

SHANGHAI TURBO ENTERPRISES LTD.

Company Registration No.: CT-151624
(Incorporated in the Cayman Islands)

RESULTS OF ANNUAL GENERAL MEETING

Pursuant to Rule 704(16) of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors ("the Board") of Shanghai Turbo Enterprises Ltd (the "Company") wishes to announce that at the Annual General Meeting ("AGM") of the Company held on 19 March 2018, the ordinary resolutions relating to the matters set out in the Notice of the AGM dated 2 March 2018 were put to vote at the AGM and duly passed by shareholders of the Company.

The results of the poll on each of the resolutions put to vote at the AGM are set out below:

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
Ordinary Business					
<u>Ordinary Resolution 1</u> Receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Independent Auditors' Report thereon	16,170,440	10,797,340	66.77	5,373,100	33.23
<u>Ordinary Resolution 2</u> Re-election of Mr Cheung Hok Fung Alexander as Director of the Company pursuant to Article 85(6) of the Company's Articles of Association	16,170,440	11,538,740	71.36	4,631,700	28.64
<u>Ordinary Resolution 3</u> Approval of Directors' Fees of RMB1,800,000 for the financial year ending 31 December 2018	14,349,140	10,797,340	75.25	3,551,800	24.75

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Page 2

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<u>Ordinary Resolution 4</u> Re-appointment of Messrs. Crowe Horwath First Trust LLP as the Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration	15,426,440	11,872,140	76.96	3,554,300	23.04
<u>Ordinary Resolution 5</u> Approval on Authority to Allot and Issue Shares	16,162,540	10,795,140	66.79	5,367,400	33.21

Ardent Business Advisory Pte Ltd was appointed as the scrutineer of the AGM.

Mr Cheung Hok Fung Alexander, who is re-elected as Director of the Company at the AGM, remains as Independent Director of the Company. Mr Cheung also remains as the Chairman of Audit Committee and a member of the Nominating Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

During the AGM, the Board was asked to provide an estimate of the potential value appreciation of the Company's land. Relating to this question, the Board disclosed during the AGM that the Company's current land value, based on management's understanding of the prevailing property market condition of the area surrounding the Company's factory, is about RMB 103,000,000. The Board clarified that this estimate is not based on any professional independent property valuation.

The Board refers to:

a) the announcement on 23 February 2018 in connection with the inclusion by the Company's independent auditors, Crowe Horwath First Trust LLP, of an emphasis of matter in respect of the ability of the Group to continue as a going concern in the Independent Auditors' Report on the financial statements of the Group for the financial year ended 31 December 2017;

b) Ordinary Resolution 5, which was put to vote at the AGM on 19 March 2018 and duly passed by shareholders of the Company; and

c) the announcement on 14 March 2018 in connection with the Company's request for halt pending release of announcement, and wishes to update shareholders as follow:

1. Update on financial situation

During the financial year ended 31 December 2017, the Group experienced a significant decrease in revenue and incurred a net loss of RMB 156,070,000 as a result of the loss of revenue and additional

expenses between 15 April 2017 and 20 September 2017 (the “Affected Period”) and the impact thereafter. Consequently, the Group recorded operating cash outflows of RMB 12,877,000 during the year ended 31 December 2017. As stated in Note 2 of the financial statements, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

2. Proposed recapitalization exercise

In light of the above, to ensure its business sustainability for the foreseeable future, the Group intends to undertake a rights issue or placement of shares to strengthen its cash flow and working capital position at the appropriate juncture. As at 31 December 2017, the Group had net current assets of RMB 53,111,000 and net assets of RMB 162,371,000. Plant and machinery amounted to RMB 87,179,000, out of which machinery with net carrying amount of RMB 25,851,000 was pledged in connection with bill payables facilities. As such, the undertaking of bank loans using unencumbered plant and machinery and land lease rights as collaterals, has also been explored.

3. Collectability of trade receivables

One of the top priorities of the Group in the near-term is to increase the collectability of trade receivables. Pre-audited trade receivables relating to two major customers amounted to RMB 101,374,000 as at 31 December 2017. Due to the significant impact of the Affected Period on the collectability of trade receivables, management made a prudent decision to recognize a provision of RMB 55,848,000 impairment loss for these two customers. Total net trade receivables of the Company as at 31 December 2017 inclusive of bill receivable was RMB 52,761,000. The Group is in ongoing talks with customers to collect payments past due and is also exploring the discounting of existing and future bill receivables with a PRC bank.

4. Update on business situation

As of 11 March 2018, the Group has new orders to keep the plant busy until the end of the second quarter of 2018. The Group is now in the process of bidding for more orders for existing products and acquiring new customers and orders for new products. The Group is optimistic about the order outlook for the second half of 2018.

Subject to the satisfactory conclusion of the proposed recapitalization exercise, improvement in payment collection, and increase in the Group’s order book, the Board is of the opinion that the Group will be able to operate as a going concern.

The Board has confirmed that all material disclosures have been provided for trading of the Company’s shares to continue.

BY ORDER OF THE BOARD

Jack Chia Seng Hee
Non-Executive Independent Chairman and Lead Independent Director

19 March 2018