



SHANGHAI TURBO ENTERPRISES LTD. <sup>4</sup>  
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**AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2024 PURSUANT TO RULE 704(5) OF THE LISTING MANUAL**

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Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Board**") of Shanghai Turbo Enterprises Limited (the "**Company**") wishes to announce that the independent joint auditors, Nexia Singapore PAC and NLA DFK Assurance PAC auditor of the Company, have issued a disclaimer of opinion in the independent auditor's report in respect of the Company's consolidated financial statements for the financial year ended 31 December 2024 ("**Independent Auditor's Report**").

The nature and contents of the disclaimer of opinion are contained in the Independent Auditors' Report annexed to this announcement.

**BY ORDER OF THE BOARD**

Zhang Wenjun  
Non-Executive and Non-Independent Director  
29 June 2026

**Nexia Singapore PAC**

Chartered Accountants of Singapore

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黄李 DFK 会计师事务所

(Registration No. 201802889C)

**INDEPENDENT JOINT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LTD.**

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**Report on the Audit of the Financial Statements*****Disclaimer of Opinion***

We were engaged to audit the financial statements of Shanghai Turbo Enterprises Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of the financial position of the Company as at 31 December 2024 ("FY2024"), consolidated statement of comprehensive income of the Group and statements of changes in equity of the Group and the Company, and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes of equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

***Basis for Disclaimer of Opinion*****(1) Opening balance*****Limitation of scope in respect of opening balances as at 1 January 2024***

As the relevant supporting documents were unavailable and management was unable to provide us with satisfactory explanations or other evidence in respect of matters relating to the opening balances as at 1 January 2024, we were unable to perform alternative audit procedures to obtain sufficient appropriate audit evidence on the following matters:

- a) the assessment on impairment of trade receivables of the Group
- b) the assessment on the provision of inventory obsolescence of the Group
- c) the cut-off of revenue and trade receivables, as stated in paragraph 2(a) and 2(b) of the *Basis for Disclaimer of Opinion* section below

In view of the above matters that remain unresolved, we are unable to determine whether the opening balances as at 1 January 2024 are fairly stated. Any adjustments to the accumulated losses as at 1 January 2024 would have consequential effects on the current year's consolidated financial statements. Since the opening balances as at 1 January 2024 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2024, we are unable to determine whether adjustments might have been necessary in respect of the Group's financial statements for the financial year ended 31 December 2024.

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**INDEPENDENT JOINT AUDITORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LTD.**

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***Basis for Disclaimer of Opinion (Continued)***

**(2) Trade receivable balance and revenue**

As at 31 December 2024, the Group's trade receivables and contract assets, included a trade receivable balance of RMB16,418,000 (net of allowance for impairment losses of RMB8,057,000) and contract assets balance of RMB2,075,000 owed by a major customer (Customer A) (2023: trade receivable balance of RMB17,052,000 (net of allowance for impairment losses of RMB1,545,000) and contract asset balance of RMB2,186,000). As disclosed in **Note 30(iii)** to the financial statements, sales to Customer A accounted for 78% of the Group's revenue for the financial year ended 31 December 2024 ("FY2024") (2023: 77%).

As at the date of this report, we are unable to obtain sufficient appropriate audit evidence to determine the timing of the transfer of control of the promised goods to Customer A and accordingly, whether revenue had been recognised in the appropriate reporting period in accordance with the International Financial Reporting Standards ("IFRS").

Consequently, we were unable to determine whether any adjustments were necessary in respect of:

- a) The revenue for FY2024 and corresponding effect on the carrying amount of trade receivables as at 31 December 2024; and
- b) The potential effect on the opening balances of trade receivables and accumulated losses as at 1 January 2024 as well as any consequential impact to the financial statements of FY2024.

**(3) Borrowings under entrusted payment arrangements**

As disclosed in **Note 14** to the financial statements, the Group had borrowings amounting to RMB42,500,000 (2023: RMB44,500,000) as at 31 December 2024, of which RMB25,000,000 comprised secured borrowings obtained under entrusted payment arrangements with several banks.

During the financial year, certain loan proceeds amounting to RMB12,500,000 during the financial year ended 31 December 2024 were remitted by the banks to designated suppliers before remitting back to the Group on the same day. Based on the audit evidence available to us, we were unable to determine the purpose of the entrusted payment arrangements, or whether the transactions complied with the terms and conditions of the relevant loan agreements.

We were unable to obtain sufficient appropriate audit evidence whether these arrangements resulted in any breach of contractual terms. Neither were we able to perform other satisfactory alternative audit procedures to address these matters. Accordingly, we were unable to determine whether any adjustments or additional disclosures were required in respect of the Group's borrowings including the compliance with loan covenants and the appropriateness of the going concern assessment.

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**INDEPENDENT JOINT AUDITORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LTD.**

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***Basis for Disclaimer of Opinion (Continued)***

**(4) Provision for government fine and contingent liability**

As disclosed in **Note 15** to the financial statements, a subsidiary of the Group, Changzhou 3D Technological Complete Set Equipment Co., Limited ("Changzhou 3D"), received a notice from a local government authority in 2017 relating to certain leasehold buildings constructed without obtaining the relevant permits and approvals required under applicable laws and regulations in the People's Republic of China ("PRC"). On 13 May 2019, Changzhou 3D received a notice imposing a fine of RMB3,060,000, which remains unpaid as at 31 December 2024.

As at the date of this report, no further correspondence, enforcement notices, rectification orders or updates had been received by Changzhou 3D from the relevant government authority. Management did not seek confirmation from the relevant government authority regarding the current status of the matter. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether the notice and fine remain valid and enforceable, whether the provision recognised by the Group remains appropriate, and whether any additional liabilities, penalties, rectification costs or disclosures may be required in the financial statements.

As a result, we were unable to determine whether any adjustments to, or additional disclosures in, the accompanying financial statements were required, and the effect, if any, of this matter on the accompanying financial statements.

**(5) Use of going concern basis**

The following conditions, among other factors as disclosed in **Note 2.2**, indicate the existence of events or conditions that may cast significant doubt on the ability of the Group and the Company to continue as going concerns:

- a) The Group's and the Company's current liabilities exceeded their current assets by RMB34,253,000 and RMB37,605,000 respectively as at 31 December 2024.
- b) The Group is in a net loss position for FY2024 and FY2023.
- c) The Group continue to incur losses for the subsequent periods, based on the unaudited results for the financial year ended 31 December 2025 and the three months ended 31 March 2026 as announced via SGXNet.

These financial statements have been prepared using the going concern basis as the directors are of the view that, amongst others, the Group will be able to obtain continuous financial support from its bankers and generate positive cash flows from the operations.

As a result of the conditions stated above, and in conjunction with our concerns regarding the trade receivables and revenue recorded and entrusted payment arrangement as detailed in matter (2) and (3) above, including whether the borrowings had become repayable on demand as at 31 December 2024, we were unable to obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements, or whether any adjustments to the carrying amounts and classifications of assets and liabilities, or additional disclosures, might have been necessary.

Because of the significance and pervasiveness of the possible effects of the matters described above, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the accompanying consolidated financial statements, and the statement of financial position and changes in equity of the Company as of and for the financial year ended 31 December 2024.

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**INDEPENDENT JOINT AUDITORS' REPORT (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LTD.**

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***Other Matter***

The financial statements for the financial year ended 31 December 2023 were audited by another auditor whose report dated 8 July 2025 expressed a disclaimer of opinion on those financial statements.

***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing ("ISAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner/director on the audit resulting in this independent joint auditors' report are Mr. Koh Wee Kwang from Nexia Singapore PAC and Mr. Kenneth Ng Boon Chong from NLA DFK Assurance PAC.

*Nexia Singapore PAC*

**Nexia Singapore PAC**  
Public Accountants and  
Chartered Accountants  
Singapore

*NLA DFK*

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Date: 26 June 2026

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