

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 2016

	<u>GROUP</u>		<u>+ / (-) %</u>
	<u>2016Q1</u>	<u>2015Q1</u>	
<u>Continuing operations</u>			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other operating income	-	99	(100)
Changes in fair value of other financial assets	-	-	-
Selling expenses	-	-	-
Administrative expenses	(557)	(408)	36.52
Finance costs	-	(8)	(100)
Loss before income tax	(557)	(317)	75.71
Income tax expense	-	-	-
Loss for the period from continuing operations	(557)	(317)	75.71
Discontinuing operations (Note A)			
Profit for the period from discontinued operation	1,510	1,953	(22.68)
Profit for the period, representing total comprehensive income for the period, attributable to equity holders of the company	953	1,636	(41.75)

nm: not meaningful.

Note A - Discontinuing operations

On 15 March 2016, the Company has obtained shareholders' approval at the Special General Meeting ("SGM") for the Proposed Disposal of the Company's entire interests in its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited ("Disposal Group") to Manfaith Investments Ltd. for a consideration of RMB420 million.

	GROUP		+ / (-) %
	<u>2016Q1</u>	<u>2015Q1</u>	
<u>Discontinuing operations</u>			
Revenue	107,510	119,153	(9.77)
Cost of sales	(92,869)	(98,947)	(6.14)
Gross profit	14,641	20,206	(27.54)
Other operating income	3,240	1,203	169.33
Changes in fair value of other financial assets	-	303	(100)
Selling expenses	(3,980)	(2,923)	36.17
Administrative expenses	(8,878)	(10,442)	(14.97)
Finance costs	(1,774)	(4,867)	(63.55)
Profit before income tax	3,249	3,480	(6.64)
Income tax expense	(1,739)	(1,527)	13.88
Profit for the period (discontinuing operations)	1,510	1,953	(22.68)

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

	<u>2016Q1</u>	<u>2015Q1</u>	+ / (-) %
	RMB'000	RMB'000	
<u>Continuing operations</u>			
Finance cost	-	8	(100)
<u>Discontinuing operations</u>			
Allowance for doubtful trade receivables	347	1,462	(76.27)
Depreciation and amortisation expense	2,489	2,278	9.26
Finance cost	1,774	4,867	(63.55)
Interest income	(455)	(811)	(43.90)
Government grants	(2,535)	(781)	224.58
Research costs	3,668	5,613	(34.65)
Net exchange loss	-	1	(100)

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 2016

	GROUP		Company	
	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/12/2015</u>	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/12/2015</u>
ASSETS				
Current assets:				
Cash and bank balances	229	211,332	229	474
Trade receivables	-	102,087	-	-
Amount due from subsidiaries	-	-	127,166	127,166
Other receivables and prepayments	361	34,547	361	361
Construction contracts	-	80,296	-	-
Inventories	-	14,816	-	-
Properties under development	-	545,946	-	-
	590	989,024	127,756	128,001
Assets classified as held for sale (Note A)	1,375,683	-	-	-
Total current assets	1,376,273	989,024	127,756	128,001
Non-current assets:				
Investment in subsidiaries	-	-	60,000	60,000
Investment in associate	-	-	-	-
Investment properties	-	195,304	-	-
Derivative financial instrument	9,782	9,782	9,782	9,782
Property, plant and equipment	-	87,401	-	-
Prepayments	-	20,838	-	-
Intangible assets	-	658	-	-
Total non-current assets	9,782	313,983	69,782	69,782
Total assets	1,386,055	1,303,007	197,538	197,783

	<u>GROUP</u>		<u>Company</u>	
	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/12/2015</u>	<u>As at</u> <u>31/03/2016</u>	<u>As at</u> <u>31/12/2015</u>
LIABILITIES AND EQUITY				
Short-term bank borrowings	-	317,500	-	-
Trade payables	-	72,714	-	-
Amount due to subsidiaries	-	-	221	214
Other payables and accrued expenses	1,618	108,837	1,618	1,313
Income tax payable	-	939	-	-
Provision for land appreciation tax	-	34,055	-	-
	1,618	534,045	1,839	1,527
Liabilities directly associated with assets classified as held for sale (Note A)	840,352	-	-	-
Total current liabilities	841,970	534,045	1,839	1,527
Non-current liabilities:				
Other payables	9,782	9,782	9,782	9,782
Long-term bank loans	-	168,182	-	-
Deferred tax liabilities	-	57,648	-	-
	9,782	235,612	9,782	9,782
Equity				
Shareholders' equity	534,303	533,350	185,917	186,475
Total equity	534,303	533,350	185,917	186,475
Total liabilities and equity	1,386,055	1,303,007	197,538	197,784

Note A - Assets classified as held for sale

The assets and liabilities attributable to the Disposal Group have been classified as a disposal group held for sale and are presented separately in the statement of financial position.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operation as held for sale.

The major classes of assets and liabilities comprising the Disposal Group classified as held for sale are as follows:

	<u>31/03/2016</u>
	<u>RMB'000</u>
<u>Current assets</u>	
Cash and bank balances	264,875
Trade receivables	87,709
Other receivables and prepayments	21,949
Amount due from related parties	4,088
Construction contracts	113,540
Inventories	14,300
Properties under development	564,401
	<u>1,070,862</u>
<u>Non-current assets</u>	
Investment properties	195,304
Property, plant and equipment	87,648
Prepayments	21,225
Intangible assets	644
	<u>304,821</u>
Total assets classified as held for sale	<u>1,375,683</u>
<u>Current liabilities</u>	
Short-term bank borrowings	330,500
Trade payables	85,994
Other payables and accrued expenses	155,700
Income tax payable	2,186
Provision for land appreciation tax	34,055
	<u>608,435</u>
<u>Non-current liabilities</u>	
Long-term bank loans	174,270
Deferred tax liabilities	57,648
	<u>231,918</u>
Liabilities directly associated with assets classified as held for sale	<u>840,352</u>
Net assets of Disposal Group ⁽¹⁾	<u>535,331</u>

⁽¹⁾ The net assets of Disposal Group excluded the liabilities for the amount owing to 8Telecom International Holdings Co. Ltd. amounted to RMB126,945,000 as at 31 March 2016 which has been eliminated in Group level.

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

Discontinuing operations

Amount repayable in one year or less, or on demand

<u>As at 31 March 2016</u>		<u>As at 31 December 2015</u>	
<u>RMB'000</u>		<u>RMB'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
341,378	9,000	315,191	9,400

Amount repayable after one year

<u>As at 31 March 2016</u>		<u>As at 31 December 2015</u>	
<u>RMB'000</u>		<u>RMB'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
130,071	44,200	123,981	44,200

Details of any collateral

	<u>As at</u> <u>31 March 2016</u>	<u>As at</u> <u>31 December</u> <u>2015</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Secured by fixed deposits	61,503	49,057
Secured by land use right	21,225	21,354
Secured by investment properties	195,304	195,304
Secured by properties under development	564,401	545,946
Secured by building	50,607	51,929

In addition, maximum guarantee of RMB306 million (2015: RMB306 million) is guaranteed by a company in which a director has interest in and maximum guarantee of RMB328 million (2015: RMB328 million) is guaranteed by a director.

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 2016

	GROUP	
	<u>2016Q1</u>	<u>2015Q1</u>
Cash flows from (used in) operating activities:		
(Loss) Profit before income tax		
Continuing operations	(557)	(317)
Discontinuing operations	3,249	3,480
	<u>2,692</u>	<u>3,163</u>
Adjustments for:		
Depreciation and amortisation expense	2,489	2,278
Allowance for doubtful trade receivables	347	1,462
Finance costs	1,774	4,875
Interest income	(455)	(811)
Loss on disposal of property, plant and equipment	-	936
Changes in fair value of other financial assets	-	(303)
	<u>6,847</u>	<u>11,600</u>
Operating profit before working capital changes		
Trade receivables	14,031	10,214
Other receivables and prepayments	12,237	37,507
Construction contracts	(33,244)	(58,368)
Inventories	516	15,655
Properties under development	(24,159)	(23,145)
Trade payables	13,281	(14,743)
Other payables and accrued expenses	59,588	(58,611)
Cash generated from (used in) operations	<u>49,097</u>	<u>(79,891)</u>
Interest received	455	811
Interest paid	(7,180)	(7,793)
Income tax paid	(492)	(20)
Net cash from (used in) operating activities	<u>41,880</u>	<u>(86,893)</u>
Cash flows (used in) from investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	-	62,900
Advances to a related party	(16,088)	(14,830)
Advances from a related party	12,000	-
Repayment of advances by a related party	-	500
Addition of land use rights	(746)	-
Purchase of property, plant and equipment	(2,363)	(5,873)
Net cash (used in) from investing activities	<u>(7,197)</u>	<u>42,697</u>

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

	GROUP	
	<u>2016Q1</u>	<u>2015Q1</u>
Cash flows from (used in) financing activities:		
Repayments of short-term bank loans	(168,000)	(106,900)
Increase in short-term bank borrowings	181,000	64,900
Increase in long-term bank loans	6,089	4,923
Advances from a related party	-	10,000
Repayment of advances to a related party	-	(5,600)
Pledged fixed deposits	(12,446)	(850)
Net cash from (used in) financing activities	6,643	(33,527)
Net increase (decrease) in cash and cash equivalents	41,326	(58,876)
Cash and cash equivalents at beginning of period	162,275	107,998
Cash and cash equivalents at end of period (Note 1)	203,601	30,275

Note 1:

	GROUP	
	<u>2016Q1</u>	<u>2015Q1</u>
	RMB'000	RMB'000
Cash and bank balances	229	439
Cash and bank balances classified as held for sale	264,875	141,453
Less: Fixed deposits pledged	(61,503)	(111,617)
Cash and cash equivalents at end of period	203,601	30,275

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 <u>RMB'000</u>	Treasury Shares <u>RMB'000</u>	Share Premium <u>RMB'000</u>	Other Reserve <u>RMB'000</u>	Capital Reserve <u>RMB'000</u>	Share Based Payment Reserve <u>RMB'000</u>	Asset Revaluation Reserve <u>RMB'000</u>	Accumulated Profits <u>RMB'000</u>	Total equity <u>RMB'000</u>
Group									
Balance as at 1 January 2016	79,369	(12,883)	118,574	71,020	(10,925)	1,527	20,692	265,976	533,350
Total comprehensive income for the period	-	-	-	-	-	-	-	953	953
Balance as at 31 March 2016	79,369	(12,883)	118,574	71,020	(10,925)	1,527	20,692	266,929	534,303
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

	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 (Losses) Profits <u>RMB'000</u>	Total Equity <u>RMB'000</u>
<u>Company</u>						
Balance as at 1 January 2016	79,369	(12,883)	118,574	1,527	(113)	186,474
Total comprehensive loss for the period	-	-	-	-	(557)	(557)
Balance as at 31 March 2016	<u>79,369</u>	<u>(12,883)</u>	<u>118,574</u>	<u>1,527</u>	<u>(670)</u>	<u>185,917</u>
Balance as at 1 January 2015	79,369	(12,883)	118,574	1,527	18	186,605
Total comprehensive loss for the period	-	-	-	-	7,683	7,683
Balance as at 31 March 2015	<u>79,369</u>	<u>(12,883)</u>	<u>118,574</u>	<u>1,527</u>	<u>7,701</u>	<u>194,288</u>

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 2016.

As announced by the Company on 15 March 2016, the Proposed Capital Reorganisation has been duly approved by the Shareholders at the Special General Meeting of the Company held on 15 March 2016. The Company will make the relevant announcements to update and notify Shareholders of the effective date of the Proposed Capital Reorganisation in due course, which are expected to take place on 30 May 2016.

The number of ordinary shares held as treasury shares as at 31 March 2016 was 3,150,000 shares (31 December 2015: 3,150,000 shares).

As at 31 March 2016, there were no shares that may be issued on conversion of any outstanding convertibles or share option (2015: 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 2016 is 92,630,849 shares (31 December 2015: 92,630,849 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 for the year ended 31 December 2015, as well as all the applicable International Financial Reporting Standards ("IFRSs") which became effective for the financial year beginning on or after 1 January 2016. 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>2016Q1</u>	<u>2015Q1</u>
<u>Continuing operations</u>		
Basic EPS (RMB cents)	(0.60)	(0.34)
Basic EPS (RMB cents)	(0.60)	(0.34)
<u>Discontinuing operations</u>		
Basic EPS (RMB cents)	1.63	2.11
Diluted EPS (RMB cents)	1.63	2.11

The calculation of basic earnings per ordinary share for 2016Q1 was based on 92,630,849 ordinary shares in issued. For comparability, the number of ordinary shares in issue of 92,630,849 in 2015Q1 is adjusted for the effect of the share consolidation exercised on June 24, 2015.

**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>31/03/2016</u>	<u>31/12/2015</u>	<u>31/03/2016</u>	<u>31/12/2015</u>
Net asset value per ordinary share (RMB cents)	576.81	575.78	200.71	201.31

* based on the existing number of shares in issue of 92,630,849 ordinary shares (2015: 92,630,849 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.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

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

	2016Q1 RMB '000	2015Q1 RMB '000	Chg %
Revenue by business segments:			
Telecommunication pipes	7,879	4,887	61.2
Telecommunication & other towers	46,297	71,424	(35.2)
Telecommunication engineering services	52,037	40,651	28.0
Property	1,938	2,191	(11.55)
Total revenue	107,510	119,153	(9.8)

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For discontinuing operations, the Group registered total revenue of RMB107.51 million for 1Q2016, a decrease of 9.8% from RMB119.15 million in 1Q2015. The Group reported a 61.2% revenue increase year-on-year to RMB7.88 million for its telecommunication pipes segment, Revenue from telecommunication engineering services segment improved by 28.0% to RMB52.04 million in 1Q2016. This was offset by a 35.2% revenue decrease to RMB46.30 million for its telecommunication and other towers segment and 11.55% revenue decrease to RMB1.94 million for its property business segment. Overall, revenue for telecommunications business segment fell by 7.4% to RMB105.57million.

Gross profit weakened by 27.5% to RMB14.64 million. Consequently, gross profit margin decreased to 13.6% from 17.0% for the corresponding period last year on account of higher operating costs.

Selling and administrative expenses and finance costs decreased in the period by 19.7% to RMB14.63 million. The decrease was mainly due to a decrease in finance costs and administrative expenses by 63.6% and 15.0% respectively, offset against an increase in selling expenses by 36.2%.

The Group achieved a higher other operating income of RMB3.24 million, 169.3% higher than 1Q2015 other operating income of RMB1.2 million. Nevertheless, with an increase in income tax expense of 13.9% to RMB1.74 million, the Group consequently recorded a lower net profit from discontinued operation of RMB1.51 million.

In summary, the Group has achieved a total comprehensive income of RMB0.95 million for 1Q2016 compared with RMB1.64 million for 1Q2015, a decrease of RMB0.68 million.

Statement of Financial Position

Total assets stood at RMB1,386.05 million as at 31 March 2016, which comprised of RMB1,375.68 million of assets classified as held for sale, RMB0.59 million of current assets and RMB9.78 million of non-current assets.

Total liabilities stood at RMB851.75 million as at 31 March 2016, these include RMB840.35 million of liabilities directly associated with assets classified as held for sale, RMB1.62 million of current liabilities and RMB9.78 million of non-current liabilities.

Consolidated Statement of Cash Flows

There was an inflow of RMB41.88 million from operating activities for 1Q2016 as compared with an outflow of RMB86.89 million for 1Q2015 mainly on account of cash from other payables and accrued expenses.

Cash and cash equivalents at 31 March 2016 stood at RMB203.60 million, an increase of RMB173.32 million compared with RMB30.28 million at 31 March 2015.

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.

On March 15, 2016, the Company has obtained shareholders' approval at the Special General Meeting for:

- (a) the Proposed Disposal of the Company's entire interests in its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited to Manfaith Investments Ltd. for a consideration of RMB420 million;
- (b) the Proposed Capital Reorganisation; and
- (c) the Proposed Dividend being a special one-tier tax-exempt dividend of RMB4.486 per share.

Pending the completion of the Proposed Disposal, the Proposed Capital Reorganisation and payment of the Proposed Dividend, the Company will have a new business which will focus on information-communication services business, in particular, image and data communication services.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

As announced by the Company on 15 March 2016, the Proposed Dividend being a special one-tier tax-exempt dividend of RMB4.486 per share has been duly approved by the Shareholders at the Special General Meeting of the Company held on 15 March 2016.

(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

As announced by the Company on 16 March 2016, the Company will make the relevant announcements to update and notify Shareholders of the date of payment of the Proposed Dividend in due course, which are expected to take place on 15 July 2016.

The payment of the Proposed Dividend is conditional upon the completion of the Proposed Disposal and the Proposed Capital Reorganisation taking effect.

(d) Books closure date

24 March 2016.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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 2016 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.

15. Undertaking from Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that all the required undertakings under the Rule 720(1) of the SGX Listing Manual have been obtained from its Directors and Executive Officers in the format set out in Appendix 7.7 of the SGX Listing Manual.

FOR AND ON BEHALF OF THE BOARD

Ye Tianyun
Executive Chairman and CEO
9 May 2016