit and comprehensive (loss)/income attributable to:

Equity holders of the company	(131,529)	(110,471)	(21,058)	N1
Non-controlling interests	(1,486)	(1,486)	-	
Total Loss	(133,015)	(111,957)	(21,058)	N1

Financial Position - Group**As at 31 December 2016****RMB '000**

	As per au- dited finan- cial state- ment	As per an- nouncement as at 1 March 2017		Increase/ (Decrease)
Asset				
Current Asset				
Cash and Bank Balances	2,248	2,631		(383)
Trade and other receivables	218	185	N3	33
Inventories	-	-		
Construction contracts	-	-		
Properties under development	-	-		
	2,466	2,816		(350)

Non Current Asset

Investment in an associated com- pany	-	-		
Investment Properties	-	-		
Derivative financial instrument	-	-		
Fixed deposit	383			383
Prepayment	-	33		(33)
Property, plant and equipment	514	514		
Intangible assets	-	-		
Total Asset	3,363	3,363		

Liabilities**Current Liabilities**

Short term borrowings	-	-		
Trade and other payables	18,991	18,625	N4	366

Current income tax liabilities	-	-
Provision for land appreciation tax	-	-

Non-current liabilities

Long term borrowings	-	-
Other payables	-	-
Deferred income tax liabilities	-	-

Total Liabilities	(18,991)	(18,625)	(366)
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Net (Liabilities) / Assets	(15,628)	(15,262)	(366)
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Equity

Capital and reserves attributable to equity holders of the company

Share Capital	794	794	
Treasury Shares	(129)	(129)	
Share Premium	-		
Other reserves	1,525	1,525	
(Accumulated losses) / retained profits	(16,063)	(15,697)	(366)

Non-controlling interests	(1,755)	(1,755)	
Total Equity	(15,628)	(15,262)	(366)

Financial Position - Company**As at 31 December 2016****RMB '000**

	As per audited financial state- ment	As per an- nouncement as at 1 March 2017		Increase/ (Decrease)
Asset				
Current Asset				
Cash and Bank Balances	63	63		
Other receivables	306	320	N5	(14)
	369	383		
Non-current Asset				
Investment in an associated company	-	-		
Derivative financial instrument	-	-		
Investment in subsidiaries	9	9		
Total Asset	378	392		(14)
Liabilities				
Current Liabilities				
Other payable and accrued expenses	12,358	11,992	N6	366
Non-current liabilities				
Other payables	-	-		
Total Liabilities	12,358	11,992		366
Net (LIABILITIES)/ASSET	(11,980)	(11,600)		(380)

EQUITY**Capital and reserves attributable to equity holders of the company**

Share Capital	794	794	
Treasury Shares	(129)	(129)	
Share Premium	-		
Other reserves	1,527	1,527	
(Accumulated losses) / retained profits	(14,172)	(13,792)	(380)
Total Equity	(11,980)	(11,600)	(380)

CONSOLIDATED STATEMENT OF CASH FLOWS (RMB'000)

For the year ended 31 December 2016

RMB '000

	Group			
	As per audited financial state- ment	As per an- nouncement as at 1 March 2017	Increase/ (Decrease)	
Operating activities:				
Total (Loss) / Profit	(133,015)	(111,957)	(21,058)	N1
Adjustment for:				
Depreciation and amortization expense	98	98		
Finance costs	148	31	117	
Reclassification of asset revalu- ation reserve	-	(20,692)	20,692	N1
Income tax expense	299	-	299	
Interest income	-	-		
Exchange differences	(3,315)	1,194	(4,509)	
Gain on fair valuation of invest- ment properties	-	-		
Share of loss of associated com- pany	-	10,886	(10,886)	
Allowance for doubtful trade re- ceivables	-	-		
Changes in fair value of other fi- nancial assets	10,887	-	10,887	
Loss on disposal of subsidiaries	102,575	102,575		
Operating (loss) / profit before working capital changes	(22,323)	(17,865)	(4,458)	
Trade receivables	(56)	(56)		
Other receivables and prepay- ments	199	(98)	297	

Construction contracts	-	-	
Inventories	-	-	
Properties under development	-	-	
Trade payables	-	7	(7)
Other payables and accrued expenses	4,877	-	4,877
Cash used in operations	(17,303)	(18,012)	709
Interest received	-	-	
Interest paid	-	-	
Income tax paid	(299)	-	(299)
Net cash used in operating activities	(17,602)	(18,012)	410

Investing activities

Acquisition of subsidiary	2,086	2,393	(307)
Addition of financial asset at fair value through profit or loss	-	-	
Advances to a related party	-	-	
Repayment of advances by a related party	-	-	
Proceeds from disposal of plant and equipment	-	-	
Proceeds from disposal of land use rights	-	-	
Disposal of subsidiaries, net of cash disposed of	271,949	271,949	
Purchase of property, plant and equipment	(384)	(507)	123
Net cash generated from investing activities	273,651	273,835	(184)

Financing activities

Repayments of short-term bank borrowings	-	-	
Increase in short-term bank borrowings	-	-	

Increase in long-term bank loans	-	-	
Advances from a related party	-	-	
Repayment of advances to a related party	-	-	
Dividends paid	(415,692)	(415,692)	N7
Pledged fixed deposits	(1,086)	-	(1,086)
Net cash (used in) / from financing activities	(416,778)	(415,692)	(1,086)
Net (decrease) / increase in cash and cash equivalents	(160,729)	(159,869)	(860)
Cash and cash equivalents at beginning of period	162,275	162,275	
Effects of currency translation on cash and cash equivalents	(1)	(1)	
Cash and cash equivalents at end of period	1,545	2,405	(860)

N1 – The adjustments were mainly due to an asset reclassification of RMB20,692,000 which although reflected accurately in the Unaudited Consolidated Statement of Cash Flows, was inadvertently wrongly stated as a positive figure in the Unaudited Consolidated Statement of Profit and Loss and Other Comprehensive Income.

N2 – Other losses/gain - net comprise share of (loss) of the associated company, loss on disposal of subsidiaries, reclassification of asset revaluation reserve and other gain or loss.

N3 – Trade and other receivables comprise trade receivables and other receivables and pre-payments.

N4 – Trade and other payables comprise trade payables and other payables and accrued expenses.

N5 – Other receivables comprise amount due from subsidiaries and other receivables and pre-payments.

N6 – Other payables and accrued expenses comprise amount due to subsidiaries and other payables and accrued expenses.

N7 – Dividends paid comprise dividends paid and capital reduction.