

Shanghai Turbo cash flow and collections improve amid challenging conditions; focuses on enhancing technical capabilities

Y/E 31 Dec (RMB million)	2Q2016	2Q2015	Change %	1H2016	1H2015	Change %
Revenue	30.6	34.9	(12)	53.4	59.9	(11)
Cost of sales	(25.3)	(19.4)	31	(42.1)	(36.0)	17
Gross Profit	5.3	15.5	(66)	11.3	23.9	(53)
Other income	1.0	0.1	635	1.3	0.3	377
Selling and distribution expenses	(0.7)	(0.5)	40	(1.5)	(1.1)	38
Administrative expenses	(4.5)	(6.7)	(33)	(9.5)	(11.4)	(17)
Profit before income tax	1.1	8.7	(88)	1.8	11.9	(85)
Income tax	(0.2)	(2.4)	(92)	(0.3)	(2.3)	(87)
Net profit after tax	0.9	6.2	(86)	1.4	9.6	(85)
EPS** (RMB cents)				6.38	43.49	
NAV per share* (RMB)				11.94	11.83	

+ Based on net profit before tax

* Based on average weighted number of 27,468,476 ordinary shares for the period ended 30 June 2016 (30 June 2015: 27,468,476 shares)

8 August 2016 - SGX Mainboard-listed **Shanghai Turbo Enterprises Ltd.** (“Shanghai Turbo”, and together with its subsidiaries, the “Group”) 上海动力发展有限公司, a leading manufacturer of precision vane products for steam turbine power generators in China, has reported revenue of RMB 30.6 million for the three months ended 30 June 2016 (“2Q2016”), a decrease of RMB 4.3 million compared to the same quarter of the prior year (“2Q2015”), and net profit of RMB 1.1 million, compared to RMB 8.7 million in the prior year. Upheaval in the industry continues to weigh on the Group’s order flow and financial performance.

“We have had to compete for orders through open bidding, in order to make up for the drop in orders from one of our key customers. Although the conditions are highly challenging, I am heartened to note that we had strong operating cash flow in 2Q2016, largely due to collections from customers which helped to marginally reduce our level of receivables.”

- **Mr Liu Ming**
Chief Executive Officer and Executive Director

Upgrading to Remain Competitive

The Group spent RMB 5.1 million in capital expenditure in 2Q2016, part of which was for the purchase of two new digital coordinate measuring machines which are essential in the quality inspection process for finished products. These machine purchases are part of the

Group's ongoing upgrading and replacing plan, to ensure that it has the technical capability to compete for higher value orders in both the local and overseas markets.

Challenging Marketplace

Industry consolidation has resulted in one of the Group's key customers taking on more of the production work in-house. Consequently, the Group had to take on other orders at highly competitive pricing levels in 2Q2016, as well as to accept lower margin orders for smaller capacity power generators from the local market. Consequently, revenue and gross profit margins were adversely affected in this quarter.

Financial Position

Despite the challenging climate, the Group generated RMB 15.7 million net cash from operating activities in 2Q2016, although this was offset by RMB 32.2 million net cash used in investing activities, mainly for advance payment for new machinery, and installation of new electrical systems and wirings.

Trade receivables saw a slight decrease from RMB 168.3 million at the end of FY2015 to RMB 162.6 million as at 30 June 2016 due to collections from customers in 2Q2016.

"We are cautiously confident that the investments we have made for new machinery will help us secure more orders, and we will continue tapping into overseas markets to build stronger and more lucrative customer relationships."

- **Mr Liu Ming**
Chief Executive Officer and Executive Director

About Shanghai Turbo Enterprises Limited (Bloomberg: SHTE SP; Reuters: SHTU.SI)

Shanghai Turbo is a precision engineering group that specialises in the production of precision vane products, namely stationary vanes, moving vanes and nozzles. These vanes are the key components of steam turbine generators used for power generation in power plants, power stations and/or substations. They are also essential components mounted onto steam turbine generators to maximise the efficiency of steam flow in the generation of electricity.

Founded in 1997, Shanghai Turbo is based in Changzhou City, Jiangsu, China. Its manufacturing facilities are equipped with the latest advanced precision engineering machinery from Japan, Switzerland, Germany, Italy and Korea. Shanghai Turbo is capable of providing a complete set of vane products for steam turbine power generators each with a generating capacity of up to 600 MW of electricity. For single products, Shanghai Turbo is capable of producing for steam turbine generators with generating capacity of up to 1,000 MW of electricity.

Shanghai Turbo was listed on the Singapore Exchange on 16 January 2006. For more information, please visit <http://www.shanghaiturbo.com>.

Invitation to Shareholders

Shanghai Turbo invites any shareholders travelling around Shanghai or Changzhou to visit our factory premises in Changzhou, Jiangsu Province, China. Please visit our website for the contact information and more details.

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