

SHANGHAI TURBO ENTERPRISES LTD.

(Company Registration No.: CT-151624)

Incorporated in the Cayman Islands

RESPONSE TO SGX QUERIES ON COMPANY'S FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 PUBLISHED ON SGXNET ON 13 MAY 2022

The Board of Directors (the "Board") of Shanghai Turbo Enterprises Ltd. (the "Company") wishes to announce the following in response to the subsequent queries raised by The Singapore Exchange Securities Trading Limited ("SGX-ST") on the Company's response to SGX-ST's queries in relation to the Company's financial statements for the three months ended 31 March 2022 published on SGXNet on 31 May 2022.

Question #1:

We note the Company had obtained loans amounting to RMB43,500,000 as at 31 March 2022. Please disclose how the Company has deployed the monies obtained from the loan.

Company's Response

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 31 March 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 secured loan of RMB30 million granted from Jiangnan Rural Commercial Bank ("Jiangnan Bank") has used to offset the old secured loan amounting to RMB9.49 million and the balance of RMB20.51 million has used to pay off the suppliers.

The unsecured loan of RMB13.50 million has used to offset the unsecured loan of RMB8 million and the balance of RMB5.5 million has used to pay the supplier.

Question #2:

Loan to Mr Liu Ming

- (a) What was the basis for the Board's agreement to grant the loan to Mr Liu Ming for his personal purpose?

Company's Response

Mr. Liu Ming has put forth his private residential property with an evaluated valuation of RMB4.4 million as collateral and secured the bank loan of RMB4.4 million from Bank Of Communications Limited ("BOC") as well as provided personal guarantee of RMB1.8 million on 31 March 2021 to assist CZ3D to obtain a non-secured loan of RMB6.2 million in 2021. BOC has provided the loan of RMB6 million on 31 March 2021 and RMB2 million on 30 July 2021, totaled loan amount of RMB8 million.

The loan was provided to Mr Liu Ming on 21 May 2021 as he required the fund for personal use and the approval is based on the CZ3D's Board Resolution signed on 26 March 2021.

- (b) With regard to the old tenure loan for the period 21 May 2021 to 31 December 2021, please disclose the amount repaid by Mr Liu Ming by 31 December 2021 (if any).

Company's Response

Mr. Liu Ming has paid the interest due for the period from 21 May 2021 to 31 December 2021 amounting to RMB106,783.56 as at 31 December 2021.

- (c) What efforts have the Company expended for the repayment of the principal sum?

Company's Response

The Board has communicated with Mr Liu Ming and Mr Liu Ming informed the Board that he has pledging his only private property on behalf of CZ3D and he has no longer can obtain any loan from bank due to without have any collateral secured assets.

In view of the above, the Board has expended the repayment of the principal loan sum with a new loan amounting to RMB3.09 million from BOC.

- (d) We note Mr Liu Ming paid the principal amount IPT loan amount of RMB 0.91 million in cash on 30 May 2022. Was this a late payment? If so, was additional interest charged by the Company, and if not, why not? Please also explain why Mr Liu Ming only made repayment on 30 May 2022.

Company's Response

This was a late payment.

As of to-date, the Company has not charged any interest to Mr. Liu Ming.

Loan Tenure Period	Principal Amount	Interest Rate	No. Of Days	Interest Payables	Total Principal & Interest Payables
	RMB'000	%		RMB'000	RMB'000
1 Jan 2022 - 30 Mar 2022	910	4.35%	89	9.652	
31 Mar 2022 - 30 May 2022	910	3.70%	61	5.627	
1 Jan 2022 - 30 May 2022	910		150	15.279	925.279

Based on the bank loan interest rate, the Company will need to charge Mr Liu Ming late interest amounting to RMB15,279 and it will be executed based on CZ3D's Board Resolution.

The late repayment was due to Mr Liu Ming has certain personal matters.

(e) Please disclose the Board's consideration for extending the loan tenure.

Company's Response

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2020 ("FY2020"), the Group's latest audited net tangible assets ("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 was approximately 4.975% of the Group NTA for FY2020. Accordingly, no approval of 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. An announcement had being made by the Company on [Date of announcement] pursuant to Rule 905(2) of the Listing Manual of SGX-ST as the aforesaid percentage figure exceeded the relevant threshold of 3.0%.

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.

Each loan provided for IPT will be calculated based on the Group latest audited net tangible assets, therefore, the loan tenure has fixed for a year.

**BY ORDER OF THE BOARD
SHANGHAI TURBO ENTERPRISES LTD.**

Hong Yong
Non-Executive Chairman & Lead Independent Director

7 June 2022