

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

SHANGHAI TURBO ENTERPRISES LTD

Securities

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Additional Details

For Financial Period Ended

30/06/2022

Attachments

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Shanghai Turbo

SHANGHAI TURBO ENTERPRISES LTD.

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

**SHANGHAI TURBO ENTERPRISES LTD.
Registration No. CT-151624
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2022**



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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group		
		6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	Change + / (-)
		RMB'000	RMB'000	%
Revenue	4	33,322	26,270	27%
Cost of sales		(28,695)	(21,139)	36%
Gross profit / (loss)		4,627	5,131	-10%
Other income / (expenses)		797	1,322	-40%
Distribution and marketing expenses		(1,902)	(1,609)	18%
General and administrative expenses		(8,792)	(13,101)	-33%
Finance expenses		(984)	(811)	21%
Loss before income tax	6	(6,254)	(9,068)	31%
Tax expenses	7	-	-	NM
Loss for the financial period, net of tax		(6,254)	(9,068)	31%
Other comprehensive (expenses) / income				
Items that may be reclassified to profit or loss in subsequent period (net of tax)				
Currency translation differences on consolidation of foreign entities (net)		(15)	(484)	97%
Total other comprehensive loss for the		(15)	(484)	97%
Total comprehensive loss for the period		(6,269)	(9,552)	34%
Profit / (Loss) attributable to				
- Owners of the Company		(4,991)	(7,033)	29%
- Non-controlling interest		(1,263)	(2,035)	38%
Total comprehensive loss attributable to :				
- Owners of the Company		(5,003)	(7,409)	32%
- Non-controlling interest		(1,266)	(2,143)	41%
Earnings per share for profit / (loss) for the period attributable to the owners of the Company during the year :				
Basic (RMB in cent)		(20.491)	(29.712)	31%
Diluted (RMB in cent)		(20.491)	(29.712)	31%
Basic (SGD in cent)		(4.260)	(6.186)	31%
Diluted (SGD in cent)		(4.260)	(6.186)	31%

NM - Not meaningful



B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Cash and bank balances	15	25,062	552	7	10
Trade and other receivables	14	40,300	40,224	-	-
Inventories	13	8,101	10,600	-	-
Total current assets		73,463	51,376	7	10
Non-current assets					
Subsidiaries	12	-	-	161,889	161,889
Property, plant and equipment	10	49,309	53,199	-	-
Right-of-use assets	11	8,694	8,814	-	-
Financial assets at fair value through other comprehensive income		-	-	-	-
Total non-current assets		58,003	62,013	161,889	161,889
Total assets		131,466	113,389	161,896	161,899
LIABILITIES					
Current liabilities					
Trade and other payables	16	31,064	32,593	1,989	2,100
Provision	17	4,373	4,373	-	-
Borrowings	18	43,500	17,490	-	-
Due to subsidiaries (non-trade)		-	-	28,721	28,179
Total current liabilities		78,937	54,456	30,710	30,279
Non-current liabilities					
Deferred government grants		1,112	1,112	-	-
Total liabilities		80,049	55,568	30,710	30,279
NET ASSETS	9	51,417	57,821	131,186	131,620
EQUITY					
Equity attributable to equity holders of the					
Share capital	19	60,318	60,318	60,318	60,318
Share premium	20	79,803	79,803	79,803	79,803
Retained losses		(115,593)	(109,204)	(8,593)	(8,171)
Other Reserves					
Statutory reserve		30,526	30,526	-	-
Foreign exchange translation reserve		(3,637)	(3,622)	(342)	(330)
		26,889	26,904	(342)	(330)
Total equity		51,417	57,821	131,186	131,620



C. Condensed interim statements of changes in equity

The Group							
		Share capital	Share premium	Statutory reserve	Foreign exchange	Retained losses	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022							
Balance at 1 January 2022		60,318	79,803	30,526	(3,622)	(109,204)	57,821
Issue of share capital		-	-	-	-	-	-
Total Comprehensive loss for the financial period		-	-	-	(15)	(6,389)	(6,404)
Balance at 30 June 2022		60,318	79,803	30,526	(3,637)	(115,593)	51,417
2021							
Balance at 1 January 2021		55,409	78,470	30,526	(3,164)	(102,575)	58,666
Issue of share capital		4,909	1,333	-	-	-	6,242
Total Comprehensive loss for the financial period		-	-	-	(776)	(3,137)	(3,913)
Balance at 30 June 2021		60,318	79,803	30,526	(3,940)	(105,712)	60,995
The Company							
		Share capital	Share premium	Statutory reserve	Foreign exchange	Retained losses	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022							
Balance at 1 January 2022		60,318	79,803	-	(330)	(8,171)	131,620
Issue of share capital		-	-	-	-	-	-
Total Comprehensive loss for the financial period		-	-	-	(12)	(422)	(434)
Balance at 30 June 2022		60,318	79,803	-	(342)	(8,593)	131,186
2021							
Balance at 1 January 2021		55,409	78,470	-	(112)	(6,581)	127,186
Issue of share capital		4,909	1,333	-	-	-	6,242
Total Comprehensive loss for the financial period		-	-	-	(206)	(646)	(852)
Balance at 30 June 2021		60,318	79,803	-	(318)	(7,227)	132,576



D. Condensed interim consolidated statements of cash flows

	Note	The Group		
		6 months ended	6 months ended	Change +/(-)
		30 Jun 2022	30 Jun 2021	
		RMB'000	RMB'000	%
Cash flows from operating activities				
Loss before tax		(6,254)	(9,068)	31%
Adjustment for :				
Depreciation of property, plant and equipment		3,896	5,569	-30%
Amortisation of right of use of assets		120	120	0%
Interest Expense		984	811	21%
Loss / (gain) on disposal of property, plant & equipment		-	18	NM
Transfer from deferred capital grant		-	(223)	NM
Operating loss before working capital changes		(1,254)	(2,773)	-55%
Decrease / (increase) in inventories		2,499	(406)	NM
Decrease / (increase) in trade & other Receivables		(76)	(6,597)	-99%
(Decrease) / increase in trade & other Payables		(1,529)	1,494	NM
Cash generated from / (used in) operations		(360)	(8,282)	-96%
Net taxation paid		-	-	NM
Net Cash generated from / (used in) operating activities		(360)	(8,282)	-96%
Cash flow from investing activities				
Purchase of property, plant and equipment		(6)	-	NM
Proceeds from disposal of property, plant and equipment		-	45	NM
Increase in share capital paid through special placement		-	4,909	NM
Increase in share premium paid through special placement		-	1,333	NM
Net cash generated from / (used in) investing activities		(6)	6,287	NM
Cash flow from financing activities				
Loan from banks		43,500	5,993	626%
Repayment to banks		(17,490)	-	NM
Interest Expense		(984)	(811)	21%
Net cash generated from / (used in) financing activities		25,026	5,182	383%
Net (decrease) / increase in cash and cash equivalents		24,660	3,187	674%
Cash and cash equivalents at beginning of the period		552	3,811	-86%
Effects of exchange rate changes in cash and cash equivalents		(150)	(464)	-68%
Cash and cash equivalents at end of the period		25,062	6,534	284%
Effects of exchange rate changes in cash and cash equivalent				
NM - Not meaningful				



Cash and bank balances comprise the following:

	Note	The Group		Change +/- %
		6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000	
Cash and cash equivalent		25,062	6,534	284%
Pledged cash placed with bank		-	-	NM
		25,062	6,534	284%

NM - Not meaningful



E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Shanghai Turbo Enterprises Ltd. (the “Company”) is a limited liability company domiciled and incorporated in the Cayman Islands and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company’s registered office address is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is located at No.9, Yinghua Road, Zhonglou Economic Development Zone, Changzhou City, Jiangsu Province, 213016, The People’s Republic of China (“PRC”).

The principal activity of the Company is that of investment holding. The Company has invested in Best Success (Hong Kong) Limited in Hong Kong as investment holding company and Best Success (Hong Kong) Limited has further invested in Changzhou 3D Technological Complete Set Equipment Co., Ltd (“CZ3D” or “Subsidiary”) as manufacturing of vane products and relating subcontracting services.

The Group is a precision engineering group that specializes in the production of precision vane products, mainly 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 maximize the efficiency of steam flow in the generation of electricity.

2. Basic of preparation

The condensed interim financial statements for the three months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore and International Financial Reporting Standards (“IFRSs”). All references to SFRS(I)s and IFRSs are referred to as SFRS(I)s in these condensed interim financial statements unless otherwise specified. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Chinese Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) as indicated, unless otherwise stated which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

On 1 January 2022, the Group adopted the new or amended SFRS and IFRS, the Interpretations of IFRS (“IFRIC”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The adoption of these new or amended SFRS, IFRS and IFRIC did not result in substantial changes to the Group’s and Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.



2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. Seasonal operation

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.



4. Segment and revenue information

The Group is organised into one main business segment only.

4.1 Reportable Segment

		Segment 1	Consolidation
	Note	RMB'000	RMB'000
1 January 2022 to 30 Jun 2022			
Total segment revenue		33,322	33,322
Miscellaneous income		797	797
Total other income		797	797
Total revenue and other income		34,119	34,119
Depreciation		(4,016)	(4,016)
Finance expense		(984)	(984)
Segment profit		29,119	29,119
Unallocated expenses		(35,373)	(35,373)
Loss before taxation		(6,254)	(6,254)
Taxation		-	-
Earnings / (loss) for the interim period		(6,254)	(6,254)
Segment assets		131,466	131,466
Total assets per statement of financial position		131,466	131,466
Expenditures for segment non-current assets			
- Additions to PPE		(6)	(6)
Segment liabilities		78,937	78,937
Deferred government grants		1,112	1,112
Total liabilities per statement of financial position		80,049	80,049
1 January 2021 to 30 Jun 2021			
Total segment revenue		26,270	26,270
Miscellaneous income		1,322	1,322
Total other income		1,322	1,322
Total revenue and other income		27,592	27,592
Depreciation		(5,689)	(5,689)
Finance expense		(1,267)	(1,267)
Segment profit		20,636	20,636
Unallocated expenses		(29,704)	(29,704)
Loss before taxation		(9,068)	(9,068)
Taxation		-	-
Earnings / (loss) for the interim period		(9,068)	(9,068)
Segment assets		109,151	109,151
Total assets per statement of financial position		109,151	109,151
Expenditures for segment non-current assets			
- Additions to PPE		-	-
Segment liabilities		46,821	46,821
Deferred government grants		1,335	1,335
Total liabilities per statement of financial position		48,156	48,156



4.2 Reportable Segment

	Note	The Group	
		6 months ended 30 Jun 2022	
		Segment 1	Total
		RMB'000	RMB'000
Types of goods or services			
Sale of goods		33,322	33,322
Total revenue		33,322	33,322
Geographical information :			
China		31,500	31,500
Korea		1,822	1,822
Japan		-	-
Total revenue		33,322	33,322

	Note	The Group	
		6 months ended 30 Jun 2021	
		Segment 1	Total
		RMB'000	RMB'000
Types of goods or services			
Sale of goods		26,270	26,270
Total revenue		26,270	26,270
Geographical information :			
China		26,270	26,270
Korea		-	-
Japan		-	-
Total revenue		26,270	26,270

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021.

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Financial Assets					
Cash and bank balances and trade and other receivables (Amortised cost)		65,362	40,776	7	10
Financial Liabilities					
Trade and other payables and borrowings (Amortised cost)		78,937	54,456	1,989	2,100



6. Profit before taxation

6.1 Significant items

	Note	The Group		
		6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	Change +/-(-)
		RMB'000	RMB'000	%
Income				
Miscellaneous income		797	1,322	-40%
Expenses				
Interest on borrowings		(984)	(811)	21%
Depreciation of property, plant and equipment and amortisation on use of rights		(4,016)	(5,689)	-29%
Loss / (gain) on disposal of property, plant & equipment		-	(18)	NM

6.2 Related party transaction

There is no material related party transaction apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Note	The Group		
		6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	Change +/-(-)
		RMB'000	RMB'000	%
Current income tax expense		-	-	NM
Deferred income tax expense relating to origination and reversal of temporary differences		-	-	NM
		-	-	NM

8. Dividends

	Note	The Group		
		6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	Change +/-(-)
		RMB'000	RMB'000	%
Ordinary dividends paid:		-	-	NM
Interim dividend		-	-	NM
Dividend per share (net of tax)		-	-	NM



9. Net Asset Value

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB	RMB	RMB	RMB
Net asset value per ordinary share		1.685	2.105	4.298	4.792

10. Right-of-use assets

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Cost					
Beginning of financial year		12,547	12,547	-	-
End of interim period		12,547	12,547	-	-
Accumulated depreciation and impairment losses					
Beginning of financial year		3,733	3,492	-	-
Depreciation charge for the interim period		120	241	-	-
End of interim period		3,853	3,733	-	-
Net book value		8,694	8,814	-	-

The Group has 50-year land use rights over a plot of state-owned land in the PRC where the Group's manufacturing and storage facilities reside. The land use rights has a remaining tenure of 34 years (2021: 35 years).

As at 30 June 2022, the entire land use rights is pledged in connection with a bank facility including both bill payable facilities and bank loans.

Impairment testing of land use rights

No impairment loss is recognised in 2Q FY2022 (FY2021: Nil), as the Group has estimated the recoverable amount of the land use rights to be higher than the net carrying amount. The recoverable amount of the land use rights was based on its fair value on 31 December 2019. Valuations are performed by Avista Group, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the land use rights being valued. AVISTA has a dedicated team of professionals with qualified property surveyors, Certified Public Accountant ("CPA") and Chartered Financial Analyst ("CFA"), property valuation and accounting knowledge from dynamic technical point of view can link up two fields of professionals so as to assist company to cater for the property valuation duties in financial reporting. AVISTA has been in the market for more than 10 years with extensive knowhow on Business Valuation in Hong Kong, China and Asia Pacific. The valuations are based on comparable market transactions that consider the sales of similar assets that have been transacted in the open market.

11. Property, plant and equipment

Property, plant and equipment ("PPE"), right of use of assets and intangible assets as at YTD 2Q FY2022 was RMB58 million as compared to RMB62.01 million as at YTD 4Q FY2021. The decrease was mainly due to depreciation in YTD 2Q FY2022 amounting to RMB4 million. During YTD 2Q FY2022, the Group has purchased the office equipment amounting to RMB0.01 million.



12. Subsidiaries

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Unquoted equity shares at cost		-	-	161,889	161,889
Purchase consideration					
Cash paid		-	-	161,889	156,236
Additional : Cash paid during the period		-	-	-	5,653
Total		-	-	161,889	161,889

Name of subsidiaries	Note	Principal activities	Country of incorporation and place of	Proportion (%) of ownership interest	
				30 June 2022	31 December 2021
				%	%
Held by the Company					
Best Success (Hong Kong) Limited ("BS")	(1)	Investment holdings	Hong Kong	100	100
Held by BS					
Changzhou 3D Technological Complete Set Equipment Co., Ltd ("CZ3D")	(2)	Manufacturing of vane products and relating subcontracting services	China	100	100

(1) Audited by S. W. Chan & Co, Hong Kong and reviewed by RT LLP for consolidation purpose.

(2) Audited by Changzhou Xinhuarui CPAs (常州新华瑞联合会计师事务所), a firm of Certified Public Accountants registered in the PRC for statutory purpose and by RT LLP for consolidation purpose.

Impairment assessment of investment in subsidiaries

No impairment loss is recognised in 2022 and 2021, as the Group has estimated the recoverable amount of the investment in subsidiaries to be higher than the net carrying amount.

13. Inventories

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Statements of Financial Position :					
Inventories :					
Raw material		159	1,551	-	-
Work-in-progress		5,989	2,702	-	-
Finished goods		1,953	6,347	-	-
Total		8,101	10,600	-	-

As at 30 June 2022, inventories stood at RMB8.10 million (YTD 4Q FY2021: RMB10.60 million) mainly consist of WIP inventory amounting to RMB5.99 million (YTD 4Q FY2021: RMB2.70 million), newly purchased raw materials amounting to RMB0.02 million (YTD 4Q FY2021: RMB1.55 million) and finished goods amounting to RMB1.95 million (YTD 4Q FY2021: RMB6.35 million) to fulfill the sales orders.



14. Trade and other receivables

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables					
Bill receivables		3,828	2,834	-	-
Trade receivables		31,876	32,089	-	-
Total trade receivables		35,704	34,923	-	-
Other receivables					
Advances to suppliers		446	479	-	-
Advances to employees		598	362	-	-
Prepayments		262	260	-	-
Tender deposits		200	200	-	-
Other receivables		3,090	4,000	-	-
Total other receivables		4,596	5,301	-	-
Total trade and other receivables		40,300	40,224	-	-

	Note	The Group		The Group	
		30 June 2022	30 June 2022	31 December 2021	31 December 2021
		RMB'000	%	RMB'000	%
Trade receivables					
Customer :					
A		23,586	66%	33,632	96%
B		32	0%	630	2%
Others		12,086	34%	661	2%
Total		35,704	100%	34,923	100%
Aged (Days)					
0-90		18,939	53%	10,689	31%
91-180		13,844	39%	7,051	20%
181-270		2,564	7%	2,934	8%
More Than 270		357	1%	14,249	41%
Total		35,704	100%	34,923	100%

Trade receivables :

Reflecting the current business turnover, trade receivables increased from RMB34.92 million in YTD 4Q FY2021 to RMB35.70 million in YTD 2Q FY2022 due to the Subsidiary's collection of debts amounting to RMB22.76 million during YTD 2Q FY2022. The Subsidiary currently has bill receivables on hand amounting to RMB3.83 million which will be due on 30 June 2022.

These outstanding amounts are not owing to any related parties.

These debtors are not related to any directors, key executives, substantial shareholders or their respective associates.

These customers are still in operation.

Based on the assessment performed by the management on the current trade receivables, they are still recoverable although payment may be slow, barring any unforeseen circumstances or changes to the business environment and sluggish market conditions. The management is of the view that the Group has unconditional rights on trade receivables including unbilled trade receivables as at 30 June 2022.



The Board of Directors of the Company (“the Board”) has assessed the recoverability of the Group’s trade receivables based on the contracts signed with the customers and the acceptance of the goods by the customer. The Board will, together with management, closely monitor the recovery of the Group’s trade receivables.

Other receivables :

Other receivables amounting to RMB4.60 million in YTD 2Q FY2022 as compared to RMB5.30 million in YTD 4Q FY2021 as the Subsidiary has provided loan to interested person transaction amounting to RMB4 million for the period from 21 May 2021 to 31 December 2022, the amount of principal loan for RMB0.91 million has paid in cash on 30 May 2022 (YTD 2Q FY2022: RMB3.09 million, YTD 4Q FY2021: RMB4 million), an increase in cash advances to employees as employees are visiting customers outstations during such period (YTD 2Q FY2022: RMB0.60 million; YTD 4Q FY2021: RMB0.07 million); increase in prepayments (YTD 2Q FY2022: RMB0.262 million, YTD 4Q FY2021: RMB0.260 million) and decrease in advances to suppliers (YTD 2Q FY2022: RMB0.45 million, YTD 4Q FY2021: RMB0.37 million).

15. Cash and bank balances

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Cash in hand		952	5	-	-
Bank balances		24,110	547	7	10
Cash and bank balances as stated in the statement of financial position		25,062	552	7	10
Less: Pledged deposits		-	-	-	-
Cash and cash equivalents as stated in the consolidated statement of cash flows		25,062	552	7	10

16. Trade and other payables

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables					
Bill payables		-	180	-	-
Trade payables		22,293	24,228	-	-
Total trade payables		22,293	24,408	-	-
Other payables					
Accrued operating expenses		3,232	3,232	1,572	1,572
Accrued employee salaries		1,753	2,165	227	113
Accrued director fees		-	-	190	415
Advance from customers		64	364	-	-
Shipping fee payable		5	5	-	-
Security fee payable		27	27	-	-
Legal and professional fee payable		1,076	1,076	-	-
Electricity bill payable		341	300	-	-
Labor union expenditure payable		60	55	-	-
Value-Added Tax payables		1,551	356	-	-
Other taxes payable		368	338	-	-
Other payables		294	267	-	-
Total other payables		8,771	8,185	1,989	2,100
Total trade and other payables		31,064	32,593	1,989	2,100



Trade payables

Trade payables decreased by RMB2.12 million from RMB24.41 million in YTD 4Q FY2021 to RMB22.29 million in YTD 2Q FY2022 as some payment of procurement has been settled by cash during YTD 2Q FY2022.

Other payables :

Other payables and accruals increased by RMB0.58 million from RMB8.19 million as at YTD 4Q FY2021 to RMB8.77 million in YTD 2Q FY2022. This was mainly due to increase in VAT tax payables amounting to RMB1.55 million (YTD 4Q FY2021: RMB0.36 million); increase in other tax payables amounting to RMB0.37 million in YTD 2Q 2022 (YTD 4Q.FY2021: RMB0.34 million); increase in electricity bill payables amounting to RMB0.34 million in YTD 2Q 2022 (YTD 4Q FY2021: RMB0.30 million); decrease in accruals of staff costs amounting to RMB1.75 million in YTD 2Q 2022 (YTD 4Q FY2021: RMB2.17 million); decrease in advance from customers amounting to RMB0.06 million in YTD 2Q 2022 (YTD 4Q.FY2021: RMB0.34 million).

17. Provisions

CZ3D was served with a notice dated 2017 by the local government agency which required the Subsidiary to provide compliance documents relating to its leasehold buildings ("Buildings") in accordance with relevant laws and regulations in PRC ("the Notice"). The buildings were constructed in 2003 with no relevant permits obtained from the government.

Provision for government fine

As at 31 December 2017, the management estimated and provided RMB4,373,000 as government fine which is 10% of the replacement cost estimated by a certified cost engineer. In accordance with relevant laws and regulations as advised by CZ3D's legal counsel, 10% is the upper limit of the fine prescribed which may be ranging from 5% to 10% of the replacement cost.

Contingent liability on rectification cost

In addition to the fine, in order to apply for the permit for the Buildings, the Company has to provide costs for improvement or reinforcement of the Buildings in order to comply with relevant regulations ("rectification costs") as required by the government.

The management has been advised by the Subsidiary's legal counsel that the Notice indicates that the local government has commenced administrative enforcement procedures for the Buildings and it is still at the stage of investigation and evidence collection, and yet to reach the stage to file "letter of statement of averment", nor representing any final administrative conclusive document. The legal counsel also advised that CZ3D shall actively apply for and complete the necessary legal procedures for the Buildings and, if the government agency continues to conduct investigations, the Subsidiary can explain to the government the progress of the legal procedures of the Buildings and strive for their understandings. Since 2017 and up to the date of these financial statements, the management confirms that CZ3D has not received neither further information regarding the investigation nor notification of the specific necessary rectification from the government.

18. Borrowings

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Borrowings		43,500	17,490	-	-
Amount repayables within one year or on					
Secured	*	30,000	17,490	-	-
Unsecured	~	13,500	-	-	-
Total		43,500	17,490	-	-



Description	Note	RMB'000	Started Date	Expired Date	Interest Rate Per Annum
Secured Loan	*#	5,990	2 Nov 2021	14 Feb 2022	5.910%
Secured Loan	*#	3,500	2 Nov 2021	14 Feb 2022	5.910%
Unsecured Loan	~#	4,400	31 Mar 2021	9 Mar 2022	4.350%
Unsecured Loan	~#	1,600	31 Mar 2021	30 Mar 2022	4.350%
Unsecured Loan	~#	2,000	30 Jul 2021	30 Mar 2022	4.350%
		17,490			
Secured Loan	*	10,000	14 Feb 2022	26 Jan 2023	4.200%
Secured Loan	*	10,000	14 Feb 2022	26 Jan 2023	4.200%
Secured Loan	*	10,000	16 Feb 2022	26 Jan 2023	4.200%
Unsecured Loan	~	5,000	30 Mar 2022	28 Mar 2023	4.700%
Unsecured Loan	~	4,500	31 Mar 2022	28 Mar 2023	4.700%
Unsecured Loan	~	4,000	31 Mar 2022	29 Mar 2023	3.700%
Total loans at 30 June 2022		43,500			
*# Secured by right-of-use assets and repaid at 14 Feb 2022.					
~# Unsecured loan repaid at 9 Mar 2022 & 30 Mar 2022.					
* Secured by right-of-use assets since February 2022.					
~ Unsecured loan since March 2022. RMB9.5 million from Wuxi Rural Commercial Bank and RMB4 million from Bank Of Communications.					

The bank borrowings and credit facilities of the Group are secured over certain right-of-use assets of the Group.

Notes :

In 2Q FY2018, the Subsidiary had obtained 2 trade facilities totaling RMB16 million from Jiangnan Rural Commercial Bank (“the JRC Bank”). The 1st trade facility arrangement of RMB6 million was obtained on 21 June 2018 and the 2nd trade facility arrangement of RMB10 million received on 5 July 2018. The facilities were collateralized by assets (machineries) of the Group. The short term loan of RMB6 million was pledged with machineries and was paid off on 21 June 2019 while the other loan of RMB10 million was paid off on 4 July 2019.

The Subsidiary has subsequently obtained a loan facility of RMB10 million by pledging its land use rights with the JRC Bank on 4 July 2019. A 2nd loan of RMB6 million was then granted by the JRC Bank on 10 July 2019.

The Subsidiary has also repaid a few loans amounting to RMB2.70 million during 4Q FY2019, RMB0.90 million in January 2020 and RMB0.90 million in February 2020 including. The outstanding loan payable amounted to RMB11.5 million as at 31 March 2020.

The Subsidiary has repaid JRC Bank loan of RMB5.50 million in May 2020 and the short term loan of RMB6 million due on 19 June 2020. The JRC Bank has provided a new loan RMB6 million for one year tenure from 19 June 2020 to 18 June 2021.

The Subsidiary has further obtained a new loan amounting to RMB3.50 million charged against its current land use rights. The loan from the JRC Bank has increased from RMB6 million at 19 June 2020 to RMB9.50 million at 12 August 2020.

The Subsidiary has further obtained a new non-secured loan amounting to RMB6 million at 31 March 2021 from Bank Of Communications Limited in Changzhou, China (“BOC”).

The Subsidiary has repaid the loan of RMB6 million to JRC Bank and has renewed on 15 June 2021 to 8 November 2021 with the interest rate 5.21% per annum amounting to RMB5.99 million. Thereafter, the loan of RMB3.50 million was repaid on 26 July 2021 and renewed until 8 November 2021 with an interest rate of 5.21%. The secured loan in JRC Bank amounting to RMB9.49 million is charged against its current land use rights.

On 14 February 2022, the Subsidiary has repaid the loan of RMB9.49 million to JRC Bank. Then, the Subsidiary has further obtained the loan from JRC Bank for RMB20 million on 14 February 2022 and RMB10 million on 16 February 2022 with the interest rate 4.2% per annum.



The Subsidiary has further obtained a new non-secured loan amounting to RMB2 million on 30 July 2021 from BOC. The total non-secured loan from BOC amounting to RMB8 million and will be expired on 18 June 2022. The loan of RMB8 million has been fully repaid prior to 31 March 2022, i.e. RMB4.4 million paid on 9 March 2022 and RMB3.6 million paid on 30 March 2022. Subsequently, the Subsidiary has been granted with a new loan of RMB4 million for the period from 31 March 2022 to 29 March 2023 with an interest rate 3.7% per annum from BOC.

On 30 March 2022 and 31 March 2022, the Subsidiary has further obtained new non-secured loans of RMB5 million and RMB4.5 million respectively with an interest rate 4.7% per annum from Wuxi Rural Commercial Bank (“WX”).

19. Share capital

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		No. of shares	No. of shares	No. of shares	No. of shares
Authorized		200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid					
At beginning		30,520,000	27,468,473	30,520,000	27,468,473
Additional : share capital paid		-	3,051,527	-	3,051,527
At end of the period		30,520,000	30,520,000	30,520,000	30,520,000

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		USD'000	RMB'000	RMB'000	RMB'000
Issued and fully paid @ USD0.25 per share					
At beginning		7,630	6,867	7,630	6,867
Additional : share capital paid		-	763	-	763
At end of the period		7,630	7,630	7,630	7,630

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid					
At beginning		60,318	55,409	60,318	55,409
Additional : share capital paid		-	4,909	-	4,909
At end of the period		60,318	60,318	60,318	60,318

The Company did not hold any treasury shares as at 30 June 2022.

The Company’s subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

**20. Share premium**

	Note	The Group		The Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid					
At beginning		79,803	78,470	79,803	78,470
Additional : share capital paid		-	1,333	-	1,333
At end of the period		79,803	79,803	79,803	79,803

21. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

The financial effects of the above transaction have not been included in this interim financial statements for the period ended 30 June 2022. The operating results and assets and liabilities of the company will be reflected in the YTD 2Q FY2022's financial statements and full year financial statements for 2022.



F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Shanghai Turbo Enterprises Ltd. and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Overview

The Group's revenue was derived from bidding for projects in open tender exercises conducted by the customers and as such, quarterly results would not be accurately reflecting the actual performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

Revenue

2Q FY2022 vs 2Q FY2021

Revenue increased by 27% from RMB26.27 million in 2Q FY2021 to RMB33.32 million in 2Q FY2022 mainly due to the Subsidiary's prompt delivery of orders as requested by the 2 major local customers during 2Q FY2022. During 2Q FY2022, the Subsidiary has aggressively bided for tenders and the major customer has awarded the Subsidiary with a tender amounting to RMB32.88 million (2Q FY2021: RMB27.99 million). The Subsidiary has also signed a few contracts amounting to RMB13.49 million in 2Q FY2022 (2Q FY2021: RMB19.54 million) and delivered goods amounting to RMB20.78 million during 2Q FY2022 (2Q FY2021: RMB17.31 million).

Cost of Sales

2Q FY2022 vs 2Q FY2021

Cost of sales increased by 36% from RMB21.14 million in 2Q FY2021 to RMB28.70 million in 2Q FY2022 mainly due to the increase in revenue from RMB26.27 million in 2Q FY2021 to RMB33.32 million in 2Q FY2022. The cost of sales in 2Q FY2022 represented 86% as compared to revenue and the cost of sales in 2Q FY2021 which was represented 80%.

Gross profit / (gross loss)

2Q FY2022 vs 2Q FY2021

The Group achieved a gross profit amounting to RMB4.63 million in 2Q FY2022 as compared to a gross profit of RMB5.13 million in 2Q FY2021. The decrease 10% in gross profit was due to the cost cutting measures on purchasing of certain raw material such as cutters and spare parts for production for 2Q FY2022 as not as favourable as 2Q FY2021. In addition, the Subsidiary has been closely monitoring the direct and in-direct overheads for this quarter

Other operating income

2Q FY2022 vs 2Q FY2021

Other operating income decreased by 40% from RMB1.32 million in 2Q FY2021 to RMB0.80 million in 2Q FY2022. The other operating income consists mainly of sales of scraps and wastage iron (2Q FY2022: RMB0.70 million; 2Q FY2021: RMB1.09 million). The Group has not received any out of court settlement from Mr. Liu Ming during the quarter (2Q FY2022: RMB0; 2Q FY2021: RMB0.23 million).



Selling and distribution expenses

2Q FY2022 vs 2Q FY2021

Selling and distribution expenses increased by 18% from RMB1.61 million in 2Q FY2021 to RMB1.90 million in 2Q FY2022 mainly due to increase in entertainment expenses (2Q FY2022: RMB1.02 million; 2Q FY2021: RMB0.83 million), increase in staff costs (2Q FY2022: RMB0.39 million; 2Q FY2021: RMB0.32 million); increase in sales tender cost (2Q FY2022: RMB0.30 million; 2Q FY2021: RMB0.15 million); decrease in travelling expenses (2Q FY2022: RMB0.02 million; 2Q FY2021: RMB0.03 million) and decrease in sales quality control expenses (2Q FY2022: RMB0.10 million; 2Q FY2021: RMB0.25 million).

Administrative expenses

2Q FY2022 vs 2Q FY2021

Administrative expenses decreased from RMB13.10 million in 2Q FY2021 to RMB8.79 million in 2Q FY2022 mainly due to decrease in salaries (2Q FY2022: RMB1.80 million; 2Q FY2021: RMB2.99 million), decrease in social benefits (2Q FY2022: RMB2.26 million; 2Q FY2021: RMB2.52 million), decrease in depreciation cost (2Q FY2022: RMB1.33 million; 2Q FY2021: RMB2.65 million); decrease in labour compensation cost (2Q FY2022: RMB0; 2Q FY2021: RMB0.72 million); decrease in other taxes expenses (2Q FY2022: RMB0.75 million; 2Q FY2021: RMB0.77 million); decrease in travelling expenses (2Q FY2022: RMB0.01 million; 2Q FY2021: RMB0.06 million); increase in legal fee (2Q FY2022: RMB0.17 million; 2Q FY2021: RMB0.02 million); increase in office expenses (2Q FY2022: RMB0.05 million; 2Q FY2021: RMB0.04 million).

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

2Q FY2022

The Group's net cash used in operating activities amounting to RMB0.36 million arising from loss before income tax adjusted for non-cash effects items of RMB6.25 million after accounting of negative changes in working capital amounting to RMB0.89 million.

The Group has investing activities in 2Q FY2022 and purchased the office equipment amounting to RMB0.01 million in 1Q FY2022.

The Group's net cash generated from financing activities amounting to RMB25.02 million mainly due to the new secured loan RMB30 million obtained from JRC Bank, new non-secured loan amounting to RMB9.5 million from WX and non-secured loan amounting to RMB4 million from BOC including the payoff of the secured loan of RMB9.49 million to JRC Bank and the non-secured loan of RMB8 million to BOC. The interest expenses of the bank loans were RMB0.98 million in 2Q FY2022. The Subsidiary has received the cash from Mr. Liu Ming for the IPT Principal Loan amounting to RMB0.91 million on 30 May 2022 and interest due from IPT Loan amounting to RMB15,279 on 8 June 2022. Mr. Liu Ming has paid extra amount for RMB476.56 for the interest due to the Subsidiary for RMB106,307 on 31 December 2021 i.e. paid RMB106,783.56. All the interest received from IPT Loan has offset with the payment of interest due to the BOC's Bank.

In 2Q FY2022, the Group had a positive cash inflow of RMB24.66 million.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer opinion

(i) Updates on the efforts taken to resolve each outstanding audit issue

In the Group's latest audited financial statements for the financial year ended 31 December 2020 ("FY2020"), RT LLP ("EA") has issued a disclaimer of opinion in respect of: (i) Going concern assumption; (ii) Impairment testing on property, plant and equipment; (iii) Impairment assessment of investment in subsidiaries; and (iv) Opening balances and comparative figures.



Going concern assumption

The Group has successfully renewed the secured loan facility with the JRC at an interest rate of 5.21% per annum on 15 June 2021. In 2021, the Group has further obtained an un-secured loan for RMB8 million from BOC with interest rate of 4.35% per annum. The Group has subsequently received non-secured loans of RMB6 million on 31 March 2021 and RMB2 million on 30 July 2021 respectively from BOC. The Group has fully repaid the loan of RMB9.49 million to the JRC on 14 February 2022. Subsequently, the Group has obtained a new secured loan amounting to RMB20 million on 14 February and RMB10 million on 16 February 2022 from the JRC at interest rate of 4.2% per annum.

The Group has repaid the non-secured loan to BOC on 31 March 2022 amounting to RMB8 million. The Group has further obtaining a new non-secured loan from BOC on 31 March 2022 with interest rate of 3.7% per annum.

The Group has met the bank officers of WX and obtaining 2 new non-secured loans amounting to RMB5 million on 30 March 2022 and RMB4.5 million on 31 March 2022 with interest rate of 4.7% per annum.

The Group is able to maintain and work on improving its liquidity position for the continuing operational existence of the Subsidiary.

The Group has addressed the immediate issue on the going concern issued by the EA. Based on the information available, the Board is of the opinion that the Group should be able to operate as a going concern entity, barring any unforeseen circumstances.

The Board has taken efforts to resolve the audit issues raised by the EA under the disclaimer of opinion.

(ii) Confirmation from the Board that the impact of outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that all impact of outstanding audit issues on financial statements in relation to FY2020 have been adequately disclosed.

4. 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 operating period and the next 12 months

The Chinese economy shrank by a seasonally adjusted 2.6% on quarter in the three months to June 2022, compared with market estimates of 1.5% drop and after an upwardly revised 1.4% growth in the previous quarter. This was the first quarterly contraction since the first quarter of 2020, when an outbreak of COVID-19 in Wuhan, first detected in late 2019, turned into a full blown epidemic. Full or partial lockdowns were imposed in major Chinese cities from March through May of 2022, including the financial and commerce hub of Shanghai. China's statistics agency highlighted that the downward pressure on the economy has increased significantly from the June quarter onwards, with severe impacts from unforeseen factors. "The foundation of sustained economic recovery is not stable," it said, amid rising inflation risks globally, tightening monetary policies in major economies, and the impact of domestic virus outbreaks, as per data from the National Bureau of Statistics ("NBS"). Despite challenges from fresh COVID-19 outbreaks and geopolitical uncertainties, China's economy continues to recover. The Group is not directly involved in the sectors most severely impacted by COVID-19 pandemic.

The Group has taken aggressive steps in bidding for the tender awards from the major customer since 2019 to 2022. The contracts awarded from 2019 to 2022 amounted to RMB185.71 million, the contracts to be signed on hand amounted to RMB95.89 million as at 27 July 2022. The goods delivered to the major customers from 2019 to 30 June 2022 amounted to RMB86.05 million.

The Group has further improved the control in procurement and production reducing the gross loss margin. The Subsidiary has gross profit amounting to RMB4.63 million for the period from 1 January 2022 to 30 June 2022 which has proven that the management team has taken efforts improving the production efficiency of the Group.



5. Dividends information

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date payable

Not applicable

(d) Record date

Not applicable

(e) If no dividend has been declared/(recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared for 2Q FY2022 as the Group has been incurring losses since year 2017.

6. Interested person transaction

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions ("IPT").

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee ("AC"), and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. All IPT are subject for review by the AC to ensure compliance with the established procedures.

All IPT are subject for review by the Board and the AC.

Pursuant to Rule 907 of the Listing Manual of SGX-ST, the aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) is as follows:-

IPT Transaction : For the period from 21 May 2021 to 31 December 2021

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Loan to major shareholder, holding 26.998%, Mr. Liu Ming	RMB4,106,784	Not Applicable

There are no IPT entered into by the Group with the Borrower and his associates (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) for the current financial year commencing 1 January 2020 up to the date of this announcement on 27 May 2021.

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2019 ("FY2019"), the Group's latest audited net tangible assets ("Group NTA") is approximately RMB93.84 million as at 31 December 2019.



The Loan of RMB4 million provided to Mr. Liu Ming and the interest payable of RMB106,783.56 are approximately 4.376% of the Group NTA. Accordingly, no approval of the shareholders of the Company ("Shareholders") is required to be sought for the Loan pursuant to Rule 906(1)(b) of the Listing Manual of SGX-ST.

For the financial year commencing 1 January 2020 up to this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) is stated as above.

IPT Transaction : As at 31 December 2021 and as at 30 June 2022

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Loan to major shareholder, holding 26.998%, Mr. Liu Ming	RMB3,209,227	Not Applicable

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2020 ("FY2020"), the Group NTA is approximately RMB64.51 million.

A New Loan of RMB3.09 million granted to Mr Liu Ming and the interest payable of RMB119,227 are approximately 4.975% of the Group NTA for FY2020. Accordingly, no approval of the Shareholders is required to be sought for the Loan pursuant to Rule 906(1)(b) of the Listing Manual of SGX-ST.

For the financial year commencing 1 January 2021 up to the date of this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding transactions which are less than S\$100,000 and the Loan Agreement which is the subject of this announcement) is stated as above.

7. Update on use of net proceeds from placement

The Board refers to the previous announcements released on 25 June 2021 and 19 July 2021 in relation to the Use of Net Proceeds of approximately S\$1,235,420.92 raised from the Placement of 3,051,527 new ordinary shares at S\$0.423 each in the issued and paid-up share capital of the Company on 24 May 2021 (the "Net Proceeds") and wishes to provide an update on the use of Net Proceeds as of date of this announcement:

Description	SGD	RMB	HKD
Net Proceeds Raised as at 25 May 2021	1,235,420.92	*5,968,194.92	*7,224,741.54
Working Capital Required and Utilized on 25 June 2021	#1,206,703.83	5,653,548.77	6,903,340.00
Balance of Net Proceeds as at 30 June 2021	28,717.09	314,646.15	321,401.54
Working Capital Required and Utilized on 19 July 2021	28,717.09	314,646.15	321,401.54

Notes :

* The calculation is based on the Monetary Authority of Singapore ("MAS") exchange rates as at 25 May 2021 with SGD1 = RMB4.8309 and SGD1 = HKD5.848.

The amount is extracted from the bank debit advice as at 25 June 2021.



The balance of the Net Proceeds as at 25 June 2021 amounting to SGD28,717.09 was placed in the escrow account maintained with The United Overseas Bank Limited in Singapore. The amount of SGD28,717.09 has been utilized to make the partial payment of Directors' Fees for the financial year ended 31 December 2021 which was approved at the Extraordinary General Meeting held on 31 March 2021 and due for payment on 30 June 2021. This amount has been deducted from the Company's bank account on 19 July 2021.

The above utilizations are in line with the intended uses of the Net Proceeds stated in the Company's announcement released on 27 April 2021.

THE PLACEMENT

On 24 May 2021, the Company issued 3,051,527 new ordinary shares via share placement to one investor at an issue price of SGD0.423 per share, raising gross proceeds of approximately SGD1,290,795.92 ("the Placement"). The estimated Net Proceeds from the Placement (after deducting professional fees and related expenses of approximately SGD55,375) are approximately SGD1,235,420.92.

The Board of CZ3D has requested the Company to raise working capital for its daily operation amounting to RMB5,653,548.77 with the purpose of repayment of trade payables and procurement of machinery on 18 June 2021.

The Board of CZ3D has further commented that such working capital should be deposited to CZ3D through increasing of share capital by its foreign investor, Best Success (Hong Kong) Limited ("BS"). BS is holding 100% shareholdings of CZ3D and it is a company incorporated in Hong Kong.

On 31 May 2021, the Board of BS held a Board Meeting and a Board Minutes were recorded. 2 members of the Board of BS were present at the Board Meeting and 1 member was absent on 31 May 2021. The Board Minutes dated 31 May 2021 were notarized through the lawyer of Hong Kong, Liang Jin Ming, on 16 June 2021 and validated by The Ministry of Justice of The People's Republic of China entrusted Hong Kong lawyers with notarized documents used in the Mainland, China Legal Services (Hong Kong) Co., Ltd., Shenzhen No. 32951 «中华人民共和国司法部委托香港律师办理内地使用的公证文书, 中国法律服务(香港)有限公司, 深办第32951号» dated 17 June 2021.

On 18 June 2021, the Board of CZ3D held a Board Meeting and 2 Board Resolutions were signed by 2 out of 3 members of the Board of CZ3D. One resolution agreed that BS will increase the share capital of RMB5,653,548.77 of CZ3D and CZ3D will use the share capital of RMB5,653,548.77 to make the repayment to trade payables accounts as well as procurement of machineries.

On 25 June 2021, after reviewing the Board Resolutions of CZ3D, Board Minutes of BS and Notarized Documents of BS, the Board of the Company, 3 out of 4 have agreed to transfer the money of HKD6,903,340 equivalent to RMB5,653,548.77 to BS. The Board of the Company has agreed to use the Net Proceeds of HKD6,903,340 equivalent to RMB5,653,548.77 to increase the share capital of BS. Then, when BS received the Net Proceeds of HKD6,903,340, BS will transfer the sum to the bank account of CZ3D to increase the share capital of CZ3D to RMB5,653,548.77. Thereafter, CZ3D will use the money to pay the trade payables accounts and procurement of machineries.

The Company has utilized the Net Proceeds through injection of share capital of HKD6,903,340 (RMB5,653,548.77) from the Company to BS. Then, BS will further inject the share capital of RMB5,653,548.77 to CZ3D. Under China's Banking Rule and Regulations, as the Company does not have any direct relationship with CZ3D, the Net Proceeds could not transfer from the Company to CZ3D directly. Hence, the Net Proceeds has to be channeled through BS to CZ3D and CZ3D has lodged a report with Changzhou Municipal Bureau of Industry and Commerce (常州市工商局) to allow CZ3D to open a foreign investor injection fund bank account to receive the Net Proceeds amounting RMB5,653,548.77 from BS.

On 28 June 2021, Changzhou Municipal Bureau of Industry and Commerce (常州市工商局) has granted approval to approve CZ3D to update its share capital paid from RMB111,846,451.23 to RMB117,500,000 and the amount must deposit during July 2021. On 19 July 2021, CZ3D has received the share capital paid RMB5,653,548.77 from BS.



On 7 July 2021, CZ3D has successfully opened such foreign investor injection fund bank account with China Construction Bank and BS has transferred the amount of RMB5,653,548.77 to CZ3D at 4.16 pm on 13 July 2021 and this amount has been credited to CZ3D's foreign investor injection fund bank account on 19 July 2021.

On 13 July 2021, CZ3D has received the new purchased plant and machineries, namely 数控强力双头成形磨床 .MKLD7150 amounting to RMB1.72 million and it has completed fixed and used at 1 August 2021.

On 16 August 2021, CZ3D has received the new purchased plant and machineries, namely 数控机器人喷丸机 .KXS-3000P amounting to RMB0.94 million and it has completed fixed and used at 1 September 2021.

RATIONALE AND USE OF NET PROCEEDS

The Board of the Company is of the view that the Placement is beneficial to the Group as it has increased the resources and working capital available to the Company so as to pursue acquisition and/or business opportunities and improve cash flow, as part of management's strategy to achieve long-term growth and deliver shareholder value.

The estimated Net Proceeds from the Placement (after deducting professional fees and related expenses of approximately SGD55,375) are approximately SGD1,235,420.92 (the "Net Proceeds").

The Company intends to utilize the entire amount of the Net Proceeds for general working capital purposes to be used by the Company and CZ3D.

The Company has utilized the Net Proceeds through injection of share capital of HKD6,903,340 (RMB5,653,548.77) from the Company to BS. Then, BS will further inject the share capital of RMB5,653,548.77 to CZ3D. Under China's Banking Rule and Regulations, as the Company does not have any direct relationship with CZ3D, the Net Proceeds cannot be directly transferred from the Company to CZ3D. Therefore, the Net Proceeds must be channelled through BS. Thereafter, BS can then transfer it to CZ3D. CZ3D must lodge a report with Changzhou Municipal Bureau of Industry and Commerce (常州市工商局) and CZ3D has to open a foreign investor injection fund bank account to receive the Net Proceeds amount of RMB5,653,548.77 from BS.

The Company will comply with the rules and regulations of Cayman Islands, Singapore, Hong Kong and China on the utilization of the Net Proceeds.

The above utilization is in line with the intended uses of the Net Proceeds stated in the Company's announcement released on 27 April 2021.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hong Yong
Director

Simon Poh Siew Beng
Director

Singapore
13 AUGUST 2022