

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 OR LOSS AND OTHER COMPREHENSIVE INCOME (RMB'000) For the second quarter ended 30 June 2014

	<u>GROUP</u>			<u>GROUP</u>		
	<u>Q2 2014</u>	<u>Q2 2013</u>	<u>+/(-) %</u>	<u>H1 2014</u>	<u>H1 2013</u>	<u>+/(-) %</u>
Revenue	135,720	110,463	22.86	243,144	181,258	34.14
Cost of sales	(106,963)	(86,271)	23.98	(195,487)	(140,393)	39.24
Gross profit	28,757	24,192	18.87	47,657	40,865	16.62
Other operating income	1,862	247	653.85	4,897	703	596.59
Changes in fair value of futures contracts and other financial assets	(4)	(40)	(90.00)	37	17	117.65
Selling expenses	(7,317)	(4,327)	69.10	(13,058)	(9,816)	33.03
Administrative expenses	(9,300)	(10,531)	(11.69)	(18,456)	(19,529)	(5.49)
Finance costs	(4,640)	(1,013)	358.05	(8,547)	(1,911)	347.25
Profit before income tax	9,358	8,528	9.73	12,530	10,329	21.31
Income tax credit(expense)	(3,619)	59	(6,233.90)	(5,189)	(1,121)	362.89
Net profit after income tax	5,739	8,587	(33.17)	7,341	9,208	(20.28)

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

	<u>GROUP</u>			<u>GROUP</u>		
	<u>Q2 2014</u>	<u>Q2 2013</u>	<u>+/(-) %</u>	<u>H1 2014</u>	<u>H1 2013</u>	<u>+/(-) %</u>
Allowance (Reversal of allowance) for doubtful trade receivables	1,080	71	1,421.13	2,351	(1,291)	NM
Depreciation and amortisation expense	2,202	1,587	38.75	4,136	3,132	32.06
Discount for notes receivable*	437	1,013	(56.86)	437	1,911	(77.13)
Interest income	(271)	(242)	11.98	(359)	(567)	(36.68)
Government grants	(2,034)	(170)	1,096.47	(4,784)	(624)	666.67
Research costs	5,141	5,282	(2.67)	10,132	10,258	(1.23)
Net exchange (gain) loss	32	280	(88.57)	(102)	372	NM

* : Included as part of finance costs

NM : Denotes 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 30 June 2014

	GROUP		Company	
	<u>As at</u> <u>30/06/2014</u>	<u>As at</u> <u>31/12/2013</u>	<u>As at</u> <u>30/06/2014</u>	<u>As at</u> <u>31/12/2013</u>
ASSETS				
Current assets:				
Cash and bank balances	99,753	177,259	152	366
Other financial assets	416	466	-	-
Trade receivables	212,381	160,408	-	-
Amount due from subsidiaries	-	-	146,483	148,117
Amount due from a related party	1,365	-	-	-
Other receivables and prepayments	35,286	58,534	229	92
Construction contracts	132,529	93,579	-	-
Inventories	47,676	32,215	-	-
Properties under development	295,874	286,013	-	-
Total current assets	825,280	808,474	146,864	148,575
Non-current assets:				
Investment in subsidiaries	-	-	60,000	60,000
Investment properties	208,410	186,260	-	-
Property, plant and equipment	79,888	89,351	-	-
Prepayments	27,649	19,428	-	-
Intangible asset	737	769	-	-
Total non-current assets	316,684	295,808	60,000	60,000
Total assets	1,141,964	1,104,282	206,864	208,575
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term bank borrowings	320,800	301,800	-	-
Trade payables	112,976	82,840	-	-
Amount due to subsidiaries	-	-	17,725	14,529
Other payables and accrued expenses	15,536	50,271	8,340	8,362
Income tax payable	4,592	1,497	-	-
Provision for land appreciation tax	34,055	34,055	-	-
Total current liabilities	487,959	470,463	26,065	22,891
Non-current liabilities:				
Long-term bank borrowings	59,000	59,000	-	-
Deferred tax liabilities	65,353	56,052	-	-
	124,353	115,052	-	-
Equity				
Shareholders' equity	529,652	518,767	180,799	185,684
Total equity	529,652	518,767	180,799	185,684
Total liabilities and equity	1,141,964	1,104,282	206,864	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 30/06/2014</u>		<u>As at 31/12/2013</u>	
RMB'000		RMB'000	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
215,800	82,000	223,784	74,000

Amount repayable after one year

<u>As at 30/06/2014</u>		<u>As at 31/12/2013</u>	
RMB'000		RMB'000	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
59,000		59,000	-

Details of any collateral

	<u>As at</u> <u>30/06/2014</u>	<u>As at</u> <u>31/12/2013</u>
	RMB'000	RMB'000
Secured by fixed deposits	67,657	74,306
Secured by land use rights	4,195	4,195
Secured by buildings	32,639	32,398
Secured by investment properties	208,410	168,500

In addition, secured borrowings of RMB107 million (2013: RMB140 million) 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 second quarter ended 30 June 2014

	GROUP	
	<u>Q2 2014</u>	<u>Q2 2013</u>
Cash flows (used in) from operating activities:		
Profit before income tax	9,358	8,528
Adjustments for:		
Depreciation and amortization expense	2,202	1,587
Finance costs	4,640	1,013
Interest income	(271)	(242)
Allowance for doubtful trade receivables (Reversal of allowance)	1,080	71
Changes in fair value of other financial assets	(4)	40
Operating profit before working capital changes	17,005	11,997
Trade receivables	(43,750)	(2,035)
Amount due from a related party	(787)	-
Other receivables and prepayments	13,166	(5,828)
Construction contracts	8,162	(6,401)
Inventories	(9,830)	4,907
Properties under development	(545)	(8,316)
Trade payables	952	23,928
Other payables and accrued expenses	(4,368)	(423)
Cash (used in) generated from operations	(19,995)	16,829
Interest received	271	242
Interest paid	(5,914)	(5,082)
Income tax (paid) refunded-net	(998)	1,015
Net cash (used in) from operating activities	(26,636)	13,004
Cash flows used in investing activity:		
Purchase of land use rights	(8,473)	-
(Purchase) Proceeds from disposal of financial asset	1,083	-
Purchase of property, plant and equipment, representing	(486)	(4,184)
net cash used in investing activity	(7,876)	(4,184)
Cash flows from financing activities:		
Repayments of short-term bank loans	(43,000)	(57,500)
Increase in short-term bank borrowings	63,000	80,000
Dividends paid	(2,769)	(2,689)
Pledged fixed deposits	5,300	(5,101)
Net cash from financing activities	22,531	14,710
Net increase in cash and cash equivalents	(11,981)	23,530
Cash and cash equivalents at beginning of period	44,077	26,167
Cash and cash equivalents at end of period (Note 1)	32,096	49,697

Note 1:

	GROUP	
	<u>Q2 2014</u>	<u>Q2 2013</u>
Cash and bank balances	99,753	89,164
Less: Fixed deposits pledged	(67,657)	(39,467)
Cash and cash equivalents at end of period	<u>32,096</u>	<u>49,697</u>

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 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>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance as at 1 April 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	20,278	266,976	526,682
Total comprehensive income for the period	-	-	-	-	-	-	-	5,739	5,739
Dividends paid	-	-	-	-	-	-	-	(2,769)	(2,769)
Balance as at 30 June 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	20,278	269,946	529,652
Balance as at 1 April 2013	79,369	(12,883)	118,574	62,434	(10,925)	1,527	13,966	252,722	504,784
								8,587	8,587
Total comprehensive income for the period									
Dividends paid								(2,689)	(2,689)
Balance as at 30 June 2013	79,369	(12,883)	118,574	62,434	(10,925)	1,527	13,966	258,620	510,682

<u>Company</u>	<u>Share Capital RMB'000</u>	<u>Treasury Shares RMB'000</u>	<u>Share Premium RMB'000</u>	<u>Share- Based Payment Reserve RMB'000</u>	<u>Accumulated (Losses) Profits RMB'000</u>	<u>Total Equity RMB'000</u>
Balance as at 1 April 2014	79,369	(12,883)	118,574	1,527	(2,186)	184,401
Total comprehensive loss for the period					(833)	(833)
Dividends paid					(2,769)	(2,769)
Balance as at 30 June 2014	79,369	(12,883)	118,574	1,527	(5,788)	180,799
Balance as at 1 April 2013	79,369	(12,883)	118,574	1,527	807	187,394
Total comprehensive loss for the period					(1,490)	(1,490)
Dividends paid					(2,689)	(2,689)
Balance as at 30 June 2013	79,369	(12,883)	118,574	1,527	(3,372)	183,215

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 second quarter ended 30 June 2014.

The number of ordinary shares held as treasury shares as at 30 June 2014 was 15,750,000 shares (30 June 2013: 15,750,000 shares).

As at 30 June 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 30 June 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 second quarter announcement 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 ("IFRS") 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 second quarter announcement for the current 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>2014Q2</u>	<u>2013Q2</u>
Basic EPS (RMB cents)	1.24	1.85*
Diluted EPS (RMB cents)	1.24	1.85*

* based on weighted average numbers of ordinary shares in issue of 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>30/06/2014</u>	<u>31/12/2013</u>	<u>30/06/2014</u>	<u>31/12/2013</u>
Net asset value per ordinary share (RMB cents)	114.36	112.01	39.04	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:-
- 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
 - 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:

	H1 2014 RMB'000	H1 2013 RMB'000	Chg %
Revenue by business segments:			
Telecommunications pipes	33,015	34,051	(3.04)
Telecommunications & other towers	128,337	94,293	36.10
Telecommunications engineering services	78,099	49,761	56.95
Property	3,693	3,154	17.09
Total revenue	243,144	181,258	34.14

Consolidated Statement of Profit or Loss and other Comprehensive Income

The Group announced revenue of RMB243.144 million for the first half of FY2014 ("1H2014"), an increase of 34.14% compared to the first half of FY2013 ("1H2013"). This is mainly due to the growth in telecommunications & other towers and telecommunications engineering services segments, which resulted in the segmental revenue of telecommunications & other towers to rise by RMB34.044 million and the telecommunication engineering services segment to increase by RMB28.338 million.

The Group's gross profit for 1H2014 increased by RMB6.792 million compared to 1H2013. Gross profit margin for 1H2014 approximated 19.6%, which is slightly lower compared to 22.6% in 1H2013.

Other operating income for 1H2014 increased to RMB4.897 million as compared to RMB0.703 million for 1H2013. This is mainly due to the government subsidies for R&D expenses and other incentives which have increased to 4.16 million as compared to RMB3.13 million in 1H2013.

The Group's selling and administrative expenses and finance costs increased by RMB8.805 million as compared to the same period of last year. Selling expenses increased by 3.242million due to the growth of sales revenue. Administrative expenses for 1H2013 decreased by RMB1.073 million. Finance costs for 1H2014 increased by RMB6.636 million due to increase in borrowing costs incurred during the period which are not capitalised as part of the properties under development.

Factoring the above results, the Group achieved a net profit of RMB7.341 million for 1H2014 as compared to RMB9.208 million for 1H2013.

Statement of Financial Position

Trade receivables as at 30 June 2014 increased RMB51.973 million to RMB212.381 million as compared to RMB160.408 million as at 31 December 2013, primarily due to revenue growth in the current quarter.

Other receivables and prepayments amounted to RMB35.286 million as at 30 June 2014, a decrease of RMB23.248 million from RMB58.534 million as at 31 December 2013. This is mainly due to the decrease in tender deposits and prepayments as at 30 June 2014.

Property, plant and equipment approximated RMB79.888 million as at 30 June 2014, a decrease of RMB9.463 million. The main reason for the decrease is due to the classification of certain office units as part of investment properties in the Q1 2014.

Development costs for the Group's Wuchang property project increased by RMB9.862 million from RMB294.055 million to RMB303.917 million due to additional development costs incurred.

Inventory stood at RMB47.676 million as at end 30 June 2014, an increase of RMB15.461 million from RMB32.215 million as at end 31 December 2013 due to an increase the amount of raw materials and finished goods inventory.

Construction contracts as at 30 June 2014 increased by RMB38.95 million, reaching RMB132.529 million as compared to RMB93.579 million as at 31 December 2013 due to significant increase in revenue arising from construction contracts during the period.

Non-current assets approximated RMB316.684 million as at end 30 June 2014, which included Linping investment property of RMB208.410 million, property, plant and equipment of RMB79.888 million and prepayments of RMB28.386 million.

Short term bank borrowings amounted to RMB320.8 million as at 30 June 2014, an increase of RMB19 million from 31 December 2013.

Trade payable increased by RMB30.136 million from RMB82.840 million as at 31 December 2013 to RMB112.976 million as at 30 June 2014 mainly due to increase in purchase of materials during the period. Other payables and accrued expenses at the end of 1H2014 fell by RMB34.735 million, totalling RMB15.536 million as at 30 June 2014 as compared to RMB50.271 million at the end of FY2013. This is attributable mainly to repayments made to suppliers during the period.

Deferred tax liabilities as at 30 June 2014 grew up RMB9.301 million to RMB65.353 million as compared to RMB56.052 million 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 in Q1 2014.

Consolidated Statement of Cash Flows

Net cash from operating activities in the second quarter of 2014 was an outflow of RMB26.636 million as compared to an inflow of RMB13.004 million in the second quarter of 2013.

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

To meet the more diversified needs in China's telecommunications sector, the Group has continued to embark on research and development to increase its product range. 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. Till date, the Group has obtained 110 patents and 71 registered trademarks for its telecommunication products and services.

As a leading telecommunication infrastructure solution provider in Zhejiang province, the Group is actively on the lookout for partnerships with major telecommunication operators in other provincial

markets. Through partnerships with Chongqing Mobile, Shaanxi Mobile and Henan Mobile, the Group has successfully made its foray into other provincial markets.

Property

The Group's commercial property project in Lin Ping, Hangzhou Zhejiang province is currently 90.0% leased and is expected to deliver recurring and stable rental income.

The Group's other high-end commercial property project in Wuchang, Zhejiang province, also known as 'Bafang City • Urban Complex Project', spans a gross floor area of 4,305,564 sq ft. This project is progressing as scheduled with the construction of its superstructure completed and main structure targeted to be completed by 1Q2015. The Group is fairly confident that this project will contribute positively to its performance as it views that the demand for SOHO units is generally more resilient than residential units.

On the whole, the Group is cautiously optimistic on its outlook for the next half of the year and expects to remain profitable for the remaining FY2014.

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 on second quarter ended 30 June 2014.

The final dividend of SGD0.0012 per ordinary share for the financial year ended 31 December 2013 was paid on 20 May 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 second quarter ended 30 June 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
14 Aug 2014**