



Shanghai Turbo

SHANGHAI TURBO ENTERPRISES LTD.

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

**SHANGHAI TURBO ENTERPRISES LTD.
Registration No. CT-151624
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2022**



Table of Contents

A	Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B	Condensed interim statements of financial position	4
C	Condensed interim statements of changes in equity	5
D	Condensed interim consolidated statements of cash flows	6-7
E	Notes to the condensed interim consolidated financial statements	8-20
F	Other information required by Listing Rule Appendix 7.2	21-27



A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group		
		9 months ended 30 Sep 2022	9 months ended 30 Sep 2021	Change + / (-)
		RMB'000	RMB'000	%
Revenue	4	47,570	44,504	7%
Cost of sales		(41,293)	(34,443)	20%
Gross profit / (loss)		6,277	10,061	-38%
Other income / (expenses)		1,292	1,751	-26%
Distribution and marketing expenses		(3,802)	(2,618)	45%
General and administrative expenses		(14,315)	(16,926)	-15%
Finance expenses		(1,584)	(1,864)	-15%
Loss before income tax	6	(12,132)	(9,596)	26%
Tax expenses	7	-	-	NM
Loss for the financial period, net of tax		(12,132)	(9,596)	26%
Other comprehensive (expenses) / income				
Items that may be reclassified to profit or loss in subsequent period (net of tax)				
Currency translation differences on consolidation of foreign entities (net)		324	(501)	NM
Total other comprehensive loss for the		324	(501)	NM
Total comprehensive loss for the period		(11,808)	(10,097)	17%
Profit / (Loss) attributable to				
- Owners of the Company		(9,681)	(7,658)	26%
- Non-controlling interest		(2,451)	(1,938)	26%
Total comprehensive loss attributable to :				
- Owners of the Company		(9,422)	(8,057)	17%
- Non-controlling interest		(2,386)	(2,040)	17%
Earnings per share for profit / (loss) for the period attributable to the owners of the Company during the year :				
Basic (RMB in cent)		*(30.872)	(31.442)	2%
Diluted (RMB in cent)		*(30.872)	(31.442)	2%
Basic (SGD in cent)		*(6.224)	(6.615)	6%
Diluted (SGD in cent)		*(6.224)	(6.615)	6%



B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Inventories	13	6,359	10,600	-	-
Trade and other receivables	14	35,200	40,224	-	-
Cash and bank balances	15	9,466	552	6	10
Total current assets		51,025	51,376	6	10
Non-current assets					
Property, plant and equipment	10	47,396	53,199	-	-
Right-of-use assets	11	8,634	8,814	-	-
Subsidiaries	12	-	-	161,889	161,889
Financial assets at fair value through other comprehensive income		-	-	-	-
Total non-current assets		58,030	62,013	161,889	161,889
Total assets		107,055	113,389	161,895	161,899
LIABILITIES					
Current liabilities					
Trade and other payables	16	12,193	32,593	1,724	2,100
Provision	17	4,373	4,373	-	-
Borrowings	18	43,500	17,490	-	-
Due to subsidiaries (non-trade)		-	-	28,721	28,179
Total current liabilities		60,066	54,456	30,445	30,279
Non-current liabilities					
Deferred government grants		1,112	1,112	-	-
Total liabilities		61,178	55,568	30,445	30,279
NET ASSETS	9	45,878	57,821	131,450	131,620
EQUITY					
Equity attributable to equity holders of the					
Share capital	19	60,318	60,318	60,318	60,318
Share premium	20	79,803	79,803	79,803	79,803
Retained losses		(121,471)	(109,204)	(8,329)	(8,171)
Other Reserves					
Statutory reserve		30,526	30,526	-	-
Foreign exchange translation reserve		(3,298)	(3,622)	(342)	(330)
		27,228	26,904	(342)	(330)
Total equity		45,878	57,821	131,450	131,620



C. Condensed interim statements of changes in equity

The Group							
		Share capital	Share premium	Statutory reserve	Foreign exchange	Retained losses	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022							
Balance at 1 Jan 2022		60,318	79,803	30,526	(3,622)	(109,204)	57,821
Prior year adjustment		-	-	-	-	(135)	(135)
Total Comprehensive loss for the financial period		-	-	-	324	(12,132)	(11,808)
Balance at 30 Sep 2022		60,318	79,803	30,526	(3,298)	(121,471)	45,878
2021							
Balance at 1 Jan 2021		55,409	78,470	30,526	(3,456)	(96,442)	64,507
Issue of share capital		4,909	1,333	-	-	-	6,242
Total Comprehensive loss for the financial period		-	-	-	(501)	(9,798)	(10,299)
Balance at 30 Sep 2021		60,318	79,803	30,526	(3,957)	(106,240)	60,450
The Company							
		Share capital	Share premium	Statutory reserve	Foreign exchange	Retained losses	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022							
Balance at 1 Jan 2022		60,318	79,803	-	(330)	(8,171)	131,620
Issue of share capital		-	-	-	-	-	-
Total Comprehensive loss for the financial period		-	-	-	(12)	(158)	(170)
Balance at 30 Sep 2022		60,318	79,803	-	(342)	(8,329)	131,450
2021							
Balance at 1 Jan 2021		55,409	78,470	-	(112)	(6,000)	127,767
Issue of share capital		4,909	1,333	-	-	-	6,242
Total Comprehensive loss for the financial period		-	-	-	(209)	(1,559)	(1,768)
Balance at 30 Sep 2021		60,318	79,803	-	(321)	(7,559)	132,241



D. Condensed interim consolidated statements of cash flows

	Note	The Group		
		9 months ended 30 Sep 2022	9 months ended 30 Sep 2021	Change +/-
		RMB'000	RMB'000	%
Cash flows from operating activities				
Loss before tax		(12,132)	(9,596)	26%
Adjustment for :				
Depreciation of property, plant and equipment		5,854	8,333	-30%
Amortisation of right of use of assets		180	181	-
Interest Expense		1,584	1,332	19%
Loss / (gain) on disposal of property, plant & equipment		8	42	NM
Transfer from deferred capital grant		-	(223)	NM
Operating loss before working capital changes		(4,506)	69	NM
Decrease / (increase) in inventories		4,241	(365)	NM
Decrease / (increase) in trade & other Receivables		5,024	(13,204)	NM
(Decrease) / increase in trade & other Payables		(20,400)	2,078	NM
Cash generated from / (used in) operations		(15,641)	(11,422)	-96%
Net taxation paid		-	-	NM
Net Cash generated from / (used in) operating activities		(15,641)	(11,422)	-37%
Cash flow from investing activities				
Purchase of property, plant and equipment		(59)	(2,664)	-100%
Proceeds from disposal of property, plant and equipment		-	60	NM
Increase in share capital paid through special placement		-	4,909	NM
Increase in share premium paid through special placement		-	1,333	NM
Net cash generated from / (used in) investing activities		(59)	3,638	NM
Cash flow from financing activities				
Loan from banks		43,500	7,993	444%
Repayment to banks		(17,490)	-	NM
Interest Expense		(1,584)	(1,332)	-19%
Net cash generated from / (used in) financing activities		24,426	6,661	267%
Net (decrease) / increase in cash and cash equivalents		8,726	(1,123)	NM
Cash and cash equivalents at beginning of the period		552	3,811	-86%
Effects of exchange rate changes in cash and cash equivalents		188	(461)	NM
Cash and cash equivalents at end of the period		9,466	2,207	329%
Effects of exchange rate changes in cash and cash equivalent				
NM - Not meaningful				



Cash and bank balances comprise the following:

	Note	The Group		
		9 months ended 30 Sep 2022	9 months ended 30 Sep 2021	Change +/-
		RMB'000	RMB'000	%
Cash and cash equivalent		9,466	2,207	329%
Pledged cash placed with bank		-	-	NM
		9,466	2,207	329%

NM - Not meaningful



E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Shanghai Turbo Enterprises Ltd. (the “Company”) is a limited liability company domiciled and incorporated in the Cayman Islands and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company’s registered office address is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is located at No.9, Yinghua Road, Zhonglou Economic Development Zone, Changzhou City, Jiangsu Province, 213016, The People’s Republic of China (“PRC”).

The principal activity of the Company is that of investment holding. The Company has invested in Best Success (Hong Kong) Limited in Hong Kong as investment holding company and Best Success (Hong Kong) Limited has further invested in Changzhou 3D Technological Complete Set Equipment Co., Ltd (“CZ3D” or “Subsidiary”) as manufacturing of vane products and relating subcontracting services.

The Group is a precision engineering group that specializes in the production of precision vane products, mainly 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 maximize the efficiency of steam flow in the generation of electricity.

2. Basic of preparation

The condensed interim financial statements for the three months ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore and International Financial Reporting Standards (“IFRSs”). All references to SFRS(I)s and IFRSs are referred to as SFRS(I)s in these condensed interim financial statements unless otherwise specified. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Chinese Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) as indicated, unless otherwise stated which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

On 1 January 2022, the Group adopted the new or amended SFRS and IFRS, the Interpretations of IFRS (“IFRIC”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The adoption of these new or amended SFRS, IFRS and IFRIC did not result in substantial changes to the Group’s and Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.



2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. Seasonal operation

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.



4. Segment and revenue information

The Group is organised into one main business segment only.

4.1 Reportable Segment

		Segment 1	Consolidation
	Note	RMB'000	RMB'000
1 January 2022 to 30 September 2022			
Total segment revenue		47,570	47,570
Miscellaneous income		1,292	1,292
Total other income		1,292	1,292
Total revenue and other income		48,862	48,862
Depreciation		(6,035)	(6,035)
Finance expense		(1,584)	(1,584)
Segment profit		41,243	41,243
Unallocated expenses		(53,375)	(53,375)
Loss before taxation		(12,132)	(12,132)
Taxation		-	-
Earnings / (loss) for the interim period		(12,132)	(12,132)
Segment assets		107,055	107,055
Total assets per statement of financial position		107,055	107,055
Expenditures for segment non-current assets			
- Additions to PPE		(59)	(59)
Segment liabilities		60,066	60,066
Deferred government grants		1,112	1,112
Total liabilities per statement of financial position		61,178	61,178
1 January 2021 to 30 September 2021			
Total segment revenue		44,504	44,504
Miscellaneous income		1,751	1,751
Total other income		1,751	1,751
Total revenue and other income		46,255	46,255
Depreciation		(8,514)	(8,514)
Finance expense		(1,864)	(1,864)
Segment profit		35,877	35,877
Unallocated expenses		(45,473)	(45,473)
Loss before taxation		(9,596)	(9,596)
Taxation		-	-
Earnings / (loss) for the interim period		(9,596)	(9,596)
Segment assets		111,190	111,190
Total assets per statement of financial position		111,190	111,190
Expenditures for segment non-current assets			
- Additions to PPE		(2,664)	(2,664)
Segment liabilities		49,405	49,405
Deferred government grants		1,335	1,335
Total liabilities per statement of financial position		50,740	50,740



4.2 Reportable Segment

	Note	The Group	
		9 months ended 30 Sep 2022	
		Segment 1	Total
		RMB'000	RMB'000
Types of goods or services			
Sale of goods		47,570	47,570
Total revenue		47,570	47,570
Geographical information :			
China		47,570	47,570
Korea		-	-
Japan		-	-
Total revenue		47,570	47,570

	Note	The Group	
		9 months ended 30 Sep 2021	
		Segment 1	Total
		RMB'000	RMB'000
Types of goods or services			
Sale of goods		44,504	44,504
Total revenue		44,504	44,504
Geographical information :			
China		40,141	40,141
Korea		3,149	3,149
Japan		1,214	1,214
Total revenue		44,504	44,504

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021.

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Financial Assets					
Cash and bank balances and trade and other receivables (Amortised cost)		44,666	40,776	6	10
Financial Liabilities					
Trade and other payables and borrowings (Amortised cost)		60,066	54,456	1,724	2,100



6. Profit before taxation

6.1 Significant items

	Note	The Group		
		9 months ended 30 Sep 2022	9 months ended 30 Sep 2021	Change +/-(-)
		RMB'000	RMB'000	%
Expenses				
Interest on borrowings		(1,584)	(1,332)	19%
Depreciation of property, plant and equipment and amortisation on use of rights		(6,035)	(8,514)	-30%
Loss / (gain) on disposal of property, plant & equipment		8	(42)	NM

6.2 Related party transaction

There is no material related party transaction apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Note	The Group		
		9 months ended 30 Sep 2022	9 months ended 30 Sep 2021	Change +/-(-)
		RMB'000	RMB'000	%
Current income tax expense		-	-	NM
Deferred income tax expense relating to origination and reversal of temporary differences		-	-	NM
		-	-	NM

8. Dividends

	Note	The Group		
		9 months ended 30 Sep 2022	9 months ended 30 Sep 2021	Change +/-(-)
		RMB'000	RMB'000	%
Ordinary dividends paid:		-	-	NM
Interim dividend		-	-	NM
Dividend per share (net of tax)		-	-	NM



9. Net Asset Value

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB	RMB	RMB	RMB
Net asset value per ordinary share*		1.503	1.895	4.307	4.313

*Based on 30.52M shares

10. Right-of-use assets

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Cost					
Beginning of financial year		12,547	12,547	-	-
End of interim period		12,547	12,547	-	-
Accumulated depreciation and impairment losses					
Beginning of financial year		3,733	3,492	-	-
Depreciation charge for the interim period		180	241	-	-
End of interim period		3,913	3,733	-	-
Net book value		8,634	8,814	-	-

The Group has 50-year land use rights over a plot of state-owned land in the PRC where the Group's manufacturing and storage facilities reside. The land use rights has a remaining tenure of 34 years (2021: 35 years).

As at 30 September 2022, the entire land use rights is pledged in connection with a bank loans facility.

Impairment testing of land use rights

No impairment loss is recognised in 3Q FY2023 (FY2022: Nil), as the Group has estimated the recoverable amount of the land use rights to be higher than the net carrying amount. The recoverable amount of the land use rights was based on its fair value on 31 December 2019. Valuations are performed by Avista Group, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the land use rights being valued. AVISTA has a dedicated team of professionals with qualified property surveyors, Certified Public Accountant ("CPA") and Chartered Financial Analyst ("CFA"), property valuation and accounting knowledge from dynamic technical point of view can link up two fields of professionals so as to assist company to cater for the property valuation duties in financial reporting. AVISTA has been in the market for more than 10 years with extensive knowhow on Business Valuation in Hong Kong, China and Asia Pacific. The valuations are based on comparable market transactions that consider the sales of similar assets that have been transacted in the open market.

11. Property, plant and equipment

Property, plant and equipment ("PPE"), right of use of assets and intangible assets as at YTD 3Q FY2022 was RMB56.03 million as compared to RMB62.01 million as at YTD 4Q FY2021. The decrease was mainly due to depreciation in YTD 3Q FY2022 amounting to RMB5.85 million. During YTD 3Q FY2022, the Group has purchased the production equipment amounting to RMB0.06 million.



12. Subsidiaries

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Unquoted equity shares at cost		-	-	161,889	161,889
Purchase consideration					
Cash paid		-	-	161,889	156,236
Additional : Cash paid during the period		-	-	-	5,653
Total		-	-	161,889	161,889

Name of subsidiaries	Note	Principal activities	Country of incorporation and place of	Proportion (%) of ownership interest	
				30 Sep 2022	31 Dec 2021
				%	%
Held by the Company					
Best Success (Hong Kong) Limited ("BS")	(1)	Investment holdings	Hong Kong	100	100
Held by BS					
Changzhou 3D Technological Complete Set Equipment Co., Ltd ("CZ3D")	(2)	Manufacturing of vane products and relating subcontracting services	China	100	100

(1) Audited by S. W. Chan & Co, Hong Kong and reviewed by RT LLP for consolidation purpose.

(2) Audited by Changzhou Xinhuarui CPAs (常州新华瑞联合会计师事务所), a firm of Certified Public Accountants registered in the PRC for statutory purpose and by RT LLP for consolidation purpose.

Impairment assessment of investment in subsidiaries

No impairment loss is recognised in 2022 and 2021, as the Group has estimated the recoverable amount of the investment in subsidiaries to be higher than the net carrying amount.

13. Inventories

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Statements of Financial Position :					
Inventories :					
Raw material		1,273	1,551	-	-
Work-in-progress		3,396	2,702	-	-
Finished goods		1,690	6,347	-	-
Total		6,359	10,600	-	-

As at YTD 3Q FY2022, inventories stood at RMB6.36 million (YTD 4Q FY2021: RMB10.60 million) mainly consist of WIP inventory amounting to RMB3.40 million (YTD 4Q FY2021: RMB2.70 million), newly purchased raw materials amounting to RMB1.27 million (YTD 4Q FY2021: RMB1.55 million) and finished goods amounting to RMB1.69 million (YTD 4Q FY2021: RMB6.35 million) to fulfill the sales orders.



14. Trade and other receivables

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables					
Bill receivables		7,038	2,834	-	-
Trade receivables		24,620	32,089	-	-
Total trade receivables		31,658	34,923	-	-
Other receivables					
Advances to suppliers		38	479	-	-
Advances to employees		123	362	-	-
Prepayments		91	260	-	-
Tender deposits		200	200	-	-
Other receivables		3,090	4,000	-	-
Total other receivables		3,542	5,301	-	-
Total trade and other receivables		35,200	40,224	-	-

	Note	The Group		The Group	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	%	RMB'000	%
Trade receivables					
Customer :					
A		23,000	69%	33,632	96%
B		2,288	7%	630	2%
Others		7,370	24%	661	2%
Total		31,658	100%	34,923	100%
Aged (Days)					
0-90		12,686	40%	10,689	31%
91-180		10,704	34%	7,051	20%
181-270		1,230	4%	2,934	8%
More Than 270		7,038	22%	14,249	41%
Total		31,658	100%	34,923	100%

Trade receivables :

Trade receivables decreased from RMB34.92 million in YTD 4Q FY2021 to RMB31.66 million in YTD 3Q FY2022 due to the Subsidiary's collection of debts amounting to RMB38.00 million which is slightly more new Trade receivables created during YTD 3Q FY2022. The Subsidiary currently has bill receivables on hand amounting to RMB7.04 million which will mostly be due for collection in 1H FY2023.

These outstanding amounts are not owing to any related parties.

These debtors are not related to any directors, key executives, substantial shareholders or their respective associates.

These customers are still in operation.

Based on the assessment performed by the management on the current trade receivables, they are still recoverable although payment may be slow, barring any unforeseen circumstances or changes to the business environment and sluggish market conditions. The management is of the view that the Group has unconditional rights on trade receivables including unbilled trade receivables as at 30 September 2022.



The Board of Directors of the Company (“the Board”) has assessed the recoverability of the Group’s trade receivables based on the contracts signed with the customers and the acceptance of the goods by the customer. The Board will, together with management, closely monitor the recovery of the Group’s trade receivables.

Other receivables :

Other receivables had reduced to RMB4.60 million in YTD 3Q FY2022 from RMB5.30 million in YTD 4Q FY2021. The Subsidiary has provided loan to interested person transaction amounting to RMB4 million for the period from 21 May 2021 to 31 December 2021, the amount of principal loan for RMB0.91 million has paid in cash on 30 May 2022 (YTD 3Q FY2022: RMB3.09 million, YTD 4Q FY2021: RMB4 million), cash advances dropped from RMB 0.36M in YTD 4Q FY2021 to RMB0.12M in YTD 3Q FY2022; decrease in prepayments (YTD 3Q FY2022: RMB 0.09 million, YTD 4Q FY2021: RMB0.26 million) and decrease in advances to suppliers (YTD 3Q FY2022: RMB0.039 million, YTD 4Q FY2021: RMB0.479 million).

15. Cash and bank balances

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Cash in hand		863	5	-	-
Bank balances		8,603	547	6	10
Cash and bank balances as stated in the statement of financial position		9,466	552	6	10
Less: Pledged deposits		-	-	-	-
Cash and cash equivalents as stated in the consolidated statement of cash flows		9,466	552	6	10

16. Trade and other payables

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables					
Bill payables		-	180	-	-
Trade payables		4,638	24,228	-	-
Total trade payables		4,638	24,408	-	-
Other payables					
Accrued operating expenses		5,153	3,232	1,249	1,572
Accrued employee salaries		307	2,165	285	113
Accrued director fees		-	-	190	415
Advance from customers		-	364	-	-
Shipping fee payable		5	5	-	-
Security fee payable		-	27	-	-
Legal and professional fee payable		7	1,076	-	-
Electricity bill payable		-	300	-	-
Labor union expenditure payable		63	55	-	-
Value-Added Tax payables		1,542	356	-	-
Other taxes payable		460	338	-	-
Other payables		18	267	-	-
Total other payables		7,555	8,185	1,724	2,100
Total trade and other payables		12,193	32,593	1,724	2,100



Trade payables

Trade payables decreased from RMB24.41 million in YTD 4Q FY2021 to RMB4.64 million in YTD 3Q FY2022 as the Company continues to pay off its payables.

Other payables :

Other payables and accruals decreased by RMB0.63 million from RMB8.19 million as at YTD 4Q FY2021 to RMB7.56 million in YTD 3Q FY2022. This was mainly due to decreases in accrued employee benefits offset by increase in VAT tax payables amounting to RMB1.54 million (YTD 4Q FY2021: RMB0.36 million); increase in other tax payables amounting to RMB0.46 million in YTD 3Q 2022 (YTD 4Q.FY2021: RMB0.34 million); increase in labor union expenditures payables amounting to RMB0.063 million in YTD 3Q 2022 (YTD 4Q FY2021: RMB0.055 million).

17. Provisions

CZ3D was served with a notice dated 2017 by the local government agency which required the Subsidiary to provide compliance documents relating to its leasehold buildings ("Buildings") in accordance with relevant laws and regulations in PRC ("the Notice"). The buildings were constructed in 2003 with no relevant permits obtained from the government.

Provision for government fine

As at 31 December 2017, the management estimated and provided RMB4,373,000 as government fine which is 10% of the replacement cost estimated by a certified cost engineer. In accordance with relevant laws and regulations as advised by CZ3D's legal counsel, 10% is the upper limit of the fine prescribed which may be ranging from 5% to 10% of the replacement cost.

Contingent liability on rectification cost

In addition to the fine, in order to apply for the permit for the Buildings, the Company has to provide costs for improvement or reinforcement of the buildings in order to comply with relevant regulations ("rectification costs") as required by the government.

The management has been advised by the Subsidiary's legal counsel that the Notice indicates that the local government has commenced administrative enforcement procedures for the buildings and its still at the stage of investigation and evidence collection, and yet to reach the stage to file "letter of statement of averment", nor representing any final administrative conclusive document. The legal counsel also advised that CZ3D shall actively apply for and complete the necessary legal procedures for the buildings and, if the government agency continues to conduct investigations, the Subsidiary can explain to the government the progress of the legal procedures of the buildings and strive for their understandings. Since 2017 and up to the date of these financial statements, the management confirms that CZ3D has not received neither further information regarding the investigation nor notification of the specific necessary rectification from the government.

18. Borrowings

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Borrowings		43,500	17,490	-	-
Amount repayable within one year or on					
Secured	*	30,000	17,490	-	-
Unsecured	~	13,500	-	-	-
Total		43,500	17,490	-	-



Description	Note	RMB'000	Started Date	Expired Date	Interest Rate Per Annum
Secured Loan	*#	5,990	2 Nov 2021	14 Feb 2022	5.910%
Secured Loan	*#	3,500	2 Nov 2021	14 Feb 2022	5.910%
Unsecured Loan	~#	4,400	31 Mar 2021	9 Mar 2022	4.350%
Unsecured Loan	~#	1,600	31 Mar 2021	30 Mar 2022	4.350%
Unsecured Loan	~#	2,000	30 Jul 2021	30 Mar 2022	4.350%
		17,490			
Secured Loan	*	10,000	14 Feb 2022	26 Jan 2023	4.200%
Secured Loan	*	10,000	14 Feb 2022	26 Jan 2023	4.200%
Secured Loan	*	10,000	16 Feb 2022	26 Jan 2023	4.200%
Unsecured Loan	~	5,000	30 Mar 2022	28 Mar 2023	4.700%
Unsecured Loan	~	4,500	31 Mar 2022	28 Mar 2023	4.700%
Unsecured Loan	~	4,000	31 Mar 2022	29 Mar 2023	3.700%
Total loans at 30 June 2022		43,500			
*# Secured by right-of-use assets and repaid at 14 Feb 2022.					
~# Unsecured loan repaid at 9 Mar 2022 & 30 Mar 2022.					
* Secured by right-of-use assets since February 2022.					
~ Unsecured loan since March 2022. RMB9.5 million from Wuxi Rural Commercial Bank and RMB4 million from Bank Of Communications.					

The bank borrowings and credit facilities of the Group are secured over certain right-of-use assets of the Group.

Notes :

In 2Q FY2018, the Subsidiary had obtained 2 trade facilities totaling RMB16 million from Jiangnan Rural Commercial Bank (“the JRC Bank”). The 1st trade facility arrangement of RMB6 million was obtained on 21 June 2018 and the 2nd trade facility arrangement of RMB10 million received on 5 July 2018. The facilities were collateralized by assets (machineries) of the Group. The short term loan of RMB6 million was pledged with machineries and was paid off on 21 June 2019 while the other loan of RMB10 million was paid off on 4 July 2019.

The Subsidiary has subsequently obtained a loan facility of RMB10 million by pledging its land use rights with the JRC Bank on 4 July 2019. A 2nd loan of RMB6 million was then granted by the JRC Bank on 10 July 2019.

The Subsidiary has also repaid a few loans amounting to RMB2.70 million during 4Q FY2019, RMB0.90 million in January 2020 and RMB0.90 million in February 2020 including. The outstanding loan payable amounted to RMB11.5 million as at 31 March 2020.

The Subsidiary has repaid JRC Bank loan of RMB5.50 million in May 2020 and the short term loan of RMB6 million due on 19 June 2020. The JRC Bank has provided a new loan RMB6 million for one year tenure from 19 June 2020 to 18 June 2021.

The Subsidiary has further obtained a new loan amounting to RMB3.50 million charged against its current land use rights. The loan from the JRC Bank has increased from RMB6 million at 19 June 2020 to RMB9.50 million at 12 August 2020.

The Subsidiary has further obtained a new non-secured loan amounting to RMB6 million at 31 March 2021 from Bank of Communications Limited in Changzhou, China (“BOC”).

The Subsidiary has repaid the loan of RMB6 million to JRC Bank and has renewed on 15 June 2021 to 8 November 2021 with the interest rate 5.21% per annum amounting to RMB5.99 million. Thereafter, the loan of RMB3.50 million was repaid on 26 July 2021 and renewed until 8 November 2021 with an interest rate of 5.21%. The secured loan in JRC Bank amounting to RMB9.49 million is charged against its current land use rights.

On 14 February 2022, the Subsidiary has repaid the loan of RMB9.49 million to JRC Bank. Then, the Subsidiary has further obtained the loan from JRC Bank for RMB20 million on 14 February 2022 and RMB10 million on 16 February 2022 with the interest rate 4.2% per annum.



20. Share premium

	Note	The Group		The Company	
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid					
At beginning		79,803	78,470	79,803	78,470
Additional : share capital paid		-	1,333	-	1,333
At end of the period		79,803	79,803	79,803	79,803

21. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Shanghai Turbo Enterprises Ltd. and its subsidiaries as at 30 September 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Overview

The Group's revenue was derived from bidding for projects in open tender exercises conducted by the customers and as such, quarterly results would not be accurately reflecting the actual performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

Revenue

3Q FY2022 vs 3Q FY2021

Revenue increased by 7% from RMB44.50 million in 3Q FY2021 to RMB47.60 million in 3Q FY2022 mainly due to the Subsidiary's orders fulfilled to local customers during 3Q FY2022. As at 30 September 2022, the Group has successfully bided RMB25.00 million of orders from a major local customer while RMB 15.00 million of revenues awaiting fulfillment for confirmed sales contracts.

Cost of Sales

3Q FY2022 vs 3Q FY2021

Cost of sales increased by 20% from RMB34.44 million in 3Q FY2021 to RMB41.29 million in 3Q FY2022 mainly due to the increase in revenue from RMB44.50 million in 3Q FY2021 to RMB47.60 million in 3Q FY2022. The cost of sales in compared to revenue was 86.80% and 77.39% for 3Q FY2022 and 3Q FY2021 respectively .

Gross profit / (gross loss)

3Q FY2022 vs 3Q FY2021

The Group achieved a gross profit amounting to RMB6.28 million in 3Q FY2022 as compared to a gross profit of RMB10.06 million in 3Q FY2021. Gross profit margin is 13.20% and 22.61% for 3Q FY2022 and 3Q FY2021 respectively. The decrease in gross profit margin was due to increasingly competitive pricing environment due to intense bidding for orders in the local market and rising material costs. However, the Group will continue to monitor the business environment closely and take the most appropriate actions to increase profitability.

Other operating income

3Q FY2022 vs 3Q FY2021

Other operating income decreased by 26% from RMB1.75 million in 3Q FY2021 to RMB1.29 million in 3Q FY2022. The other operating income consists mainly of sales of scraps and wastage iron (3Q FY2022: RMB0.90 million; 3Q FY2021: RMB1.52 million).



Selling and distribution expenses

3Q FY2022 vs 3Q FY2021

Selling and distribution expenses increased by 45% from RMB2.62 million in 3Q FY2021 to RMB3.80 million in 3Q FY2022 mainly due to increase in entertainment expenses (3Q FY2022: RMB2.40 million; 3Q FY2021: RMB1.15 million), increase in staff costs (3Q FY2022: RMB0.57 million; 3Q FY2021: RMB0.53 million); increase in sales tender cost (3Q FY2022: RMB0.55 million; 3Q FY2021: RMB0.36 million); increase in travelling expenses (3Q FY2022: RMB0.05 million; 3Q FY2021: RMB0.04 million) and decrease in sales quality control expenses (3Q FY2022: RMB0.23 million; 3Q FY2021: RMB0.46 million).

Administrative expenses

3Q FY2022 vs 3Q FY2021

Administrative expenses decreased from RMB16.93 million in 3Q FY2021 to RMB14.32 million in 3Q FY2022 mainly due to decrease in salaries (3Q FY2022: RMB2.54 million; 3Q FY2021: RMB4.09 million) and decrease in depreciation cost (3Q FY2022: RMB2.26 million; 3Q FY2021: RMB3.47 million); decrease in travelling expenses (3Q FY2022: RMB0.03 million; 3Q FY2021: RMB0.08 million); increase in legal fee (3Q FY2022: RMB0.31 million; 3Q FY2021: RMB0.09 million).

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

3Q FY2022

The Group's net cash used in operating activities amounting to RMB15.64 million arising from loss before income tax adjusted for non-cash effects items of RMB7.63 million after accounting of negative changes in working capital amounting to RMB11.14 million.

The Group has investing activities in 3Q FY2022 and purchased the equipment amounting to RMB0.06 million in 3Q FY2022.

The Group's net cash generated from financing activities amounting to RMB24.43 million mainly due to the new secured loan RMB30 million obtained from JRC Bank, new non-secured loan amounting to RMB9.5 million from WX and non-secured loan amounting to RMB4 million from BOC including the payoff of the secured loan of RMB9.49 million to JRC Bank and the non-secured loan of RMB8 million to BOC. The interest expenses of the bank loans were RMB1.58 million in 3Q FY2022. The Subsidiary has received the cash from Mr. Liu Ming for the IPT Principal Loan amounting to RMB0.91 million on 30 May 2022 and interest due from IPT Loan amounting to RMB15,279 on 8 June 2022. Mr. Liu Ming has paid extra amount for RMB476.56 for the interest due to the Subsidiary for RMB106,307 on 31 December 2021 i.e. paid RMB106,783.56. All the interest received from IPT Loan has offset with the payment of interest due to the BOC's Bank.

In 3Q FY2022, the Group had a positive cash inflow of RMB8.73 million.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer opinion

(i) Updates on the efforts taken to resolve each outstanding audit issue

In the Group's latest audited financial statements for the financial year ended 31 December 2020 ("FY2020"), RT LLP ("EA") has issued a disclaimer of opinion in respect of: (i) Going concern assumption; (ii) Impairment testing on property, plant and equipment; (iii) Impairment assessment of investment in subsidiaries; and (iv) Opening balances and comparative figures.



Going concern assumption

The Group has successfully renewed the secured loan facility with the JRC at an interest rate of 5.21% per annum on 15 June 2021. In 2021, the Group has further obtained an un-secured loan for RMB8 million from BOC with interest rate of 4.35% per annum. The Group has subsequently received non-secured loans of RMB6 million on 31 March 2021 and RMB2 million on 30 July 2021 respectively from BOC. The Group has fully repaid the loan of RMB9.49 million to the JRC on 14 February 2022. Subsequently, the Group has obtained a new secured loan amounting to RMB20 million on 14 February and RMB10 million on 16 February 2022 from the JRC at interest rate of 4.2% per annum.

The Group has repaid the non-secured loan to BOC on 31 March 2022 amounting to RMB8 million. The Group has further obtaining a new non-secured loan from BOC on 31 March 2022 with interest rate of 3.7% per annum.

The Group has met the bank officers of WX and obtaining 2 new non-secured loans amounting to RMB5 million on 30 March 2022 and RMB4.5 million on 31 March 2022 with interest rate of 4.7% per annum.

The Group is able to maintain and work on improving its liquidity position for the continuing operational existence of the Subsidiary.

The Group has addressed the immediate issue on the going concern issued by the EA. Based on the information available, the Board is of the opinion that the Group should be able to operate as a going concern entity, barring any unforeseen circumstances.

The Board has taken efforts to resolve the audit issues raised by the EA under the disclaimer of opinion.

(ii) Confirmation from the Board that the impact of outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that all impact of outstanding audit issues on financial statements in relation to FY2020 have been adequately disclosed.

4. 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 operating period and the next 12 months

China's economy has shown a weak recovery as a whole since the third quarter, but due to the impact of extreme high temperature weather and frequent regional pandemics, the production recovery has not been as expected; domestic demands have rebounded with insufficient strength, and the decline in external demands has dragged down exports; the employment situation has improved slightly, and residents' income growth has continued to be weak.

The Group has taken aggressive steps in bidding for the tender awards from the major customer since 2019 to 2022. For the full on hand year of 2022, the Group aims to achieve a revenue of RMB 70.00 million barring unforeseen circumstances. The contracts to be signed amounted to RMB25.00 million as at 30 September 2022. The Group forecasted a revenue of RMB 80.00 million for the full year for 2023.

Despite higher revenue of RMB47.6M for YTD 2022 for the period from 1 January 2022 to 30 September 2022 (YTD 2021:RMB 44.5M) , the Group achieved a lower gross profit of RMB 6.3M for YTD 2022 compared to RMB 10.06M for YTD 2021.This is due to increasingly competitive pricing environment due to intense bidding for orders in the local market and rising material costs. However, the Group will continue to monitor the business environment closely and take the most appropriate actions to increase profitability.



5. Dividends information

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date payable

Not applicable

(d) Record date

Not applicable

(e) If no dividend has been declared/(recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared for 3Q FY2022 as the Group has been incurring losses since year 2017.

6. Interested person transaction

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions ("IPT").

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee ("AC"), and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. All IPT are subject for review by the AC to ensure compliance with the established procedures.

All IPT are subject for review by the Board and the AC.

Pursuant to Rule 907 of the Listing Manual of SGX-ST, the aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) is as follows:-

IPT Transaction : For the period from 21 May 2021 to 31 December 2021

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Loan to major shareholder, holding 26.998%, Mr. Liu Ming	RMB4,106,784	Not Applicable

There are no IPT entered into by the Group with the Borrower and his associates (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) for the current financial year commencing 1 January 2020 up to the date of this announcement on 27 May 2021.

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2019 ("FY2019"), the Group's latest audited net tangible assets ("Group NTA") is approximately RMB93.84 million as at 31 December 2019.



The Loan of RMB4 million provided to Mr. Liu Ming and the interest payable of RMB106,783.56 are approximately 4.376% of the Group NTA. Accordingly, no approval of the shareholders of the Company ("Shareholders") is required to be sought for the Loan pursuant to Rule 906(1)(b) of the Listing Manual of SGX-ST.

For the financial year commencing 1 January 2020 up to this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) is stated as above.

IPT Transaction : As at 31 December 2021 and as at 30 September 2022

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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Loan to major shareholder, holding 26.998%, Mr. Liu Ming

RMB3,209,227

Not Applicable

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2020 ("FY2020"), the Group NTA is approximately RMB64.51 million.

A New Loan of RMB3.09 million granted to Mr Liu Ming and the interest payable of RMB119,227 are approximately 4.975% of the Group NTA for FY2020. Accordingly, no approval of the Shareholders is required to be sought for the Loan pursuant to Rule 906(1)(b) of the Listing Manual of SGX-ST.

For the financial year commencing 1 January 2021 up to the date of this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) is stated as above.

7. Update on use of net proceeds from placement

The Board refers to the previous announcements released on 25 June 2021 and 19 July 2021 in relation to the Use of Net Proceeds of approximately S\$1,235,420.92 raised from the Placement of 3,051,527 new ordinary shares at S\$0.423 each in the issued and paid-up share capital of the Company on 24 May 2021 (the "Net Proceeds") and wishes to provide an update on the use of Net Proceeds as of date of this announcement:

Description	SGD	RMB	HKD
Net Proceeds Raised as at 25 May 2021	1,235,420.92	*5,968,194.92	*7,224,741.54
Working Capital Required and Utilized on 25 June 2021	#1,206,703.83	5,653,548.77	6,903,340.00
Balance of Net Proceeds as at 30 June 2021	28,717.09	314,646.15	321,401.54
Working Capital Required and Utilized on 19 July 2021	28,717.09	314,646.15	321,401.54

Notes :

* The calculation is based on the Monetary Authority of Singapore ("MAS") exchange rates as at 25 May 2021 with SGD1 = RMB4.8309 and SGD1 = HKD5.848.

The amount is extracted from the bank debit advice as at 25 June 2021.



The balance of the Net Proceeds as at 25 June 2021 amounting to SGD28,717.09 was placed in the escrow account maintained with The United Overseas Bank Limited in Singapore. The amount of SGD28,717.09 has been utilized to make the partial payment of Directors' Fees for the financial year ended 31 December 2021 which was approved at the Extraordinary General Meeting held on 31 March 2021 and due for payment on 30 June 2021. This amount has been deducted from the Company's bank account on 19 July 2021.

The above utilizations are in line with the intended uses of the Net Proceeds stated in the Company's announcement released on 27 April 2021.

THE PLACEMENT

On 24 May 2021, the Company issued 3,051,527 new ordinary shares via share placement to one investor at an issue price of SGD0.423 per share, raising gross proceeds of approximately SGD1,290,795.92 ("the Placement"). The estimated Net Proceeds from the Placement (after deducting professional fees and related expenses of approximately SGD55,375) are approximately SGD1,235,420.92.

The Board of CZ3D has requested the Company to raise working capital for its daily operation amounting to RMB5,653,548.77 with the purpose of repayment of trade payables and procurement of machinery on 18 June 2021.

The Board of CZ3D has further commented that such working capital should be deposited to CZ3D through increasing of share capital by its foreign investor, Best Success (Hong Kong) Limited ("BS"). BS is holding 100% shareholdings of CZ3D and it is a company incorporated in Hong Kong.

On 31 May 2021, the Board of BS held a Board Meeting and a Board Minutes were recorded. 2 members of the Board of BS were present at the Board Meeting and 1 member was absent on 31 May 2021. The Board Minutes dated 31 May 2021 were notarized through the lawyer of Hong Kong, Liang Jin Ming, on 16 June 2021 and validated by The Ministry of Justice of The People's Republic of China entrusted Hong Kong lawyers with notarized documents used in the Mainland, China Legal Services (Hong Kong) Co., Ltd., Shenzhen No. 32951 《中华人民共和国司法部委托香港律师办理内地使用的公证文书，中国法律服务（香港）有限公司，深办第32951号》 dated 17 June 2021.

On 18 June 2021, the Board of CZ3D held a Board Meeting and 2 Board Resolutions were signed by 2 out of 3 members of the Board of CZ3D. One resolution agreed that BS will increase the share capital of RMB5,653,548.77 of CZ3D and CZ3D will use the share capital of RMB5,653,548.77 to make the repayment to trade payables accounts as well as procurement of machineries.

On 25 June 2021, after reviewing the Board Resolutions of CZ3D, Board Minutes of BS and Notarized Documents of BS, the Board of the Company, 3 out of 4 have agreed to transfer the money of HKD6,903,340 equivalent to RMB5,653,548.77 to BS. The Board of the Company has agreed to use the Net Proceeds of HKD6,903,340 equivalent to RMB5,653,548.77 to increase the share capital of BS. Then, when BS received the Net Proceeds of HKD6,903,340, BS will transfer the sum to the bank account of CZ3D to increase the share capital of CZ3D to RMB5,653,548.77. Thereafter, CZ3D will use the money to pay the trade payables accounts and procurement of machineries.

The Company has utilized the Net Proceeds through injection of share capital of HKD6,903,340 (RMB5,653,548.77) from the Company to BS. Then, BS will further inject the share capital of RMB5,653,548.77 to CZ3D. Under China's Banking Rule and Regulations, as the Company does not have any direct relationship with CZ3D, the Net Proceeds could not transfer from the Company to CZ3D directly. Hence, the Net Proceeds has to be channeled through BS to CZ3D and CZ3D has lodged a report with Changzhou Municipal Bureau of Industry and Commerce (常州市工商局) to allow CZ3D to open a foreign investor injection fund bank account to receive the Net Proceeds amounting RMB5,653,548.77 from BS.

On 28 June 2021, Changzhou Municipal Bureau of Industry and Commerce (常州市工商局) has granted approval to approve CZ3D to update its share capital paid from RMB111,846,451.23 to RMB117,500,000 and the amount must deposit during July 2021. On 19 July 2021, CZ3D has received the share capital paid RMB5,653,548.77 from BS.



On 7 July 2021, CZ3D has successfully opened such foreign investor injection fund bank account with China Construction Bank and BS has transferred the amount of RMB5,653,548.77 to CZ3D at 4.16 pm on 13 July 2021 and this amount has been credited to CZ3D's foreign investor injection fund bank account on 19 July 2021.

On 13 July 2021, CZ3D has received the new purchased plant and machineries, namely 数控强力双头成形磨床 .MKLD7150 amounting to RMB1.72 million and it has completed fixed and used at 1 August 2021.

On 16 August 2021, CZ3D has received the new purchased plant and machineries, namely 数控机器人喷丸机 .KXS-3000P amounting to RMB0.94 million and it has completed fixed and used at 1 September 2021.

RATIONALE AND USE OF NET PROCEEDS

The Board of the Company is of the view that the Placement is beneficial to the Group as it has increased the resources and working capital available to the Company so as to pursue acquisition and/or business opportunities and improve cash flow, as part of management's strategy to achieve long-term growth and deliver shareholder value.

The estimated Net Proceeds from the Placement (after deducting professional fees and related expenses of approximately SGD55,375) are approximately SGD1,235,420.92 (the "Net Proceeds").

The Company intends to utilize the entire amount of the Net Proceeds for general working capital purposes to be used by the Company and CZ3D.

The Company has utilized the Net Proceeds through injection of share capital of HKD6,903,340 (RMB5,653,548.77) from the Company to BS. Then, BS will further inject the share capital of RMB5,653,548.77 to CZ3D. Under China's Banking Rule and Regulations, as the Company does not have any direct relationship with CZ3D, the Net Proceeds cannot be directly transferred from the Company to CZ3D. Therefore, the Net Proceeds must be channelled through BS. Thereafter, BS can then transfer it to CZ3D. CZ3D must lodge a report with Changzhou Municipal Bureau of Industry and Commerce (常州市工商局) and CZ3D has to open a foreign investor injection fund bank account to receive the Net Proceeds amount of RMB5,653,548.77 from BS.

The Company will comply with the rules and regulations of Cayman Islands, Singapore, Hong Kong and China on the utilization of the Net Proceeds.

The above utilization is in line with the intended uses of the Net Proceeds stated in the Company's announcement released on 27 April 2021.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hong Yong
Director

Simon Poh Siew Beng
Director

Singapore
14 NOVEMBER 2022