

SHANGHAI TURBO ENTERPRISES LTD.

(Incorporated in the Cayman Islands on July 14, 2005)

Company Registration No.:CT-151624

ADDITIONAL INFORMATION – MATERIAL ADJUSTMENTS BETWEEN UNAUDITED FULL YEAR RESULTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Board of Directors of Shanghai Turbo Enterprises Ltd. (the “**Company**”) refers to its full year financial results announcement for the financial year ended 31 December 2013 (“**FY2013**”), made on 25 Feb 2014 (“**Preliminary Results**”). Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST (the “**Listing Manual**”), the Board wishes to inform the Shareholders that there have been adjustments made to the Company’s consolidated financial statements after the completion of the audit.

Accordingly, the Company wishes to explain the significant variances between the audited financial statements for the financial year ended 31 December 2013 and the Unaudited Full Year Results. For further details on the differences, please see notes below:-

1. Consolidated Statement of Comprehensive Income

| | Note | Group | | |
|---|------|--|---|-------------------------|
| | | Audited Results dated 7 Apr 2014 RMB'000 | Preliminary Results dated 25 Feb 2014 RMB'000 | Variance +/- RMB'000 |
| Revenue | | 166,400 | 166,400 | - |
| Cost of sales | | (98,361) | (98,361) | - |
| Gross profit | | 68,039 | 68,039 | - |
| Other income | 1 | 2,614 | 1,406 | 1,208 |
| Selling and distribution expenses | | (2,375) | (2,375) | - |
| Administrative expenses | 2 | (22,506) | (21,747) | (759) |
| Other operating expenses | | (63) | (65) | 2 |
| Profit before income tax | | 45,709 | 45,258 | 451 |
| Income tax* | 3 | (1,888) | (1,552) | (336) |
| Net profit after tax | | 43,821 | 43,706 | 115 |
| Other comprehensive income/(expenses): | | | | |
| Currency translation differences | | (99) | (101) | 2 |
| Total comprehensive income attributable to equity shareholders of the Company | | 43,722 | 43,605 | 117 |

2. Consolidated Statement of Financial Position (Extracted)

| | Note | Group | | |
|-----------------------------|------|--|---|-------------------------|
| | | Audited Results dated 7 Apr 2014 RMB'000 | Preliminary Results dated 25 Feb 2014 RMB'000 | Variance +/- RMB'000 |
| Inventories | 4 | 22,384 | 21,234 | 1,150 |
| Other payables and accruals | 5 | 16,436 | 15,676 | 760 |
| Income tax payable | 6 | 2,631 | 2,824 | (193) |
| Deferred tax liability | 7 | 528 | - | 528 |

3. Consolidated Statement of Cash Flows (Extracted)

| | Note | Group | | |
|---|------|--|---|-------------------------|
| | | Audited Results dated 7 Apr 2014 RMB'000 | Preliminary Results dated 25 Feb 2014 RMB'000 | Variance +/- RMB'000 |
| Allowance for inventory obsolescence write back | 8 | (1,150) | - | (1,150) |
| Trade and other payables | 9 | 4,603 | 3,843 | 760 |
| Purchase of property, plant and equipment | 10 | (6,536) | (7,567) | 1,031 |
| Trade and other receivables | 10 | (37,778) | (36,748) | (1,030) |

Consolidated Statement of Comprehensive Income

Note 1:

The variance in other income is due to allowance for inventory obsolescence and doubtful debt being written back with the finalisation of the audit as stated below:

| | RMB'000 |
|--|---------|
| As per results announcement | 1,406 |
| Allowance of inventory obsolescence write back | 1,150 |
| Allowance for doubtful debt write back | 60 |
| Reclass of expenses | (2) |
| As per audited accounts | 2,614 |

Note 2:

The variance in administrative expense is attributed to increase in director's incentive following increase in profit with the audit finalisation as stated below:

| | RMB'000 |
|----------------------------------|----------|
| As per results announcement | (21,747) |
| Increase in director's incentive | (760) |
| Reclass of expenses | 1 |
| As per audited accounts | (22,506) |

Note 3:

The variance in income tax is due to adjustment for income tax expense following the audit finalisation as stated below:

| | RMB'000 |
|---|---------|
| As per results announcement | (1,552) |
| Over provision of current year taxation | 193 |
| Recognition of deferred tax liability | (528) |
| Reclass of expenses | (1) |
| As per audited accounts | (1,888) |

Consolidated Statement of Financial Position

Note 4:

The variance in inventories is due to Allowance for Inventory Obsolescence being written back with the audit finalisation as stated below:

| | RMB'000 |
|--|---------|
| As per results announcement | 21,234 |
| Allowance of inventory obsolescence write back | 1,150 |
| As per audited accounts | 22,384 |

Note 5:

The increase in Other Payable and Accruals is due to adjustment for increase in director's incentive with the audit finalisation as stated below:

| | RMB'000 |
|----------------------------------|---------|
| As per results announcement | 15,376 |
| Increase in director's incentive | 760 |
| As per audited accounts | 16,436 |

Note 6:

The variance in Income tax payable is due to overprovision in current year taxation following the audit finalisation as stated below:

| | RMB'000 |
|---|---------|
| As per results announcement | 2,824 |
| Over provision of current year taxation | (193) |
| As per audited accounts | 2,631 |

Note 7:

The variance in Deferred tax liability is to take up such liability omitted earlier following the audit finalisation as stated below:

| | RMB'000 |
|------------------------------------|---------|
| As per results announcement | - |
| Over provision of current taxation | 528 |
| As per audited accounts | 528 |

Consolidated Statement of Cash Flows

Note 8:

Following the audit finalisation, the variance for Inventory for obsolescence has to be added to the Consolidated Statement of Cash Flows as stated below:

| | RMB'000 |
|--|---------|
| As per results announcement | - |
| Allowance of inventory obsolescence write back | (1,150) |
| As per audited accounts | (1,150) |

Note 9:

Likewise, the adjustment for Other payables and accruals has to be adjusted following the audit finalisation as stated below:

| | RMB'000 |
|----------------------------------|---------|
| As per results announcement | 3,843 |
| Increase in director's incentive | 760 |
| As per audited accounts | 4,603 |

Note 10:

With the audit finalisation, a reclassification is necessary for Trade and Other Receivable between Property, Plant and Equipment on account of deposits paid for the purchase of equipment as stated below:

| | Trade and other receivables | Purchase of property, plant and equipment |
|---|--------------------------------|---|
| | RMB'000 | RMB'000 |
| As per results announcement | (36,748) | (7,567) |
| Reclassification | (1,030) | 1,030 |
| Addition to property, plant and equipment | - | 1 |
| As per audited accounts | (37,778) | (6,536) |

BY ORDER OF THE BOARD

Liu Ming

A handwritten signature in black ink, consisting of a stylized, cursive representation of the name 'Liu Ming'.

Chairman and Chief Executive Officer

Date : 14 April 2014