Shanghai Turbo

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

Dividend stock Shanghai Turbo remains profitable despite adverse industry conditions, announces RMB 0.125 dividend per share

Y/E 31 Dec (RMB million)	FY2016	FY2015	*Change* %
Revenue	**137.0**	141.5	(3)
Cost of sales	**(106.3)**	(101.5)	5
Gross Profit	**30.6**	39.9	(23)
Other operating income	**2.7**	3.2	(15)
Other operating expense	**(4.6)**	(0.2)	NM*
Selling and distribution expenses	**(2.9)**	(2.9)	(3)
Administrative expenses	**(20.7)**	(21.8)	(5)
Finance costs	**(0.2)**	-	NM*
Profit before income tax	**5.0**	18.1	(72)
Income tax	**(2.7)**	(7.1)	(62)
Net profit after tax	**2.3**	11.0	(79)
EPS** (RMB)	**0.08**	0.40	
NAV per share*(RMB)	**11.73**	11.89	

* Not meaningful
** Based on average weighted number of 27,468,476 shares (FY2015: 27,468,476 shares, adjusted for 10-to-1 consolidation with effect from 15 May 2015)

27 February 2017 - 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 net profit of RMB 2.3 million for the twelve months ended 31 December 2016 ("FY2016"), compared to RMB 11.0 million in FY2015, amid unfavourable industry conditions and government policies.

"FY2016 has been challenging due to the restructuring within our industry in China, forcing us to take on less profitable orders, and this has affected our overall margins. Compounding this issue is the government push to promote clean energy over coal-fired power production, which is what most of our products are tailored for.

Nonetheless, the Group remains profitable and we wish to reward our shareholders with a dividend of RMB 0.125 per share."

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

FY2016 Financial Performance

Group revenue declined a marginal 3% from FY2015 to FY2016; however, overseas sales increased from RMB 22.9 million in FY2015 to RMB 29.9 million in FY2016, mainly attributable to orders from Mitsubishi in Japan. The increase reflects the Group's push to increase the volume and proportion of overseas orders in view of the unfavourable domestic conditions.

The Group's cost of sales increased by 5% compared to FY2015, due to a combination of higher consumables and outsourced costs, and a provision for obsolete inventory. Gross profit margin declined from 28.2% in FY2015 to 22.4% in FY2016. The Group is also having to deal with pricing pressure from its major customers due to a squeezing of margins throughout the industry.

The Group incurred finance costs of RMB 0.2 million in FY2016 due to interest on a 1-year tenure loan of RMB 7.0 million, due in April 2017.

As at 31 December 2016, the Group had cash and cash equivalents of RMB 50.4 million, a decrease of RMB 17.2 million compared to the end of FY2015, mainly due to the purchase of new machinery which is key to the Group's operations and competitiveness.

Trade Receivables

The Group's trade receivables saw a slight improvement over the course of FY2016, with an outstanding amount of RMB 164.0 million as at 31 December 2016, compared to RMB 168.3 million at the end of FY2015. Of this total, the amount due in the form of bills receivable also increased from RMB 26.2 million in FY2015 to RMB 37.9 million in FY2016, and the proportion of receivables overdue for more than three months came down from 31% to 22%.

However, an impairment of RMB 4.5 million was made for trade receivables from one of the Group's major customers in China, due to historically slow collections.

Outlook

The Group made a decision to invest in 10 new CNC machines in FY2016, due to the need to replace several older machines and to increase the Group's ability to compete for technically demanding orders, especially from overseas customers. All the new machines have already been put into operation. The Group has seen some success in securing more overseas orders in FY2016 and intends to vigorously continue pursuing these opportunities.

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 on how to get there from Shanghai.

Media/IR Contacts:

Evan Ong, NRA Capital
Tel: 6236 6895 / 9756 9798
Email: evan.ong@nracapital.com

Eruwin Sudirman, NRA Capital
Tel: 6236 6883 / 9101 5404
Email: eruwin.sudirman@nracapital.com