

SHANGHAI TURBO ENTERPRISES LTD.
(Incorporated in Cayman Island on July 14, 2005)

Quarterly Financial Statement and Dividend Announcement for the period ended 31 March 2010

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

The Directors are pleased to announce the unaudited operating results of the Group and the Company for the financial period ended 31 March 2010.

UNAUDITED RESULTS FOR THE PERIOD ENDED 31 MARCH 2010

- 1(a) **A comprehensive income statement (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 2010

	Group		+ / (-)
	3 months ended		
	31 Mar 2010 RMB'000	31 Mar 2009 RMB'000	
Revenue	32,998	31,691	4%
Cost of sales	(23,146)	(24,512)	(6%)
Gross profit	9,852	7,179	37%
Other operating income	197	50	294%
Selling and distribution expenses	(749)	(387)	94%
Administrative expenses	(3,752)	(3,801)	(1%)
Finance costs	(6)	(5)	20%
Profit before income tax	5,542	3,036	83%
Income tax	(1,661)	(447)	272%
Net profit after tax	3,881	2,589	50%
Other comprehensive income:			
Currency translation differences	19	131	(85%)
Total comprehensive income attributable to equity shareholders of the Company	3,900	2,720	43%

NM – Not meaningful

Note: Profit before tax was determined at after charging / (crediting) the following:

	Group		+ / (-)
	3 months ended		
	31 Mar 2010	31 Mar 2009	
	RMB'000	RMB'000	
Depreciation expense	3,299	3,029	9%
Amortisation of deferred expenditure	50	388	(87%)
Interest income	(51)	(25)	104%
Foreign exchange loss	-	282	NM
Gain on disposal of property, plant and equipment	(26)	-	NM

NM – Not meaningful

1(b)(i) A balance sheet (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.

UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2010

	Company		Group	
	Unaudited 31 Mar 2010 RMB'000	Audited 31 Dec 2009 RMB'000	Unaudited 31 Mar 2010 RMB'000	Audited 31 Dec 2009 RMB'000
ASSETS				
Current Assets				
Cash and bank balances	18	18	64,131	60,318
Trade receivables	-	-	42,402	38,451
Other receivables, deposits and prepayments	46	-	5,494	1,492
Amount due from subsidiary	16,500	-	-	-
Inventories	-	-	9,393	14,906
Prepaid lease payments	-	-	195	195
Total current assets	16,564	18	121,615	115,362
Non-Current Assets				
Investment in subsidiaries	156,236	156,236	-	-
Property, plant and equipment	-	-	103,773	107,239
Prepaid lease payments	-	-	8,936	8,986
Total non-current assets	156,236	156,236	112,709	116,225
Total assets	172,800	156,254	234,324	231,587
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables	-	-	28,181	27,393
Other payables and accruals	1,143	1,275	9,953	13,555
Amount due to subsidiaries	20,501	19,682	-	-
Income tax payable	-	-	1,661	10
Total current liabilities	21,644	20,957	39,795	40,958
Equity attributable to the equity holders of the Company:				
Share capital	55,409	55,409	55,409	55,409
Share premium	81,527	81,527	81,527	81,527
Statutory reserves	-	-	7,808	7,808
Foreign exchange reserve	-	-	33	14
Proposed final dividend	13,734	-	13,734	-
Retained earnings	486	(1,639)	36,018	45,871
Total equity	151,156	135,297	194,529	190,629
Total liabilities and equity	172,800	156,254	234,324	231,587

1(b)(ii) Aggregate amount of Group's borrowings and debts securities

Amount repayable in 1 year or less, or on demand

Group As at 31 Mar 2010		Group As at 31 Dec 2009	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
NIL	NIL	NIL	NIL

Amount repayable after 1 year

Group As at 31 Mar 2010		Group As at 31 Dec 2009	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
NIL	NIL	NIL	NIL

- 1 (c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2010

	Group	
	3 months ended	
	31 Mar 2010 RMB'000	31 Mar 2009 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before income tax	5,542	3,036
Adjustments for :		
Depreciation expense	3,299	3,029
Amortisation expense	50	388
Translation difference	19	131
Interest income	(51)	(25)
Gain / Loss on disposal of fixed assets	(26)	-
Operating profit before working capital changes	8,833	6,559
Inventories	5,513	3,743
Trade receivables	(3,951)	(3,594)
Other receivables	(4,002)	1,934
Trade payables	788	21
Other payables	(3,602)	(1,858)
Bills receivables	-	(305)
Cash generated from operations	3,579	6,500
Interest received	51	25
Income tax paid	(10)	(67)
Net cash from operating activities	3,620	6,458
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(1,214)
Proceed from disposal of PPE	193	-
Net cash flows from/(used) in investing activities	193	(1,214)
FINANCING ACTIVITIES		
(Increase)/decrease in placed bank deposits	(1,715)	5,959
Repayment of bank borrowings	-	(5,000)
Net cash (used in)/from financing activities	(1,715)	959
Net increase in cash and cash equivalents	2,098	6,203
Cash and cash equivalents at beginning of period	53,808	21,032
Cash and cash equivalents at end of period	55,906	27,235

Cash and bank balances comprise the following:-

	Group	
	3 months ended	
	31 Mar 2010 RMB'000	31 Mar 2009 RMB'000
Cash and cash equivalent	55,906	21,032
Pledged cash placed with bank	8,225	5,959
	64,131	26,991

1 (d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	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 2009	55,409	81,524	6,467	68	-	37,559	181,027
Total comprehensive income/ (expenses) for the year	-	-	-	131	-	2,589	2,720
Balance as at 31 Mar 2009	55,409	81,524	6,467	199	-	40,148	183,747

Group	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 2010	55,409	81,527	7,808	14	-	45,871	190,629
Total comprehensive income / (expenses) for the year	-	-	-	19	-	3,881	3,900
Proposed final dividend	-	-	-	-	13,734	(13,734)	-
Balance as at 31 Mar 2010	55,409	81,527	7,808	33	13,734	36,018	194,529

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 2009	55,409	81,524	-	-	-	2,007	138,940
Total comprehensive expenses for the year	-	-	-	-	-	(401)	(401)
Balance as at 31 Mar 2009	55,409	81,524	-	-	-	1,606	138,539

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 2010	55,409	81,527	-	-	-	(1,639)	135,297
Total comprehensive expenses for the year	-	-	-	-	-	15,859	15,859
Proposed final dividend	-	-	-	-	13,734	(13,734)	-
Balance as at 31 Mar 2010	55,409	81,527	-	-	13,734	486	151,156

- 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 2008	274,682,760	6,867,069	55,408,916
Exercise of Warrants as at 20 November 2009	2,000	50	341
Issued and paid Share Capital as at 31 December 2009	274,684,760	6,867,119	55,409,257

	Number of shares	Issued share capital USD	Issued share capital RMB
Issued and paid Share Capital as at 31 March 2010	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 2010	31 December 2009
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.

The Group has adopted the same accounting policies and methods of computation as compared to the most recent audited financial statements as at 31 December 2009, except for the new and revised Financial Reporting Standards (FRSs) which took effect from the current financial year.

5. **If there 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 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 Mar 2010	31 Mar 2009
Based on weighted average number of ordinary shares in issue (RMB cents)	1.41	0.94
Weighted average number of ordinary shares in issue for basic earnings per share	274,684,760	274,682,760
On a fully diluted basis (RMB cents)	-	-

There is no dilution effect in earnings per share in respect of warrants at the end of 1QFY2010.

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 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
Net asset value per ordinary share based on the issued capital at the end of the financial year (RMB cents)	65.82	69.40	50.03	49.26
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

Income Statement

Compared to 1QFY2009, group total revenue increased from RMB31.7 million to RMB33.0 million in 1QFY2010, a 4% increase, reflecting greater fulfillment and deliveries of orders to customers.

Gross profit increased from RMB7.2 million to RMB9.9 million in 1QFY2010. The increase in gross margin rates for 1QFY2010 was mainly due to lower direct materials consumed and external subcontract charges.

Other operating income increased from RMB50,000 to RMB197,000 in 1QFY2010, due to higher Interest income reflecting strong cash flow during the quarter.

Administrative expenses remain unchanged at RMB3.8 million in 1QFY2010.

Selling and distribution expenses increased from RMB387,000 to RMB749,000 in 1QFY2010 due to higher selling expenses for 1QFY2010.

Finance costs increased from RMB5,000 to RMB6,000 in 1QFY2010 due to increase in bank charges.

Income tax expense increased from RMB447,000 to RMB1.7 million in 1QFY2010 due to the expiry of the tax holiday of the Group's PRC subsidiary as at the end of FY2009, and corporate income tax rate of 25% is applicable from FY2010.

As a result, net profit after tax for the Group increased from RMB2.6 million to RMB3.9 million in 1QFY2010, a 50% increase over 1QFY2009.

Currency translation difference was reduced from RMB131,000 to RMB19,000 in 1QFY2010 due to foreign exchange reserve derived from consolidation.

Overall, the total comprehensive income attributable to equity shareholders of the company increased from RMB2.7 million to RMB3.9 million in 1QFY2010.

Balance sheet

Trade receivables increased to RMB42.4 million as at 31 March 2010 from RMB38.5 million due to slower payment made by customers during the period.

Other receivables, deposits and prepayments were increased to RMB5.5 million as at 31 March 2010 from RMB1.5 million, mainly due to deposit paid to supplier for acquisition of new equipment.

Inventories had reduced to RMB9.4 million as at 31 March 2010 from RMB14.9 million reflecting reduction in procurement during the period.

Property, plant and equipment decreased to RMB103.8 million as at 31 March 2010 from RMB107.2 million. Costs of old motor vehicles disposed during the period were RMB463,000.

Trade payables were increased to RMB28.2 million as at 31 March 2010 from RMB27.4 million. This also included bill payables of RMB14.0 million (2009: RMB12.2 million) issued to suppliers for the settlement of outstanding balances. As at 31 March 2010, these bills have yet to mature. RMB8.2 million of cash was pledged with the bank for this facility.

Other payables and accruals were decreased to RMB10.0 million as at 31 March 2010 from RMB13.6 million mainly due to partial payment of sales commissions accrued for FY2009.

Cash Flow Statement

Net cash generated from operating activities in 1QFY2010 was RMB3.6million, reflecting an increase in operating profit before income tax and in inventories and a decrease in trade payables, but offset by decreases in trade and other receivables and other payables.

Net cash from investing activities in 1QFY2010 was RMB193,000, from disposal of old motor vehicles.

Net cash used in financing activities in 1QFY2010 was RMB1.7 million reflected an increase in cash pledged with bank.

As a result of the above, there was a net increase in cash and cash equivalents of about RMB 2.1 million in 1QFY2010.

Review of the Company's Performance

Balance sheet

Other receivables, deposits and prepayments increased to RMB46,000 as at 31 March 2010 due to insurance prepaid for year 2010.

Amount due from subsidiary of RMB16.5 million represented the dividend receivable from a subsidiary.

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 Group believes that with its established relationships with its suppliers and customers, and its strong cash position, it will be able to better deal with the challenging market conditions going forward.

Barring unforeseen circumstances, the Group is cautiously optimistic of the business prospects for the current financial year.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) The date dividend is 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 or recommended.

13. Confirmation of Interim Financial Statements (First quarter) as at 31 March 2010 (1QFY2010)

Pursuant to SGX Listing Rule 705(5), the Directors of Shanghai Turbo Enterprises Ltd. 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 1QFY2010 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 & CEO

14 May 2010