General Announcement::SHANGHAI TURBO REVENUE AND PROFIT DIP ON WEAK DOMESTIC DEMAND

Issuer & Securities

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Submitted By (Co./ Ind. Name)	Liu Ming
Designation	CEO cum Executive Director
Description (Please provide a detailed description of the event in the box below)	Please see attached.

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Shanghai Turbo

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Shanghai Turbo revenue and profit dip on weak domestic demand

Y/E 31 Dec (RMB million)	**1Q2016**	1Q2015	*Change %*
Revenue	**22.8**	25.1	(9)
Cost of sales	**(16.8)**	(16.7)	1
Gross Profit	**6.1**	8.4	(28)
Selling and distribution expenses	**(0.8)**	(0.6)	36
Administrative expenses	**(5.0)**	(4.7)	6
Profit before income tax	**0.7**	3.3	(79)
Income tax	**(0.1)**	0.1	NM
Net profit after tax	**0.6**	3.4	(83)
EPS* (RMB cents)	**2.10**	12.3	
NAV per share*(RMB)	**11.91**	11.86	

* Based on average weighted number of 27,468,476 ordinary shares for the period ended 31 March 2016 (31 March 2015: 274,684,760 shares, adjusted for 10-to-1 consolidation with effect from 15 May 2015)

10 May 2016 - 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 revenue of RMB 22.8 million and net profit after tax of RMB 0.6 million for the three months ended 31 March 2016 ("1Q2016"), compared to revenue of RMB 25.1 million and net profit of RMB 3.4 million in the same quarter of the prior year. This was mainly attributable to lower demand from one of the Group's two major domestic customers.

"We are in the process of adjusting to the new marketplace dynamics, and conditions remain challenging, although I am heartened to report that overseas sales increased. This is a testament to our business development efforts and we hope to continue securing more orders from both domestic and overseas customers."

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

1Q2016 Financial Performance

Revenue declined 9% year-on-year, with lower demand from the Group's domestic market partially offset by a RMB 5.8 million increase in overseas orders. As a percentage of total revenue, overseas orders made up 39% in 1Q2016, as compared to 12% in 1Q2015.

Gross profit margin decreased from 33.5% in 1Q2015 to 26.6% in 1Q2016, resulting from competitive pricing pressures, lower margins for domestic orders, and higher outsourcing costs as the Group outsourced less critical work to local subcontractors, in order to preserve operating capacity for more critical, technically demanding machining work.

Financial Position

The Group had cash and cash equivalents of RMB 48.4 million as at 31 March 2016, a reduction from RMB 67.6 million as at 31 December 2015. This was primarily due to RMB 14.7 million net cash used in operating activities, mainly resulting from a RMB 12.0 million increase in inventories, as there was a buildup in finished goods for a major domestic customer which can only be shipped out upon full completion of the order.

Trade receivables were almost unchanged at RMB 168.8 million as at 31 March 2016, compared to RMB 168.3 million as at 31 December 2015.

Outlook

The Group is prioritising the upgrading of its technical capabilities, which will enable it to compete for orders with higher value and higher margins, as well as reducing the need to outsource parts of the manufacturing process to subcontractors. As previously announced in December 2015, RMB 44.4 million of capital expenditure was approved, of which RMB 32.6 million had been committed for the purchase of 10 new coordinated blade milling machines, and RMB 2.0 million for 2 coordinate measuring machines. These machines will be progressively delivered in 2Q and 3Q FY2016. The remaining amount of RMB 9.8 million will be considered for further purchases within FY2016.

"Operating conditions may be tough, but we are in a high-tech industry, and we must continue spending to enhance our technical capabilities or risk falling behind. The Board and management are working closely to examine all possible options to get the most mileage of our available resources, while being mindful of the Group's financial position."

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

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 Korea, Japan, Switzerland, and Germany. 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.

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