

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 COMPREHENSIVE INCOME (RMB'000)

For the first quarter ended 31 March 2014

	GROUP		
	2014Q1	2013Q1	+/(-) %
Revenue	107,424	70,795	51.74
Cost of sales	(88,523)	(54,122)	63.56
Gross profit	18,900	16,674	13.35
Other operating income	3,035	455	567.03
Changes in fair value of other financial assets	41	57	(27.43)
Selling expenses	(5,741)	(5,489)	4.60
Administrative expenses	(9,156)	(8,998)	1.76
Finance costs	(3,907)	(898)	335.10
Profit before income tax	3,173	1,801	76.18
Income tax expense	(1,570)	(1,180)	33.05
Profit for the year	1,603	621	158.13
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, representing total other comprehensive income	6,312	-	nm
Total comprehensive income for the year, attributable to equity holders of the company	7,915	621	1,174.56

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

	2014Q1	2013Q1	+/(-) %
	RMB'000	RMB'000	
Allowance (Reversal of allowance) for doubtful trade receivables	1,271	(1,362)	nm
Depreciation and amortisation expense	1,934	1,545	25.18
Interest expenses	3,902	898	334.52
Interest income	(88)	(325)	(72.92)
Government grants	(2,750)	(454)	505.73
Research costs	4,991	4,976	0.30
Net exchange (gain) loss	(134)	92	nm

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 2014

	GROUP		Company	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31/03/2014</u>	<u>31/12/2013</u>	<u>31/03/2014</u>	<u>31/12/2013</u>
ASSETS				
Current assets:				
Cash and bank balances	117,034	177,259	74	366
Other financial assets	1,503	466	-	-
Trade receivables	169,711	160,408	-	-
Amount due from subsidiaries	-	-	145,998	148,117
Amount due from a related party	578	-	-	-
Other receivables and prepayments	48,444	58,534	-	92
Construction contracts	140,691	93,579	-	-
Inventories	37,846	32,215	-	-
Properties under development	294,055	286,013	-	-
Total current assets	809,862	808,474	146,072	148,575
Non-current assets:				
Investment in subsidiaries	-	-	60,000	60,000
Investment properties	208,410	186,260	-	-
Available-for-sale investment	-	-	-	-
Property, plant and equipment	81,451	89,351	-	-
Prepayments	19,315	19,428	-	-
Intangible assets	751	769	-	-
Total non-current assets	309,927	295,808	60,000	60,000
Total assets	1,119,789	1,104,282	206,072	208,575

	<u>GROUP</u>		<u>Company</u>	
	<u>As at</u> <u>31/03/2014</u>	<u>As at</u> <u>31/12/2013</u>	<u>As at</u> <u>31/03/2014</u>	<u>As at</u> <u>31/12/2013</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	300,800	301,800	-	-
Trade payables	112,024	82,840	-	-
Amount due to subsidiaries	-	-	12,714	14,529
Other payables and accrued expenses	19,904	50,271	8,957	8,362
Income tax payable	1,971	1,497	-	-
Provision for land appreciation tax	34,055	34,055	-	-
Total current liabilities	468,754	470,463	21,671	22,891
Non-current liabilities:				
Long-term bank loans	59,000	59,000	-	-
Deferred tax liabilities	65,353	56,052	-	-
Total non-current liabilities	124,353	115,052	-	-
Equity				
Shareholders' equity	526,682	518,767	184,401	185,684
Total equity	526,682	518,767	184,401	185,684
Total liabilities and equity	1,119,789	1,104,282	206,072	208,575

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 31/03/2014</u>		<u>As at 31/12/2013</u>	
<u>RMB'000</u>		<u>RMB'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
195,800	74,000	223,784	74,000

Amount repayable after one year

<u>As at 31/03/2014</u>		<u>As at 31/12/2013</u>	
<u>RMB'000</u>		<u>RMB'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
59,000.00	-	59,000	-

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

Details of any collateral

	<u>As at</u> <u>31/03/2014</u> <u>RMB'000</u>	<u>As at</u> <u>31/12/2013</u> <u>RMB'000</u>
Secured by fixed deposits	72,957	74,306
Secured by land use right	4,195	4,195
Secured by building	33,293	32,398
Secured by investment properties	208,410	168,500

In addition, secured borrowings of RMB140 million (2013: RMB140million) was guaranteed by a related party (Zhejiang Andison Information and Technology Co., Ltd).

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 2014

	GROUP	
	2014Q1	2013Q1
Cash flows from operating activities:		
Profit before income tax	3,173	1,801
Adjustments for:		
Depreciation and amortisation expense	1,934	1,545
Allowance (Reversal of allowance) for doubtful trade receivables	1,271	(1,362)
Finance costs	3,902	898
Interest income	(88)	(325)
Changes in fair value of other financial assets	(41)	(57)
Operating profit before working capital changes	10,151	2,500
Trade receivables	(10,574)	16,510
Amount due from a related party	(578)	-
Other receivables and prepayments	10,090	26,946
Construction contracts	(47,112)	(9,621)
Inventories	(5,631)	(1,086)
Properties under development	(6,628)	(7,813)
Trade payables	29,184	16,831
Other payables and accrued expenses	(30,628)	(41,583)
Cash (used in) generated from operations	(51,726)	2,684
Interest received	88	325
Interest paid	(5,055)	(4,961)
Income tax paid	(1,096)	(345)
Net cash used in operating activities	(57,789)	(2,297)
Cash flows used in investing activities:		
Purchase of other financial assets	(996)	-
Purchase of property, plant and equipment	(440)	(311)
Net cash used in investing activities	(1,436)	(311)
Cash flows used in financing activities:		
Repayments of short-term bank loans	(73,500)	(36,500)
Increase in short-term bank borrowings	72,500	-
Pledged fixed deposits	1,349	(10,499)
Net cash from (used in) financing activities	349	(46,999)
Net decrease in cash and cash equivalents	(58,876)	(49,607)
Cash and cash equivalents at beginning of period	102,953	75,774
Cash and cash equivalents at end of year (Note 1)	44,077	26,167

Note 1:

	<u>GROUP</u>	
	<u>2014Q1</u>	<u>2013Q1</u>
	RMB'000	RMB'000
Cash and bank balances	117,034	60,533
Less: Fixed deposits pledged	(72,957)	(34,366)
Cash and cash equivalents at end of year	44,077	26,167

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 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									
Profit for the period	-	-	-	-	-	-	-	1,603	1,603
Other comprehensive income for the period	-	-	-	-	-	-	6,312	-	6,312
Balance as at 31 March 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	20,278	266,976	526,682
Balance as at 1 January 2013	79,369	(12,883)	118,574	62,434	(10,925)	1,527	13,966	252,101	504,163
Total comprehensive income for the period							-	621	621
Balance as at 31 March 2013	79,369	(12,883)	118,574	62,434	(10,925)	1,527	13,966	252,722	504,784

	Share Capital <u>RMB'000</u>	Treasury Shares <u>RMB'000</u>	Share Premium <u>RMB'000</u>	Share-Based Payment Reserve <u>RMB'000</u>	Accumulated Profits <u>RMB'000</u>	Total Equity <u>RMB'000</u>
<u>Company</u>						
Balance as at 1 January 2014	79,369	(12,883)	118,574	1,527	(903)	185,684
Total comprehensive income 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
Balance as at 1 January 2013	79,369	(12,883)	118,574	1,527	1,622	188,209
Total comprehensive income for the period	-	-	-	-	(815)	(815)
Balance as at 31 March 2013	79,369	(12,883)	118,574	1,527	807	187,394

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 2014.

The number of ordinary shares held as treasury shares as at 31 March 2014 was 15,750,000 shares (31 March 2013: 15,750,000 shares).

As at 31 March 2014, there were no shares that may be issued on conversion of any outstanding convertibles or share option (2013: 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 2014 is 463,154,250 shares (31 December 2013: 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 2013, as well as all the applicable International Financial Reporting Standards ("IFRSs") which became effective for the financial year beginning on or after 1 January 2014. 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>2014Q1</u>	<u>2013Q1</u>
Basic EPS (RMB cents)	0.35	0.13*
Diluted EPS (RMB cents)	0.35	0.13*

* 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>31/03/2014</u>	<u>31/12/2013</u>	<u>31/03/2014</u>	<u>31/12/2013</u>
Net asset value per ordinary share (RMB cents)	113.72	112.01	39.81	40.09

* based on the existing number of shares in issue of 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.

Statement of Comprehensive Income

A breakdown of the Group's revenue by product segments:

	2014Q1 RMB '000	2013Q1 RMB '000	Chg %
Revenue by business segments:			
Telecommunication pipes	13,369	10,977	21.79
Telecommunication & other towers	48,291	36,764	31.35
Telecommunication engineering services	44,114	21,542	104.78
Property	1,650	1,512	9.12
Total revenue	107,424	70,795	51.74

Consolidated Statement of Comprehensive Income

The Group announced revenue of RMB107.42 million for the first quarter of FY2013, a increase of 51.74% compared to the first quarter of FY2013. This is mainly due to the increase in revenue from each business segment in the first quarter of 2014. Revenue of Telecommunication & other towers segment increased by RMB11.527 million and Telecommunication engineering services segment grew by RMB22.572million. The revenue of Telecommunication pipes increased RBM2.392 million, while rental income from the Linping real estate project remained relatively constant with a minor increase of RMB138,000.

Although the overall sales have improved quarter on quarter, resulting in an increase in first quarter FY2014's gross profit by RMB2.226 million, the gross profit margin for the group has decreased from 23.55% in 1Q2013 to 17.59% in 1Q2014 due to changes in sales mix and increase in raw material costs.

Other operating income for the first quarter of FY2014 is RMB3.035million, an increase of RMB2.580 million in comparison with the same period last year, mainly due to the increase in government subsidies during the current period.

Compared with the same period of last year, the Group's selling, administrative expenses and finance costs increased by RMB3.419 million, of which selling expenses increased by RMB0.252 million, administrative expenses increased by RMB0.158 million and finance cost increased by RMB3.009 million. The main reason for the increase in finance expenses relates to the increase in borrowing costs incurred during the period of RMB2.448 million which are not capitalised as part of the properties under development.

In the first quarter of FY2014, office units previously classified as part of property, plant and equipment was leased out under a long term contract and thus transferred to part the Group's investment properties as at 31 March 2014. The gain on revaluation of these office units of RMB6.312 million before the transfer is recognized as part of the Group's other comprehensive income as a credit to the asset revaluation reserve.

Factoring the above results, the Group achieved a total comprehensive income of RMB7.915 million for the first quarter of FY2014 as compared to RMB0.621 million for the first quarter of FY2013, an increase of RMB7.294 million.

Statement of Financial Position

Compared with the same period of last year, the trade receivables in the quarter of FY2014 increased by RMB9.304 million, mainly due to the revenue growth in current quarter.

Other receivables and prepayments amounted to RMB48.444 million at 31 March 2014, a decrease of RMB10.090 million from RMB58.534 million, which is mainly due to the decrease in tender deposits and prepayments.

Property, plant and equipment approximated RMB81.451 million as at 31 March 2014, a decrease of RMB7.900 million as compared to RMB89.351 million as at 31 December 2013. The main reason for the decrease relates to the reclassification of office units to investment properties, as the unit was rented out under a long term contract, as well as the depreciation charges incurred for the current period.

Development costs for the Group's Wuchang property project increased by RMB8.042 million to RMB294.055 million due to additional development costs incurred.

Inventory stood at RMB37.846 million as at end 31 March 2014, an increase of RMB5.631 million from RMB32.215million as at end 31 December 2013 due to increasing material costs and higher revenue for the period.

Construction contracts as at 31 March 2014 increased by RMB47.112 million, reaching RMB140.691 million as compared to RMB93.579 million as at 31 December 2013 due to the significant increase in revenue of the group arising from construction contracts during the period.

Short term bank borrowings amounted to RMB300.800 million as at 31 March 2014, a slight decrease from 31 December 2013.

Trade payable increased by RMB29,183million from RMB82.840 million as at 31 December 2013 to RMB112,023million as at 31 March 2014 mainly due to increase in purchase of materials during the period. Other payables and accrued expenses for end of the first quarter of 2014 fell by RMB30.367 million during the period to RMB19.904 million, which resulted from the repayments to suppliers.

Deferred tax liabilities as at 31 March 2014 increased to RMB9,301 million to RMB65,353 million as compared to RMB56.052million as at 31 December 2013, primarily due to the gain on revaluation of the office units which were transferred to part of the Group's investment properties.

Consolidated Statement of Cash Flows

Net cash used in operating activities in the first quarter of 2014 was an outflow of RMB57.789 million as compared to an outflow of RMB2.297 million in the first quarter of 2013 due to changes in working capital of the Group.

- 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.**

Telecommunication

To stay competitive in a more diversified telecommunications sector, the Group will continue do invest in research and development to develop products to cater to the increasing demands in the industry. The Group has started designing new telecommunication products such as telecommunication towers for A01-type space station, D01-type space station, environment-friendly base station and vehicle-mounted integrated base station.

Through collaborations with major telecommunication operators and providers, the Group hopes to expand its footprint into other provincial markets. For the Group's telecommunication engineering services business segment, it has successfully penetrated into other provincial markets via partnerships with Chongqing Mobile, Shaanxi Mobile and Henan Mobile.

Property

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

Phase 1 of the commercial property project in Wuchang, also known as project 'Bafang City • Urban Complex Project' has completed piling work and is expected to start work on the superstructure work in May. Phase 1 of the project is expected to be completed in 2015.

Although the residential property sector is expected to be challenging in Hangzhou, the Group is confident in the prospect of its Wuchang project in view of the location and the SOHO uses that is more resilience than residential project.

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 2014.

For the financial year ended 31 December 2013, the directors of the Company have recommended a final dividend of SGD0.0012 per share. This has been approved by the shareholders at the Annual General Meeting held on 21 April 2014.

13. Confirmation pursuant to Rule 705(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 2014 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 and CEO
9 May 2014