

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 (RMB'000)

For the first quarter ended 31 March 2015

	GROUP		
	2015Q1	2014Q1	+ / (-) %
Revenue	119,153	107,424	10.92
Cost of sales	(98,947)	(88,523)	11.78
Gross profit	20,206	18,901	6.90
Other operating income	1,302	3,035	(57.10)
Changes in fair value of other financial assets	303	41	639.02
Selling expenses	(2,923)	(5,741)	(49.09)
Administrative expenses	(10,850)	(9,156)	18.50
Finance costs	(4,875)	(3,907)	24.78
Profit before income tax	3,163	3,173	(0.32)
Income tax expense	(1,527)	(1,570)	(2.74)
Profit for the year	1,636	1,603	2.06
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property (net of tax), representing total other comprehensive income	-	6,312	n/m
Total comprehensive income for the period, attributable to equity holders of the company	1,636	7,915	(79.33)

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

	2015Q1	2014Q1	+ / (-) %
	RMB'000	RMB'000	
Allowance for doubtful trade receivables	1,462	1,271	15.03
Depreciation and amortisation expense	2,278	1,934	17.79
Finance cost	4,875	3,902	24.94
Interest income	(811)	(88)	821.59
Government grants	(781)	(2,750)	(71.60)
Research costs	5,613	4,991	12.46
Net exchange loss (gain)	1	(134)	n/m

nm: not meaningful.

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.

STATEMENT OF FINANCIAL POSITION (RMB'000)

As at 31 March 2015

	GROUP		Company	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31/03/2015</u>	<u>31/12/2014</u>	<u>31/03/2015</u>	<u>31/12/2014</u>
ASSETS				
Current assets:				
Cash and bank balances	141,892	218,765	439	1,047
Other financial assets	872	63,469	-	-
Trade receivables	128,823	140,499	-	-
Amount due from subsidiaries	-	-	160,961	153,090
Amount due from a related party	14,330	-	-	-
Other receivables and prepayments	18,791	56,298	677	185
Construction contracts	127,904	69,536	-	-
Inventories	30,098	45,753	-	-
Properties under development	410,606	384,543	-	-
Total current assets	873,316	978,863	162,077	154,322
Non-current assets:				
Investment in subsidiaries	-	-	60,000	60,000
Investment properties	194,590	194,590	-	-
Property, plant and equipment	89,872	87,070	-	-
Prepayments	21,741	21,870	-	-
Intangible assets	700	714	-	-
Total non-current assets	306,903	304,244	60,000	60,000
Total assets	1,180,219	1,283,107	222,077	214,322

	<u>GROUP</u>		<u>Company</u>	
	<u>As at</u> <u>31/03/2015</u>	<u>As at</u> <u>31/12/2014</u>	<u>As at</u> <u>31/03/2015</u>	<u>As at</u> <u>31/12/2014</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	310,160	352,160	-	-
Trade payables	99,984	114,727	-	-
Amount due to subsidiaries	-	-	26,964	26,955
Other payables and accrued expenses	31,578	90,189	825	762
Amount due to a related party	4,400	-	-	-
Income tax payable	3,822	2,315	-	-
Provision for land appreciation tax	34,055	34,055	-	-
Total current liabilities	483,999	593,446	27,789	27,717
Non-current liabilities:				
Long-term bank loans	106,523	101,600	-	-
Deferred tax liabilities	57,297	57,297	-	-
Total non-current liabilities	163,820	158,897	-	-
Equity				
Shareholders' equity	532,400	530,764	194,288	186,605
Total equity	532,400	530,764	194,288	186,605
Total liabilities and equity	1,180,219	1,283,107	222,077	214,322

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

Amount repayable in one year or less, or on demand

<u>As at 31/03/2015</u>		<u>As at 31/12/2014</u>	
<u>RMB'000</u>		<u>RMB'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
349,032	9,000	367,414	28,000

Amount repayable after one year

<u>As at 31/03/2015</u>		<u>As at 31/12/2014</u>	
<u>RMB'000</u>		<u>RMB'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
61,923	44,600	57,000	44,600

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

Details of any collateral

	<u>As at</u> <u>31/03/2015</u>	<u>As at</u> <u>31/12/2014</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Secured by fixed deposits	111,617	110,767
Secured by land use right	22,063	22,206
Secured by building	53,772	54,944
Secured by investment properties	194,590	194,590
Secured by trade receivables	34,444	36,667
Secured by properties under development	198,007	198,007

In addition, maximum guarantee of RMB306 million (2014: RMB97 million) is guaranteed by a company in which a director has interest in and maximum guarantee of RMB351 million (2014: RMB123 million) is guaranteed by a director and his associate.

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 (RMB'000)
For the first quarter ended 31 March 2015

	GROUP	
	<u>2015Q1</u>	<u>2014Q1</u>
Cash flows used in operating activities:		
Profit before income tax	3,163	3,173
Adjustments for::		
Depreciation and amortisation expense	2,278	1,934
Allowance for doubtful trade receivables	1,462	1,271
Finance costs	4,875	3,902
Interest income	(811)	(88)
Loss on disposal of property, plant and equipment	936	-
Changes in fair value of other financial assets	(303)	(41)
Operating profit before working capital changes	11,600	10,151
Trade receivables	10,214	(10,574)
Amount due from a related party	-	(578)
Other receivables and prepayments	37,507	10,090
Construction contracts	(58,368)	(47,112)
Inventories	15,655	(5,631)
Properties under development	(23,145)	(6,628)
Trade payables	(14,743)	29,184
Other payables and accrued expenses	(58,611)	(30,628)
Cash used in operations	(79,891)	(51,726)
Interest received	811	88
Interest paid	(7,793)	(5,055)
Income tax paid	(20)	(1,096)
Net cash used in operating activities	(86,893)	(57,789)
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	62,900	-
Addition of financial assets at fair value through profit or loss	-	(996)
Advances to a related party	(14,830)	(3,500)
Repayment of advances by a related party	500	3,500
Purchase of property, plant and equipment	(5,873)	(440)
Net cash from (used in) investing activities	42,697	(1,436)

CONSOLIDATED STATEMENT OF CASH FLOWS (RMB'000) (cont'd)
For the first quarter ended 31 March 2015

	GROUP	
	<u>2015Q1</u>	<u>2014Q1</u>
Cash flows (used in) from financing activities:		
Repayments of short-term bank loans	(106,900)	(73,500)
Increase in short-term bank borrowings	64,900	72,500
Increase in long-term bank loans	4,923	-
Advances from a related party	10,000	3,500
Repayment of advances to a related party	(5,600)	(3,500)
Pledged fixed deposits	(850)	1,349
Net cash (used in) from financing activities	(33,527)	349
Net decrease in cash and cash equivalents	(77,723)	(58,876)
Cash and cash equivalents at beginning of period	107,998	102,953
Cash and cash equivalents at end of year (Note 1)	30,275	44,077

Note 1:

	GROUP	
	<u>2015Q1</u>	<u>2014Q1</u>
	RMB'000	RMB'000
Cash and bank balances	141,892	117,034
Less: Fixed deposits pledged	(111,617)	(72,957)
Cash and cash equivalents at end of period	30,275	44,077

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	Treasury Shares	Share Premium	Other Reserve	Capital Reserve	Share Based Payment Reserve	Asset Revaluation Reserve	Accumulated Profits	Total
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<u>Group</u>									
Balance as at 1 January 2015	79,369	(12,883)	118,574	66,864	(10,925)	1,527	20,692	267,546	530,764
Total comprehensive income for the period	-	-	-	-	-	-	-	1,636	1,636
Balance as at 31 March 2015	79,369	(12,883)	118,574	66,864	(10,925)	1,527	20,692	269,182	532,400
Balance as at 1 January 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	13,966	265,373	518,767
Total comprehensive income for the period	-	-	-	-	-	-	6,312	1,603	7,915
Balance as at 31 March 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	20,278	266,976	526,682

	Share	Treasury	Share	Share-Based	Accumulated	Total
	Capital	Shares	Premium	Payment	Profits (Losses)	Equity
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<u>Company</u>						
Balance as at 1 January 2015	79,369	(12,883)	118,574	1,527	18	186,605
Total comprehensive income for the period	-	-	-	-	7,683	7,683
Balance as at 31 March 2015	79,369	(12,883)	118,574	1,527	7,701	194,288
Balance as at 1 January 2014	79,369	(12,883)	118,574	1,527	(903)	185,684
Total comprehensive loss for the period	-	-	-	-	(1,283)	(1,283)
Balance as at 31 March 2014	79,369	(12,883)	118,574	1,527	(2,186)	184,401

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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares 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.

There were no changes in the company's share capital during the first quarter ended 31 March 2015.

The number of ordinary shares held as treasury shares as at 31 March 2015 was 15,750,000 shares (31 December 2014: 15,750,000 shares).

As at 31 March 2015, there were no shares that may be issued on conversion of any outstanding convertibles or share option (2014: 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 March 2015 is 463,154,250 shares (31 December 2014: 463,154,250 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 2014, as well as all the applicable International Financial Reporting Standards ("IFRSs") which became effective for the financial year beginning on or after 1 January 2015. The adoption of these new and revised IFRSs has no material effect on the unaudited financial statements for the current financial period.

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 dividends.

	<u>GROUP</u>	
	<u>2015Q1</u>	<u>2014Q1</u>
Basic EPS (RMB cents)	0.35	0.35
Diluted EPS (RMB cents)	0.35	0.35

* based on weighted average number of ordinary shares in issue of 463,154,250 (2013Q1: 463,154,250) ordinary shares.

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>31/03/2015</u>	<u>31/12/2014</u>	<u>31/03/2015</u>	<u>31/12/2014</u>
Net asset value per ordinary share (RMB cents)	114.95	114.60	41.95	40.29

* based on the existing number of shares in issue of 463,154,250 ordinary shares (2014: 463,154,250 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:

	2015Q1 RMB '000	2014Q1 RMB '000	Chg %
Revenue by business segments:			
Telecommunication pipes	4,887	13,369	(63.45)
Telecommunication & other towers	71,424	48,291	47.90
Telecommunication engineering services	40,651	44,114	(7.85)
Property	2,191	1,650	32.79
Total revenue	119,153	107,424	10.92

Consolidated Statement of Profit and Loss and Other Comprehensive Income

The Group announced revenue of RMB119.2 million for the first quarter of FY2015, an increase of 10.92% compared to the first quarter of FY2014. This is mainly due to an increase in revenue from Telecommunication & other towers segment by RMB23.1 million due to higher demand from the customers in the first quarter of 2015 while rental income recorded a minor increase of RMB 0.5 million. The revenue of Telecommunication pipes and Telecommunication engineering services segment decreased by RMB8.5 million and RMB3.5 million respectively.

The higher revenue for the period resulted in an increase of gross profit in first quarter of FY2015 by RMB1.3 million as compared to previous year. The gross profit margin for the group was slightly decreased by 0.6% to 17.0% in 1Q2015.

Other operating income for the first quarter of FY2015 is RMB1.3 million, a decrease of RMB1.7 million as compared with the same period of last year, mainly due to a decrease of RMB2.0 million in government subsidies.

Compared with the same period of last year, the Group's selling, administrative expenses and finance costs were slightly lower by total of RMB0.2 million.

Factoring the above results, the Group achieved a total comprehensive income of RMB1.6 million for the first quarter of FY2015 as compared to RMB7.9 million for the first quarter of FY2014, a decrease of RMB6.3 million arising from the fact that there was no revaluation gain on properties recorded for that period.

Statement of Financial Position

Other financial asset as at 31 March 2015 fell by RMB62.6 million to RMB0.9 million as compared to RMB63.5 million as at 31 December 2014 which is primarily due to the disposal of financial assets of RMB62.9 million off-set against the fair value gain of RMB0.3 million for the period.

Trade receivables as at 31 March 2015 fell by RMB11.7 million to RMB128.8 million as compared to RMB140.5 million as at 31 December 2014 which is primarily due to improvement in collection from customers during the period.

Other receivables and prepayments amounted to RMB18.8 million at 31 March 2015, a decrease of RMB37.5 million from RMB56.3 million, which is mainly due to the decrease in tender deposits and prepayments.

Property, plant and equipment approximated at RMB89.9 million as at 31 March 2015, an increase of RMB2.8 million as compared to RMB87.1 million as at 31 December 2014. The main reason for the increase was due to the construction in progress of industrial plants during the period.

Development costs for the Group's Wuchang property project increased by RMB26.1 million to RMB410.6 as at 31 March 2015 due to the development costs incurred and interest capitalised during the period.

Inventory stood at RMB30.1 million as at 31 March 2015, a decrease of RMB15.7 million as compared to 31 December 2014 due to a decrease in inventory of finished goods in respect of higher revenue during the period.

Construction contracts as at 31 March 2015 increased by RMB58.4 million, reaching RMB127.9 million as compared to RMB69.5 million as at 31 December 2014 due to the significant increase in work-in-progress as at the period ended 31 March 2015.

Short term bank borrowings amounted to RMB310.2 million as at 31 March 2015, a decrease of RMB42.0 million as compared to 31 December 2014 due to repayment of loans amounted to RMB106.9 million, off-set against an increase in new short term loans of RMB64.9 million obtained during the period.

Trade payable decreased by RMB14.7 million from RMB114.7 million as at 31 December 2014 to RMB100.0 million as at 31 March 2015 mainly due to payments to suppliers during the period.

Other payables and accrued expenses amounted to RMB31.6 million at 31 March 2015, a decrease of RMB58.6 million from RMB90.2 million as at 31 December 2014, and is mainly due to payment made to suppliers during the period.

Long-term bank loans amounted to RMB106.5 million as at 31 March 2015, an increase of RMB4.9 million as compared to 31 December 2014 due to drawn down of loans during the period.

Consolidated Statement of Cash Flows

Cash used in operating activities in Q1 of 2015 was RMB86.9 million as compared to cash outflow of RMB57.8 million in same period ended in 2014.

Cash and cash equivalents as at 31 March 2015 is approximately RMB30.3 million, a decrease of RMB77.7 million as compared to RMB108.0 million as at 31 December 2014.

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.**

Telecommunications

The Group continues to see the telecommunication sector in China benefiting from the development of 4G networks. As a leading telecommunication infrastructure solution provider in Zhejiang province, the Group has been actively seeking opportunities to foray into other provincial markets.

In addition, the Group shall continue its focus on research and development to differentiate its product in the market.

Property

The commercial property project in Lin Ping, Hangzhou Zhejiang province is expected to continue to deliver recurring and stable rental income.

The Group's commercial property project in Wuchang, also known as 'Bafang City • Urban Complex Project', is divided into six phases of development. The first phase is now under construction and expected to be completed by the end of 2015. The second phase has commenced in December 2014 and is expected to be completed by 2016.

11. 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.

No dividend has been declared or recommended for the first quarter ended 31 March 2015.

For the financial year ended 31 December 2014, the directors of the Company have recommended a final dividend and special dividend of total SGD0.0026 per share. This has been approved by the shareholders at the Annual General meeting held on 29 April 2015.

13. Confirmation pursuant to Rule705(5) of the SGX 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 first quarter ended 31 March 2015 to be false or misleading in any material respect.

14. 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.

FOR AND ON BEHALF OF THE BOARD

Ye Tianyun
Executive Chairman
14 May 2015