



Incorporated in the Cayman Islands on 14 July 2005

Quarterly Financial Statement for the Second Quarter Ended 30 June 2014 ("2QFY2014")

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014**

| | Group | | | Group | | |
|---|----------------------|----------------------|---------|----------------------|----------------------|---------|
| | 3 months ended | | + / (-) | 6 months ended | | + / (-) |
| | 2Q FY2014 RMB'000 | 2Q FY2013 RMB'000 | | 1H FY2014 RMB'000 | 1H FY2013 RMB'000 | |
| Revenue | 40,265 | 37,645 | 7% | 62,707 | 72,288 | -13% |
| Cost of sales | (24,912) | (22,058) | 13% | (38,244) | (42,050) | -9% |
| Gross profit | 15,353 | 15,587 | -2% | 24,463 | 30,238 | -19% |
| Other income | 411 | 618 | -33% | 570 | 851 | -33% |
| Selling and distribution expenses | (692) | (669) | 3% | (1,341) | (1,724) | -22% |
| Administrative expenses | (2,999) | (5,028) | -40% | (6,581) | (10,266) | -36% |
| Other operating expenses | (8) | | NM | (74) | - | NM |
| Profit before income tax | 12,065 | 10,508 | 15% | 17,037 | 19,099 | -11% |
| Income tax | (1,679) | (2,600) | -35% | (2,327) | (5,054) | -54% |
| Net profit after tax | 10,386 | 7,908 | 31% | 14,710 | 14,045 | 5% |
| Other comprehensive income/(expenses): | | | | | | |
| Currency translation gain/(losses) | (996) | (74) | NM | (28) | 1 | NM |
| Total comprehensive income attributable to equity shareholders of the Company | 9,390 | 7,834 | 20% | 14,682 | 14,046 | 5% |

Note: Profit before income tax is determined after charging/(crediting) the following:



| | Group | | | | | |
|--|----------------------|----------------------|---------|----------------------|----------------------|---------|
| | 3 months ended | | + / (-) | 6 months ended | | + / (-) |
| | 2Q FY2014 RMB'000 | 2Q FY2013 RMB'000 | | 1H FY2014 RMB'000 | 1H FY2013 RMB'000 | |
| Depreciation expense | 4,634 | 4,681 | -1% | 9,359 | 9,308 | 1% |
| Amortisation of land use right | 62 | 62 | 0% | 125 | 125 | 0% |
| Interest Income | (54) | (40) | 35% | (112) | (90) | 24% |
| Foreign exchange loss/ (gain) | (16) | 147 | NM | 83 | 141 | -41% |
| (Gain)/ loss on disposal of property, plant and equipment | 2 | - | NM | 68 | (40) | NM |

NM- Not meaningful



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|-------------------------|------------------------|-------------------------|------------------------|
| | 30 June 2014 RMB'000 | 31 Dec 2013 RMB'000 | 30 June 2014 RMB'000 | 31 Dec 2013 RMB'000 |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 55,409 | 55,409 | 55,409 | 55,409 |
| Share premium | 81,527 | 81,527 | 81,527 | 81,527 |
| | 136,936 | 136,936 | 136,936 | 136,936 |
| Other Reserves | | | | |
| Statutory reserve | 24,052 | 24,052 | - | - |
| Foreign exchange reserve | (3,551) | (3,523) | - | - |
| | 20,501 | 20,529 | - | - |
| Retained earnings | 151,861 | 137,151 | 551 | 2,143 |
| TOTAL EQUITY | 309,298 | 294,616 | 137,497 | 139,079 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 105,509 | 114,079 | - | - |
| Subsidiaries | - | - | 156,236 | 156,236 |
| Land use right | 10,415 | 10,540 | - | - |
| | 115,924 | 124,619 | 156,236 | 156,236 |
| Current assets | | | | |
| Inventories | 45,392 | 22,384 | - | - |
| Trade receivables | 133,722 | 121,569 | - | - |
| Other receivables, deposits and prepayments | 15,876 | 1,319 | 19 | 5 |
| Land use right | 251 | 251 | - | - |
| Cash and cash equivalents | 70,570 | 85,817 | 50 | 50 |
| | 265,811 | 231,340 | 69 | 55 |
| TOTAL ASSETS | 381,735 | 355,959 | 156,305 | 156,291 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade payables | 58,742 | 41,748 | - | - |
| Other payables and accruals | 11,488 | 16,436 | 1,088 | 1,242 |
| Due to subsidiaries (non-trade) | - | - | 17,720 | 15,970 |
| Income tax payable | 1,679 | 2,631 | - | - |
| | 71,909 | 60,815 | 18,808 | 17,212 |
| Non-current liability | | | | |
| Deferred tax liability | 528 | 528 | - | - |
| TOTAL LIABILITIES | 72,437 | 61,343 | 18,808 | 17,212 |
| NET ASSETS | 309,298 | 294,616 | 137,497 | 139,079 |



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

Amount repayable in 1 year or less, or on demand

| Group | | Group | |
|--------------------|-------------------|-------------------|-------------------|
| As at 30 June 2014 | | As at 31 Dec 2013 | |
| Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
| NIL | NIL | NIL | NIL |

Amount repayable after 1 year

| Group | | Group | |
|--------------------|-------------------|-------------------|-------------------|
| As at 30 June 2014 | | As at 31 Dec 2013 | |
| Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
| NIL | NIL | NIL | NIL |



1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014**

| | Group | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 3 months ended | | 6 months ended | |
| | 30 June 2014 RMB'000 | 30 June 2013 RMB'000 | 30 June 2014 RMB'000 | 30 June 2013 RMB'000 |
| OPERATING ACTIVITIES | | | | |
| Profit before taxation | 12,065 | 10,508 | 17,037 | 19,099 |
| Adjustments for: | | | | |
| Depreciation expense | 4,634 | 4,681 | 9,359 | 9,308 |
| Amortisation expense | 62 | 62 | 125 | 125 |
| Interest Income | (54) | (40) | (112) | (90) |
| (Gain)/ loss on disposal of property, plant & equipment | 2 | - | 68 | (40) |
| Operating profit before working capital changes | 16,709 | 15,211 | 26,477 | 28,402 |
| Inventories | (21,855) | (2,970) | (23,008) | (2,404) |
| Trade & other Receivables | (7,451) | (17,901) | (12,490) | (28,002) |
| Trade & other Payables | 11,534 | 7,022 | 12,045 | (1,867) |
| Cash generated /(used) in operations | (1,063) | 1,362 | 3,024 | (3,871) |
| Interest received | 54 | 40 | 112 | 90 |
| Income tax | 793 | (2,204) | (3,279) | (4,933) |
| Net Cash generated /(used) in operating activities | (216) | (802) | (143) | (8,714) |
| INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (2,332) | (4,285) | (15,081) | (4,563) |
| Proceeds from disposal of property, plant and equipment | 4 | - | 5 | 64 |
| Net cash used in investing activities | (2,328) | (4,285) | (15,076) | (4,499) |
| FINANCING ACTIVITIES | | | | |
| Pledged deposits | (1,631) | (1,120) | (4,040) | (6,275) |
| Dividend paid | - | (6,867) | - | (6,867) |
| Net cash used in financing activities | (1,631) | (7,987) | (4,040) | (13,142) |
| Net decrease in cash and cash equivalents | (4,175) | (13,074) | (19,259) | (26,355) |
| Cash and cash equivalents at beginning of period | 65,253 | 49,211 | 79,369 | 62,417 |
| Effects of exchange rate changes in cash and cash equivalent | (996) | (74) | (28) | 1 |
| Cash and cash equivalents at end of period | 60,082 | 36,063 | 60,082 | 36,063 |

Cash and bank balances comprise the following:

| | Group | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 3 months ended | | 6 months ended | |
| | 30 June 2014 RMB'000 | 30 June 2013 RMB'000 | 30 June 2014 RMB'000 | 30 June 2013 RMB'000 |
| Cash and cash equivalent | 60,082 | 36,063 | 60,082 | 36,063 |
| Pledged cash placed with bank | 10,488 | 19,585 | 10,488 | 19,585 |
| | 70,570 | 55,648 | 70,570 | 55,648 |



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.

| Group | Share Capital RMB'000 | Share Premium RMB'000 | Statutory Reserve RMB'000 | Translation Reserve RMB'000 | Proposed final dividend RMB'000 | Retained Earnings RMB'000 | Total RMB'000 |
|---|--------------------------|--------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|------------------|
| Balance as at 1 Jan 2013 | 55,409 | 81,527 | 19,764 | (3,423) | - | 104,485 | 257,762 |
| Total comprehensive income/ (expenses) for the period | - | - | - | 1 | - | 14,045 | 14,046 |
| Statutory reserves | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | (6,867) | (6,867) |
| Balance as at 30 June 2013 | 55,409 | 81,527 | 19,764 | (3,422) | - | 111,663 | 264,941 |

| Group | Share Capital RMB'000 | Share Premium RMB'000 | Statutory Reserve RMB'000 | Translation Reserve RMB'000 | Proposed final dividend RMB'000 | Retained Earnings RMB'000 | Total RMB'000 |
|---|--------------------------|--------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|------------------|
| Balance as at 1 Jan 2014 | 55,409 | 81,527 | 24,052 | (3,523) | (6,867) | 144,018 | 294,616 |
| Total comprehensive income/ (expenses) for the period | - | - | - | (28) | - | 14,710 | 14,682 |
| Statutory reserves | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - |
| Balance as at 30 June 2014 | 55,409 | 81,527 | 24,052 | (3,551) | (6,867) | 158,728 | 309,298 |

Company

| Company | Share Capital RMB'000 | Share Premium RMB'000 | Statutory Reserve RMB'000 | Translation Reserve RMB'000 | Proposed final dividend RMB'000 | Retained Earnings RMB'000 | Total RMB'000 |
|---|--------------------------|--------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|------------------|
| Balance as at 1 Jan 2013 | 55,409 | 81,527 | - | - | - | 2,350 | 139,286 |
| Total comprehensive income/ (expenses) for the period | - | - | - | - | - | 8,176 | 8,176 |
| Dividend | - | - | - | - | - | (6,867) | (6,867) |
| Balance as at 30 June 2013 | 55,409 | 81,527 | - | - | - | 3,659 | 140,595 |

| Company | Share Capital RMB'000 | Share Premium RMB'000 | Statutory Reserve RMB'000 | Translation Reserve RMB'000 | Proposed final dividend RMB'000 | Retained Earnings RMB'000 | Total RMB'000 |
|---|--------------------------|--------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|------------------|
| Balance as at 1 Jan 2014 | 55,409 | 81,527 | - | - | (6,867) | 9,010 | 139,079 |
| Total comprehensive income/ (expenses) for the period | - | - | - | - | - | (1,582) | (1,582) |
| Dividend | - | - | - | - | - | - | - |
| Balance as at 30 June 2014 | 55,409 | 81,527 | - | - | (6,867) | 7,428 | 137,497 |



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, 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.

| | Number of shares | Issued share capital USD | Issued share capital RMB |
|---|------------------|--------------------------|--------------------------|
| Issued and paid Share Capital as at 31 December 2013 and 30 June 2014 | 274,684,760 | 6,867,119 | 55,409,257 |

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.

| | Number of shares | |
|-------------------------------|------------------|------------------|
| | 30 June 2014 | 31 December 2013 |
| Issued and paid Share Capital | 274,684,760 | 274,684,760 |

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.

Not applicable.

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 by the auditors.

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.

There are certain new International Financial Reporting Standards ("IFRSs") that are published and mandatory for accounting periods beginning on or after 1 January 2014. Where applicable, the adoption of these IFRSs does not have any material impact on the



financial statements for the 6 months ending 30 June 2014. Apart from this, the same accounting policies and methods of computation have been consistently applied.

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.**

Not applicable.

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.**

| Earnings per ordinary share for the period based on net profit attributable to shareholders | Group | | | |
|---|----------------|--------------|----------------|--------------|
| | 3 months ended | | 6 months ended | |
| | 30 June 2014 | 30 June 2013 | 30 June 2014 | 30 June 2013 |
| Basic earnings per share (RMB cents) | 3.78 | 2.88 | 5.36 | 5.11 |
| On a fully diluted basis (RMB cents) | 3.78 | 2.88 | 5.36 | 5.11 |
| Weighted average number of ordinary shares in issue for basic earnings per share | 274,684,760 | 274,684,760 | 274,684,760 | 274,684,760 |

There were no potentially dilutive ordinary shares in existence during the current period reported on and the corresponding period of the immediately preceding financial year. Accordingly, there is no difference in basic and diluted earnings per share.

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.

| | Group | | Company | |
|---|--------------|------------------|--------------|------------------|
| | 30 June 2014 | 31 December 2013 | 30 June 2014 | 31 December 2013 |
| Net asset value per ordinary share based on the issued capital at the end of the financial year (RMB cents) | 112.60 | 107.26 | 50.06 | 50.63 |
| Number of shares in calculating net asset value | 274,684,760 | 274,684,760 | 274,684,760 | 274,684,760 |



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; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Performance

Statement of Comprehensive Income

On a quarter-on-quarter basis, sales revenue increased 7% from RMB 37.6 million in 2QFY2013 to RMB 40.3 million in 2QFY2014, reflecting increased orders from overseas customers. Gross profit margin decreased marginally from 41.4% in 2QFY2013 to 38.1% in 2QFY2014.

Other income decreased from RMB 618,000 in 2QFY2013 to RMB 411,000 in 2QFY2014. For 2QFY2013, there was a scrap income of RMB 131,000, RMB 80,000 of government grant and RMB 369,000 for technical service rendered. For 2QFY2014, there was a scrap income of RMB 120,000, no grant and technical service income but an interest income of RMB 291,000.

There was an accrual of RMB 669,000 for sales commission in 2QFY2013 which was subsequently reversed, while none was accrued for 2QFY2014. RMB 313,000 of entertainment expense was misclassified as administrative expense in 2QFY2013, while for 2QFY2014, entertainment expense was RMB 615,000.

Administrative expense reduced from RMB 5.0 million in 2QFY2013 to RMB 3.0 million in 2QFY2014, mainly due to a reversal of RMB 1.6 million in 2013 CEO incentive scheme in 2QFY 2014 in addition to the misclassification of entertainment expense stated above.

Its subsidiary, Changzhou 3D Technological Complete Set Equipment Co., Ltd, was granted a concessionary corporate income tax rate of 15% for 3 years in mid- 2013, applied retrospectively from Jan 2012. Income tax expense for 2QFY2014 was in line with the concessionary tax rate, while for 2QFY2013, income tax expense was higher despite lower sales revenue compared to 2QFY2014 due to the fact that concessionary income tax rate was granted at a later date.

As a result, net profit after tax for the period increased 31% from RMB 7.9 million in 2QFY2013 to RMB 10.4 million in 2QFY2014.

Currency translation losses amounted to RMB 996,000 in 2QFY2014 compared to RMB 74,000 in 2QFY2013.

Overall, the total comprehensive income attributable to equity shareholders of the company increased by 20% from RMB 7.8 million in 2QFY2013 to RMB 9.4 million in 2QFY2014.



Statement of Financial Position

Property, plant and equipment stood at RMB 105.5 million, down from RMB 114.1 million, mainly due to depreciation expenses in the period. Cost of new machines and equipment acquired during the period was RMB 861,000. There is a capital commitment of RMB 14.2 million, already paid for, of which RMB 12.3 million is for 6 computer numerical controlled (CNC) machines which will be installed in the plant in 2H FY2014 and RMB 1.9 million for 2 measuring instruments which will be delivered in 2H FY2014.

Inventories increased to RMB 45.4 million, from RMB 22.4 million due to the build up in work in progress as well as finished goods. This was due to a customer's requests for re-scheduling of production orders, putting orders at advanced stages of completion on hold while the plant reorganised production to start work on new urgent orders. The same customer also requested for the finished goods to be delivered together.

Trade receivables increased from RMB 121.6 million to RMB 133.8 million, attributable to slower collections from state-owned-enterprise (SOE) customer. In general, customers continue to experience very tight credit in the Chinese market. These trade receivables included bills receivables amounting to RMB 23.7 million (31 Dec 2013: RMB 22.3 million) received from customers for the settlement of outstanding balances. Of the RMB 23.7 million bills receivable, 35.9% are bank-guaranteed bills (31 Dec 2013 63.6%) with remaining notes from an SOE customer. The company sales team has visited the customer recently to press for faster settlement.

Other receivables, deposits and prepayments increased from RMB 1.3 million to RMB 15.9 million, mainly due to 14.2 million payments in advance for the machines mentioned earlier.

Details of trade receivables aging as at 30 June 2014 are tabled as follows:

| RMB'000 | Balance | 1-30 days | 31-60 days | 61-90 days | 91-180 days | 181-360 days | >1 year |
|-----------------------------------|---------|-----------|------------|------------|-------------|--------------|---------|
| Account Receivable | 114,877 | 30,904 | 21,390 | 2,532 | 18,955 | 36,147 | 4,949 |
| Provision for Doubtful Debts | (4,893) | - | - | - | - | - | (4,893) |
| Net Account Receivable | 109,984 | 30,904 | 21,390 | 2,532 | 18,955 | 36,147 | 56 |
| Bills Receivable | 23,738 | 17,601 | 1,600 | 2,649 | - | 1,688 | - |
| Total Trade Receivables @ June'14 | 133,722 | 48,705 | 22,990 | 5,181 | 18,955 | 37,835 | 56 |
| | 100% | 36% | 17% | 4% | 14% | 28% | 0% |

Trade payables increased to RMB 58.7 million, from RMB 41.7 million. This also included bill payables of RMB 19.2 million (31 Dec 2013: RMB 12.7 million) issued to suppliers for the settlement of outstanding balances. Cash amounting to RMB 10.5 million was pledged with the bank for this facility.

Other payables and accruals decreased to RMB 11.5 million, from RMB 16.4 million, mainly due to settlement of such payables and reclassification to trade payables.



Statement of Cash Flows

Net cash used in operating activities was RMB 216,000 in 2QFY2014, compared to net cash used of RMB 802,000 in 2QFY2013.

Net cash used in investing activities in 2QFY2014 was RMB 2.3 million, reflecting the purchase of new machines and equipment, compared to RMB 4.3 million in 2QFY2013.

Net cash used in financing activities was RMB 1.6 million in 2QFY2014 compared to RMB 8.0 million in 2QFY2013 due to a dividend payment of RMB 6.9 million in 2QFY2013.

As a result of the above, there was a net decrease in cash and cash equivalents of about RMB 4.2 million in 2QFY2014.

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.**

With a slower Chinese economic growth, the industry business outlook remains cautiously positive, underscored by continuing tight cash and credit situations in China. Management continues to be challenged by difficult cash management with increased trade receivables as it seeks to balance growth in difficult changing market conditions. The Group continues to pay close attention to its receivables while reviewing its operating capabilities, as the Company plans to purchase machinery to replace the older ones in order to upgrade its efficiency.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on? Yes.

| | |
|--------------------------------------|--|
| Name of Dividend | First & Interim |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | RMB 0.025 per ordinary share (to be paid in Singapore currency) |
| Par value of shares | USD 0.025 per share |
| Tax Rate | Tax not applicable |

(b) Corresponding Period of the Immediately Preceding Financial Year

None.



(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

13. 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.

No IPT mandate has been obtained.

14. Confirmation of Interim Financial Statements (Second Quarter) for the period ended 30 June 2014 ("2QFY2014")

Pursuant to SGX-ST Listing Rule 705(5), the directors of Shanghai Turbo Enterprises Limited do hereby confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the 2QFY2014 interim financial results to be materially false or misleading. This confirmation has been made without an audit of these financial statements.

BY ORDER OF THE BOARD

Liu Ming
Chairman and CEO

11 August 2014



Shanghai Turbo


SHANGHAI TURBO ENTERPRISES LTD.

No.9 Yinghua Road, Zhonglou Economic Development Zone
Changzhou, Jiangsu Province, 213016, the PRC

**Confirmation by Directors Pursuant To Rule 705(5) of the Listing Manual of
Singapore Exchange Securities Trading Limited**

Pursuant to SGX-ST Listing Rule 705(5), the directors of Shanghai Turbo Enterprises Limited do hereby confirm that to the best of our knowledge, nothing has come to the attention of the board of directors which may render the unaudited 2QFY2014 interim financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors



Liu Ming
Executive Chairman

Date: 11 August 2014