

# SHANGHAI TURBO ENTERPRISES LTD.

(Company Registration No.: CT-151624)

Incorporated in the Cayman Islands

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## RESPONSE TO SGX QUERIES ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024("Q3FY2024 FINALCIAL STATEMENTS")

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### Query #1

We note the Company's representation on page 24 of the unaudited financial statements in response to "Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results".

Please clarify whether a forecast, or a prospect statement, has been previously disclosed to shareholders. If yes, please disclose any variance between it and the actual results.

### Company's Response to Query #1

In its report for the first quarter of 2024, the company mentioned that its sales target for 2024 is to increase sales by 5% compared to 2023.

Sales increased 3% in the third quarter of 2024 compared to the same period in 2023, and full-year 2024 revenue is expected to be slightly higher than 2023, but missed the 5% forecast.

The main reason why the target can not be achieved is that due to the fierce market competition, the sales price of the product has dropped by about 5% compared with 2023, resulting in the reduction of the added value of the product, coupled with the rising raw materials, labor costs and other factors, resulting in a decline in the gross profit margin of the product.

The company is also actively exploring the market, developing new customers, strengthening internal cost control and other ways to improve corporate efficiency.

### Query #2

It is disclosed on page 19 of the unaudited financial statements that "The trade payables increased from RMB22.72 million in YTD 4Q FY2023 to RMB27.67 million in YTD 3Q FY2024.".

### Company's Response to Query #2

The significant increase in accounts payable was mainly due to the concentrated delivery of the company's two major raw material suppliers in the third quarter of 2024, resulting in a substantial increase in book accounts payable, as of the third quarter of 2024, the balance of accounts payable of these two suppliers alone increased by RMB 4.62 million compared with the fourth quarter of 2023. It should be noted that the increase in the accounts payable is caused by the company's normal production and operation behavior, and the accounts payable are also within the account period agreed by both parties, and the company is fully capable of fulfilling the due debts on time.

Zhang Wenjun

Non-Executive and Lead Independent Director

26 September 2024