



*Incorporated in the Cayman Islands on 14 July 2005*

**Quarterly Financial Statement for the First Quarter Ended 31 March 2014 (“1QFY2014”)**

**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 31 MARCH 2014**

	Group		
	3 months ended		+ / (-)
	31 Mar 2014 RMB'000	31 Mar 2013 RMB'000	
Revenue	22,442	34,643	-35%
Cost of sales	(13,332)	(19,992)	-33%
Gross profit	9,110	14,651	-38%
Other income	159	233	-32%
Selling and distribution expenses	(649)	(1,055)	-38%
Administrative expenses	(3,582)	(5,238)	-32%
Other operating expenses	(66)	-	NM
Profit before income tax	4,972	8,591	-42%
Income tax	(648)	(2,454)	-74%
Net profit after tax	4,324	6,137	-30%
Other comprehensive income:			
Currency translation differences	968	75	1191%
Total comprehensive income attributable to equity shareholders of the Company	5,292	6,212	-15%

NM- Not meaningful



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

	Group		
	3 months ended		+ / (-)
	31 Mar 2014 RMB'000	31 Mar 2013 RMB'000	
Depreciation expense	4,725	4,627	2%
Amortisation of land use right	63	63	0%
Interest Income	(58)	(50)	16%
Foreign exchange loss/ (gain)	99	(6)	NM
(Gain)/ loss on disposal of property, plant and equipment	66	(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	
	31 Mar 2014 RMB'000	31 Dec 2013 RMB'000	31 Mar 2014 RMB'000	31 Dec 2013 RMB'000
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
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
<b>Other Reserves</b>				
Statutory reserve	24,052	24,052	-	-
Foreign exchange reserve	(3,804)	(3,523)	-	-
	20,248	20,529	-	-
Retained earnings	141,475	137,151	1,515	2,143
<b>TOTAL EQUITY</b>	<b>298,659</b>	<b>294,616</b>	<b>138,451</b>	<b>139,079</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	109,736	114,079	-	-
Subsidiaries	-	-	156,236	156,236
Land use right	10,477	10,540	-	-
	120,213	124,619	156,236	156,236
<b>Current assets</b>				
Inventories	35,837	22,384	-	-
Trade receivables	113,891	121,569	-	-
Other receivables, deposits and prepayments	14,036	1,319	93	5
Land use right	251	251	-	-
Cash and cash equivalents	74,110	85,817	50	50
	238,125	231,340	143	55
<b>TOTAL ASSETS</b>	<b>358,338</b>	<b>355,959</b>	<b>156,379</b>	<b>156,291</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	48,549	41,748	-	-
Other payables and accruals	10,147	16,436	1,078	1,242
Due to subsidiaries (non-trade)	-	-	16,850	15,970
Income tax payable	455	2,631	-	-
	59,151	60,815	17,928	17,212
<b>Non-current liability</b>				
Deferred tax liability	528	528	-	-
<b>TOTAL LIABILITIES</b>	<b>59,679</b>	<b>61,343</b>	<b>17,928</b>	<b>17,212</b>
<b>NET ASSETS</b>	<b>298,659</b>	<b>294,616</b>	<b>138,451</b>	<b>139,079</b>



**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 31 Mar 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 31 Mar 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 31 MARCH 2014**

	Group	
	3 months ended	
	31 Mar 2014 RMB'000	31 Mar 2013 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	4,972	8,591
Adjustments for:		
Depreciation expense	4,725	4,627
Amortisation expense	63	63
Interest Income	(58)	(50)
(Gain)/ loss on disposal of property, plant & equipment	66	(40)
Operating profit before working capital changes	9,768	13,191
Inventories	(1,153)	566
Trade & other Receivables	(5,039)	(10,101)
Trade & other Payables	511	(8,889)
<b>Cash used in operations</b>	<b>4,087</b>	<b>(5,233)</b>
Interest received	58	50
Income tax paid	(4,072)	(2,729)
<b>Net Cash generated /(used) in operating activities</b>	<b>73</b>	<b>(7,912)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,749)	(278)
Proceeds from disposal of property, plant and equipment	1	64
<b>Net cash used in investing activities</b>	<b>(12,748)</b>	<b>(214)</b>
<b>FINANCING ACTIVITIES</b>		
Pledged deposits	(2,409)	(5,155)
<b>Net cash used in financing activities</b>	<b>(2,409)</b>	<b>(5,155)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(15,084)</b>	<b>(13,281)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>79,369</b>	<b>62,417</b>
<b>Effects of exchange rate changes in cash and cash equivalent</b>	<b>968</b>	<b>75</b>
<b>Cash and cash equivalents at end of period</b>	<b>65,253</b>	<b>49,211</b>

**Cash and bank balances comprise the following:**

	Group	
	3 months ended	
	31 Mar 2014 RMB'000	31 Mar 2013 RMB'000
Cash and cash equivalent	65,253	49,211
Pledged cash placed with bank	8,857	18,465
	<b>74,110</b>	<b>67,676</b>



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

Group	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed dividend RMB'000	Retained Earnings RMB'000	Total RMB'000
Balance as at 1 Jan 2013	55,409	81,527	19,764	(3,424)	-	104,485	257,761
Total comprehensive income/ (expenses) for the period	-	-	-	75	-	6,137	6,212
Statutory reserves	-	-	-	-	-	-	-
Proposed final Dividend	-	-	-	-	6,867	(6,867)	-
Balance as at 31 Mar 2013	55,409	81,527	19,764	(3,349)	6,867	103,755	263,973

Group	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed 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	-	-	-	(281)	-	4,324	4,043
Statutory reserves	-	-	-	-	-	-	-
Proposed final Dividend	-	-	-	-	-	-	-
Balance as at 31 Mar 2014	55,409	81,527	24,052	(3,804)	(6,867)	148,342	298,659

Company

Company	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Translation Reserve RMB'000	Proposed 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	-	-	-	-	-	9,571	9,571
Proposed final Dividend	-	-	-	-	6,867	(6,867)	-
Balance as at 31 Mar 2013	55,409	81,527	-	-	6,867	5,054	148,857

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	-	-	-	-	-	(628)	(628)
Proposed final Dividend	-	-	-	-	-	-	-
Balance as at 31 Mar 2014	55,409	81,527	0	0	(6,867)	8,382	138,451



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 31 March 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	
	31 March 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 12 months ending 31 December 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	
	31 March 2014	31 March 2013
Basic earnings per share (RMB cents)	1.57	2.23
On a fully diluted basis (RMB cents)	1.57	2.23
Weighted average number of ordinary shares in issue for basic earnings per share	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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Net asset value per ordinary share based on the issued capital at the end of the financial year (RMB cents)	108.73	107.26	50.40	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

Revenue decreased significantly by 35% from RMB 34.6 million in 1QFY2013 to RMB 22.4 million in 1QFY2014, due to urgent customer's requests for re-prioritisation of production orders. This led to orders at advanced stages of completion being put on hold while the plant reorganised production schedule to start work on urgent orders.

In line with the reduction of revenue, gross profit also reduced by 39% from RMB 14.7 million in 1QFY2013 to RMB 9.1 million in 1QFY2014.

Selling and distribution expenses decreased from RMB 1.1 million in 1QFY2013 to RMB 650,000 in 1QFY2014 mainly due to the accrual of RMB 1.1 million sales commission expense in 1QFY2013 which was subsequently reversed following the termination of the sales commission contract in 4QFY2013. This was offset by entertainment and transportation expenses which were inadvertently classified as administrative expenses in 1QFY2013.

Administrative expenses reduced from RMB 5.2 million in 1QFY2013 to RMB 3.6 million in 1QFY2014, mainly due to higher performance incentive provided for in 1QFY2013, additional staff bonus payments and entertainment and transportation expenses inadvertently classified as administrative expenses in 1QFY2013.

Its subsidiary, Changzhou 3D Technological Complete Set Equipment Co., Ltd, obtained high tech status from the local government for 3 years starting in 2012. This resulted in a concessionary corporate income tax rate of 15% for the subsidiary as opposed to the standard 25%. As a result, income tax expense drastically reduced from RMB 2.5 million in 1QFY2013 to RMB 648,000 in 1QFY2014.

As a result, net profit after tax for the period decreased 30% from RMB 6.1 million in 1QFY2013 to RMB 4.3 million in 1QFY2014.

Currency translation gains amounted to RMB 968,000 in 1QFY2014 compared to RMB 75,000 in 1QFY2013.

Overall, the total comprehensive income attributable to equity shareholders of the company decreased by 15% from RMB 6.2 million in 1QFY2013 to RMB 5.3 million in 1QFY2014.



### **Statement of Financial Position**

**As at 31 Mar 2014,**

Property, plant and equipment stood at RMB 109.7 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 449,000.

Inventories increased to RMB 35.8 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 were reduced to RMB 113.9 million from RMB 121.6 million, attributable to slower collections from state-owned-enterprise (SOE) customers and relatively lower quarterly revenue this year. In general, customers continue to experience very tight credit in the Chinese market. These trade receivables included bills receivables amounting to RMB 42.6 million (31 Dec 2013: RMB 22.3 million) received from customers for the settlement of outstanding balances. Of the RMB 42.6 million bills receivable, 48.2% are bank-guaranteed bills (31 Dec 2013 63.6%) with remaining notes from an SOE customer. To reduce exposure in this respect, visits to customers by Sales and Marketing team have been made to press for faster settlement.

Other receivables, deposits and prepayments increased from RMB 1.3 million to RMB 14.0 million, mainly due to a 12.3 million payment in advance for 6 computer numerical controlled (CNC) machines.

Trade payables increased to RMB 48.5 million, from RMB 41.7 million. This also included bill payables of RMB 17.7 million (31 Dec 2013: RMB 12.7 million) issued to suppliers for the settlement of outstanding balances. Cash amounting to RMB 8.9 million was pledged with the bank for this facility.

Other payables and accruals decreased to RMB 10.1 million, from RMB 16.4 million, mainly due to settlement of such payables and reclassification to trade payables.

### **Statement of Cash Flows**

Net cash generated/(used) in operating activities was a mere RMB 73,000 in 1QFY2014, compared to net cash used of RMB 7.9 million in 1QFY2013.

Net cash used in investing activities in 1QFY2014 was RMB 12.7 million reflecting the purchase of new machines and equipment, compared to mere RMB 214,000 in 1QFY2013.

Net cash used in financing activities was RMB 2.4 million in 1QFY2014 compared to RMB 5.2 million in 1QFY2013.

As a result of the above, there was a net decrease in cash and cash equivalents of about RMB 15.1 million in 1QFY2014.



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.**

The Chinese leadership has embraced a sound but slower economic growth and social harmony amid upsurge in minority unrest and border tensions. Modest global economic recovery continues with positive US growth data but possibly slower investment in China with the Feds affirming its gradual tapering policy. Cash flow management continues to be challenging with tightening of cash and credit in China which has resulted in increased receivables. 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***

None.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

None.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No dividend has been declared.

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 (First Quarter) for the period ended 31 March 2014 ("1QFY2014")

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 1QFY2014 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

Ken Koh  
Director

14 May 2014