

**STELECOM 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 INCOME STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (RMB'000)  
For the third quarter ended 30 September 2015**

	<b>GROUP</b>		
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>+ / (-) %</b>
<b>Revenue</b>	<b>140,313</b>	<b>163,071</b>	<b>(13.96)</b>
Cost of sales	(112,556)	(127,717)	<b>(11.87)</b>
<b>Gross profit</b>	<b>27,757</b>	<b>35,354</b>	<b>(21.49)</b>
Other operating income, net	1,824	585	<b>211.79</b>
Change in fair value of other financial assets	(148)	156	<b>n/m</b>
Selling expenses	(8,073)	(10,202)	<b>(20.87)</b>
Administrative expenses	(13,208)	(14,079)	<b>(6.19)</b>
Finance costs	(2,439)	(4,715)	<b>(48.27)</b>
<b>Profit before income tax</b>	<b>5,713</b>	<b>7,099</b>	<b>(19.52)</b>
Income tax expense	(2,487)	(1,667)	<b>49.19</b>
<b>Net profit after income tax, representing total comprehensive income for the period</b>	<b>3,226</b>	<b>5,432</b>	<b>(40.61)</b>

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

	<b>GROUP</b>		
	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>+ / (-) %</b>
Allowance for doubtful trade receivables	308	1,651	<b>(81.34)</b>
Depreciation and amortisation expense	2,179	2,209	<b>(1.36)</b>
Finance cost	2,439	4,715	<b>(48.27)</b>
Interest income	(703)	(207)	<b>239.61</b>
Government grant	(1,303)	(686)	<b>89.94</b>
Research costs	7,587	8,919	<b>(14.93)</b>
Discount for notes receivable *	436	340	<b>28.24</b>

\* : included as part of finance cost.

n/m: 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 September 2015

	<u>GROUP</u>		<u>Company</u>	
	<u>As at</u> <u>30/09/2015</u>	<u>As at</u> <u>31/12/2014</u>	<u>As at</u> <u>30/09/2015</u>	<u>As at</u> <u>31/12/2014</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	229,460	218,765	57	1,047
Other financial assets	-	63,469	-	-
Trade receivables	117,226	140,499	-	-
Amount due from subsidiaries	-	-	152,525	153,090
Amount due from a related party	15,941	-	-	-
Other receivables and prepayments	30,159	56,298	672	185
Construction contracts	117,315	69,536	-	-
Inventories	17,126	45,753	-	-
Properties under development	494,165	384,543	-	-
<b>Total current assets</b>	<b>1,021,392</b>	<b>978,863</b>	<b>153,254</b>	<b>154,322</b>
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	60,000	60,000
Investment properties	194,590	194,590	-	-
Property, plant and equipment	89,691	87,070	-	-
Prepayments	21,483	21,870	-	-
Intangible assets	672	714	-	-
<b>Total non-current assets</b>	<b>306,436</b>	<b>304,244</b>	<b>60,000</b>	<b>60,000</b>
<b>Total assets</b>	<b>1,327,828</b>	<b>1,283,107</b>	<b>213,254</b>	<b>214,322</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term bank borrowings	468,060	352,160	-	-
Trade payables	69,462	114,727	-	-
Amount due to subsidiaries	-	-	25,891	26,955
Amount due to related party	10,250	-	-	-
Other payables and accrued expenses	46,807	90,189	1,206	762
Income tax payable	5,364	2,315	-	-
Provision for land appreciation tax	34,055	34,055	-	-
<b>Total current liabilities</b>	<b>633,998</b>	<b>593,446</b>	<b>27,097</b>	<b>27,717</b>

**STATEMENT OF FINANCIAL POSITION (RMB'000) (cont'd)**

**As at 30 September 2015**

	<u>GROUP</u>		<u>Company</u>	
	<u>As at</u> <u>30/09/2015</u>	<u>As at</u> <u>31/12/2014</u>	<u>As at</u> <u>30/09/2015</u>	<u>As at</u> <u>31/12/2014</u>
<b>Non-current liabilities:</b>				
Long-term bank loans	103,443	101,600	-	-
Deferred tax liabilities	57,297	57,297	-	-
Total non-current liabilities	160,740	158,897	-	-
<b>Equity</b>				
Shareholders' equity	533,090	530,764	186,157	186,605
Total equity	<b>533,090</b>	<b>530,764</b>	<b>186,157</b>	<b>186,605</b>
<b>Total liabilities and equity</b>	<b>1,327,828</b>	<b>1,283,107</b>	<b>213,254</b>	<b>214,322</b>

**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 30/09/2015</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>
463,985	9,300	367,414	28,000

**Amount repayable after one year**

<u>As at 30/09/2015</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>
58,943	44,500	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>30/09/2015</u> <u>RMB'000</u>	<u>As at</u> <u>31/12/2014</u> <u>RMB'000</u>
Secured by fixed deposits	157,417	110,767
Secured by land use right	21,920	22,206
Secured by building	52,694	54,944
Secured by investment properties	194,590	194,590
Secured by trade receivables	32,222	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 third quarter ended 30 September 2015**

	<b>GROUP</b>	
	<b>Q3 2015</b>	<b>Q3 2014</b>
<b>Cash flows (used in) generated from operating activities:</b>		
Profit before income tax	5,713	7,099
Adjustments for:		
Depreciation and amortisation expense	2,179	2,209
Allowance for doubtful trade receivables	308	1,651
Changes in fair value of other financial assets	148	(156)
Finance costs	2,439	4,715
Interest income	(703)	(207)
Operating profit before working capital changes	10,084	15,311
Trade receivables	16,987	32,141
Amount due from related parties	(822)	1,365
Other receivables and prepayments	(5,531)	(2,965)
Construction contracts	19,307	8,683
Inventories	8,467	2,321
Properties under development	(17,760)	(12,509)
Trade payables	(42,165)	(16,309)
Other payables and accrued expenses	(12,459)	(10,904)
Cash (used in) generated from operations	(23,892)	17,134
Interest received	703	207
Interest paid	(5,942)	(7,042)
Income tax paid	(729)	(799)
Net cash (used in) generated from operating activities	(29,860)	9,500
<b>Cash flows (used in) from investing activities:</b>		
Proceed on disposal of land use rights	-	5,958
Proceed on disposal of other financial assets	1,055	-
Purchase of property, plant and equipment	(2,569)	(3,445)
Net cash (used in) from investing activities	(1,514)	2,513
<b>Cash flows from financing activities:</b>		
Repayments of short-term bank loans	(29,500)	(151,500)
Increase in short-term bank borrowings	45,200	214,500
Increase in long-term bank loans	28,717	(2,000)
Repayment of advances to a related party	(2,700)	-
Pledged fixed deposits	4,620	(37,900)
Net cash from financing activities	46,337	23,100
Net increase in cash and cash equivalents	14,963	35,113
Cash and cash equivalents at beginning of period	57,080	32,096
<b>Cash and cash equivalents at end of period (Note 1)</b>	<b>72,043</b>	<b>67,209</b>

Note 1:

	<b>GROUP</b>	
	<b>Q3 2015</b>	<b>Q3 2014</b>
Cash and bank balances	229,460	172,766
Less: Fixed deposits pledged	(157,417)	(105,557)
Cash and cash equivalents at end of period	<u>72,043</u>	<u>67,209</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.**

<u>Group</u>	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 July 2015	79,369	(12,883)	118,574	66,864	(10,925)	1,527	20,692	266,646	529,864
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	-	3,226	3,226
Balance as at 30 September 2015	79,369	(12,883)	118,574	66,864	(10,925)	1,527	20,692	269,872	533,090
Balance as at 1 July 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	20,278	269,946	529,652
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	-	5,432	5,432
Balance as at 30 September 2014	79,369	(12,883)	118,574	63,766	(10,925)	1,527	20,278	275,378	535,084

<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 Profit (Losses) RMB'000</u>	<u>Total Equity RMB'000</u>
Balance as at 1 July 2015	79,369	(12,883)	118,574	1,527	2,038	188,625
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(2,468)	(2,468)
Balance as at 30 September 2015	<u>79,369</u>	<u>(12,883)</u>	<u>118,574</u>	<u>1,527</u>	<u>(430)</u>	<u>186,157</u>
Balance as at 1 July 2014	79,369	(12,883)	118,574	1,527	(5,788)	180,799
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(70)	(70)
Balance as at 30 September 2014	<u>79,369</u>	<u>(12,883)</u>	<u>118,574</u>	<u>1,527</u>	<u>(5,858)</u>	<u>180,729</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.**

Share consolidation exercise ("Share Consolidation") was carried out by the Company, consolidating every five (5) existing issued ordinary shares of par value of US\$0.02 each in the issued and authorised share capital of the Company (including treasury shares) into one (1) ordinary share of par value of US\$0.10 each. Subsequent to the approval from the shareholders at the annual general meeting on 29 April 2015, the Share Consolidation was completed and announced on 24 June 2015.

The number of ordinary shares held as treasury shares as at 30 September 2015 was 3,150,000 shares (30 September 2014: 15,750,000 shares).

As at 30 September 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 30 September 2015 is 92,630,849 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 preparation of the financial statements for the current financial period, consistent with those applied for the audited financial statements for the year ended 31 December 2014, as well as all the applicable International Financial Reporting Standards ("IFRS") 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 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.**

	<b>GROUP</b>	
	<b><u>2015Q3</u></b>	<b><u>2014Q3</u> *</b>
Basic EPS (RMB cents)	3.48	5.86
Diluted EPS (RMB cents)	3.48	5.86

\* based on revised numbers of ordinary shares in issue of 92,630,849 (2014Q3: 463,154,250 ordinary shares) as a results of the Share Consolidation.



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>30/09/2015</u>	<u>31/12/2014</u> *	<u>30/09/2015</u>	<u>31/12/2014</u> *
Net asset value per ordinary share (RMB cents)	575.50	572.99	200.97	201.45

\* based on the revised numbers of ordinary shares in issue of 92,630,849 (2014: 463,154,250 ordinary shares) as a results of the Share Consolidation.

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; andh**  
**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 or Loss and other Comprehensive Income**

	3Q2015 RMB'MIL	3Q2014 RMB'MIL	Chg %
<b>Revenue by business segments:</b>			
Telecommunication pipes	11.26	19.10	(41.05)
Telecommunication & other towers	84.84	107.16	(20.83)
Telecommunication engineering services	42.50	35.17	20.84
Property	1.71	1.64	4.27
<b>Total revenue</b>	<b>140.31</b>	<b>163.07</b>	<b>(13.96)</b>

The Group announced revenue of RMB140.31 million for the third quarter of FY2015 (3Q2015) a decrease of 13.96% compared to RMB163.07 million for the third quarter of FY2014 (3Q2014). This is mainly due to a decrease of RMB22.32 million (20.83%) in the revenue from telecommunications & other towers segment and the revenue from telecommunications pipes segment has decreased by RMB7.84 million (41.05%) due to business decline in these two business segments. However, the revenue from telecommunication engineering services segment has increased by RMB7.33 million (20.84%) due to higher sales order from customers for telecommunication engineering services during the period.

The Group's gross profit for 3Q2015 reached RMB27.76 million, which has decreased by RMB7.60 million (21.49%) compared to 3Q2014. Gross profit margin for 3Q2015 approximated 19.78%, which has decreased by 1.90% as compared to 21.68% in 3Q2014.

Other operating income for 3Q2015 increased by RMB1.23 million to RMB1.82 million as compared to RMB0.59 million for 3Q2014. This is mainly due to higher of government grant received during the period which has increased by RMB0.62 million and higher interest income of RMB0.50 million.

The Group's total selling, administrative expenses and the finance costs have decreased by RMB5.28 million from RMB29.00 million as in 3Q2014 to RMB23.72 million in 3Q2015. This was mainly due to decrease in research and development costs by RMB1.33 million, finance costs by RMB2.28 million and the transportation costs by RMB1.60 million.

Factoring the above results, the Group achieved a net profit of RMB3.23 million for 3Q2015, which has decreased by RMB2.20 million as compared to RMB5.43 million for 3Q2014.

## Statement of Financial Position

Trade receivables as at 30 September 2015 decreased by RMB23.27 million to RMB117.23 million as compared to RMB140.50 million as at 31 December 2014, which is primarily due to the improvement in collection from customers and lower sales generated during the period.

Other receivables and prepayments amounted to RMB30.16 million as at 30 September 2015, a decrease of RMB26.14 million from RMB56.298 million as at 31 December 2014. This is mainly due to utilisation of prepayments during the period.

Development costs for the Group's Wuchang property project increased by RMB109.63 million from RMB384.54 million as at 31 December 2014 to RMB494.17 million at 30 September 2015 mainly due to the progress of the construction works.

Inventory stood at RMB17.13 million as at 30 September 2015, a decrease of RMB28.62 million from RMB45.75 million as at 31 December 2014 mainly due to the effective control of inventory.

Construction contracts as at 30 September 2015 increased by RMB47.78 million, reaching RMB117.32 million as compared to RMB69.54 million as at 31 December 2014 which was due to more contracts being completed while waiting for confirmation from customers.

Non-current assets increases by RMB2.192 million reaching RMB306.44 million as compared to RMB304.24 at 31 December 2014. This is mainly due to fixed assets increased by RMB2.62 million to RMB89.69 million as at 30 September 2015 as compared to RMB87.07 million as at 31 December 2014. The increase was mainly due to construction cost in factory building in Jingshan town of RMB9.26 million, additional fixed assets of RMB0.64 million which off-set of RMB1.02 million of fixed assets written-off and depreciation charge of RMB6.27 million during the period. The decrease in intangible assets as at 30 September 2015 mainly due to the amortisation charge of RMB0.04 million.

Short term bank borrowings amounted to RMB468.06 million as at 30 September 2015, an increase of RMB115.90 million from RMB352.16 million as at 31 December 2014 due to RMB377.46 million new loans obtained and reclassification of long-term bank loans to short term bank loans which off-set against repayment of RMB334.56 million short term loans during the period.

Trade payable decreased by RMB45.27 million from RMB114.73 million as at 31 December 2014 to RMB69.46 million as at 30 September 2015 mainly due to payments made to suppliers and lower purchase during the period.

Other payables and accrued expenses amounted to RMB46.81 million at 30 September 2015, a decrease of RMB43.38 million from RMB90.19 million as at 31 December 2014, and is mainly due to payment made to suppliers during the period.

Long term bank borrowings increased by RMB1.84 million from RMB101.60 million as at 31 December 2014 to RMB103.44 million as at 30 September 2015 due to draw down of loans during the period.

## Consolidated statement of Cash Flows

Net cash from operating activities in the third quarter of 2015 was an outflow of RMB29.86 million as compared to an inflow of RMB9.50 million in the same period ended in 2014.

Cash and cash equivalents as at 30 September 2015 approximately RMB72.04 million, an increase of RMB14.96 million as compare to RMB57.08 million as at 30 June 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.**

**Outlook (Positive)**

Future growth is expected to be even lower as the Chinese economy continues with it restructuring. Despite this, the focus on infrastructure expenditure by the Chinese authorities will help to underpin the Group's telecom businesses.

**Outlook (Less Favourable)**

The Chinese economy grew at 6.9 per cent in the third quarter of 2015, the slowest since 2009. In the Q4, the group will continue to focus on consolidating the existing businesses and cost containment in order to achieve a stable environment in the Q4.

**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/recommended, a statement to that effect.**

No dividend has been declared or recommended on the third quarter ended 30 September 2015.

**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 third quarter ended 30 September 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 & Chief Executive Officer**  
**12 November 2015**