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8Telecom achieves net profit of RMB5.7 million on the back of 22.9% increase in revenue to RMB135.7 million for 2Q2014

- Higher revenue largely attributable to stronger demand for telecommunications related products
- Net profit decreased 33.2% year-on-year due to higher selling expenses and finance cost
- Continue research and development efforts to increase product range and on the lookout for partnerships with major telecommunication operators in other markets

Singapore, 14 Aug 2014 - SGX Mainboard-listed 8Telecom International Holdings Co. Ltd. ("8Telecom" or "The Group" or "八方电信国际控股有限公司"), a telecommunication infrastructure solution provider and emerging property developer in the PRC, achieved a 22.9% year-on-year ("**yoy**") increase in revenue to RMB135.7 million for its second quarter ended 30 June 2014 ("**2Q2014**").

Financial Highlights

(RMB 'million)	2Q2014	2Q2013	% Chg
Revenue	135.7	110.5	22.9
- Telecom-related			
<i>a) Telecom pipes</i>	19.6	23.1	(14.9)



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Tian Yuan Building, Wensan Road, Hangzhou City, Zhejiang Province, PRC.

<http://www.8telecom.cn/>

<i>b) Telecom & other towers</i>	80.0	57.5	39.1
<i>c) Telecom engineering svcs</i>	34.0	28.2	20.4
- Property development	2.0	1.6	24.4
Gross profit	28.8	24.2	18.9
Gross profit margin	21.2	21.9	(0.7) p.p
Net profit	5.7	8.6	(33.2)

*pp: percentage points

The increase in overall revenue was largely due to stronger demand for the Group's telecommunications related products and improved performance from the Group's property development business segment.

Telecommunications Business Segment

In terms of revenue mix, telecommunications pipes business segment decreased 14.9% yoy to RMB19.6 million for 2Q2014. Telecommunications and other towers business segment increased 39.1% yoy to RMB80.0 million while telecommunication engineering services business segment grew 20.4% yoy to RMB34.0 million.

With the Group's continual development of its telecommunication towers and engineering services, the Group's engineering construction contracts increased by RMB39.0 million from RMB93.6 million as at 31 December 2013 to RMB132.5 million as at 30 June 2014.



Property Development Business Segment

Revenue from the Group's property development business segment increased 24.4% yoy to RMB2.0 million for 2Q2014. Development costs for the Group's high-end property in Wuchang, Zhejiang province increased RMB9.9 million from RMB294.1 million as at 31 December 2013 to RMB303.9 million as at 30 June 2014 due to capitalized interest expense and project staff costs.

Consequent to overall higher revenue, gross profit for 2Q2014 increased 18.9% to RMB28.8 million.

The Group's selling expenses increased 69.1% to RMB7.3 million in line with higher sales. Finance costs increased 358.0% to RMB4.6 million for 2Q2014 due to capital interest from undeveloped land which cannot be capitalized.

As a result, net profit for 2Q2014 declined 33.2% yoy to RMB5.7 million, translating to earnings per share of RMB1.24 cents.

Outlook

“We shall continue to concert our efforts to meet the more diversified needs of China's telecommunications sector. Leveraging on our brand name as a leading telecommunication infrastructure solution provider in Zhejiang, we hope to look out for alliances with major telecommunication operators in other provincial markets. We have successfully penetrated into Chongqing, Shaanxi and Henan provinces and hope to extend our footprint to other areas with growing demand for telecommunications in China as well.



The first phase of our high-end commercial property project in Wuchang, Zhejiang province, is expected to complete its Phase One by 2015. This project shall be developed into SOHO units and we are fairly confident it will contribute positively to our performance in the future.”

**Mr. Ye Tian Yun (“叶天云”), Executive Chairman and CEO of the
Group**

With property forming a major pillar of China’s economy, the Group believes that the rapid urbanization trend in China shall continue to spur primary demand for quality properties in second-tier cities.

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 the first quarter of 2015. This project shall be developed into buildings of SOHO units with underground basement.

Barring any unforeseen circumstances, the Group is fairly optimistic on a profitable FY2014.

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About 8Telecom International Holdings Co. Ltd.

8Telecom International Holdings Co. Ltd. ("8Telecom"), set up in 1997 and based in Hangzhou City, Zhejiang province, has already established its presence in 13 provinces across China.

8Telecom is involved in the following principal activities:

- (1) Manufacture and supply of telecommunications pipes;
- (2) Manufacture and supply of telecommunications and other towers;
- (3) Provision of telecommunications engineering services;
- (4) Real estate development.

8Telecom is one of the country's largest producers of grid-type telecom pipes as well as one of Zhejiang province's largest telecom engineering suppliers and producers of telecom steel towers. With 35 patents and 5 proprietary technologies, 8Telecom holds leading positions in the production and supply of telecom pipes as well as the provision of complementary engineering services to its clientele base, which mainly includes the country's telecom giants such as China Telecom, China Unicom, and China Mobile. In preparation for further growth, 8Telecom has recently set up an ISO9000: 2000 certified factory, which is primarily engaged in the manufacture of telecom-related products.



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Issued for and on behalf of 8Telecom International Holdings Co Ltd.

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