

SHANGHAI TURBO ENTERPRISES LTD.

Company Registration No.: CT-151624

(Incorporated in the Cayman Islands)

RESPONSES TO QUERIES FROM SGX-ST

- A. Announcement dated 24 March 2023 entitled “Responses to Queries from SGX-ST on 21 March 2023”; and**
- B. Announcement dated 29 March 2023 entitled “Cessation of Non-Executive Independent Director, Mr Poh Siew Beng”**

Question 1

In the Company’s response to 1(a)(4), it states that “Zhang Rong and his accomplice has been arrested by Changzhou Public Security Department and waiting for the judgment of the District Court.”.

- a. Please disclose the nature of the offence under which Zhang Rong and his accomplice have been arrested. Is the “accomplice” a director and/or executive officer?
- b. Please clarify when the arrest took place and when the Board was made aware of the arrest.
- c. Listing Rule 703 provides that an issuer must announce any information known to the issuer concerning it which: (a) is necessary to avoid the establishment of a false market in its securities; or (b) would be likely to materially affect the price or value of its securities. Please provide the Board’s confirmation as to whether the arrest of Zhang Rong and his accomplice constitutes material information. Please also provide us with (i) the bases for the Company’s assessment if it is of the view that it is not material information and; a confirmation from the Board on its compliance with the listing rules and, in particular, Mainboard Rule 703; and
- d. If disclosures have previously been made, please provide the relevant details and extracts, if any.

Company’s Response to Question 1 (a) to (d)

According to Work Regulations on Case Inspection, Administrative Supervision Law, DIS Provisions on Confidentiality in Handling Cases of PRC, in order to tighten the confidentiality discipline of handling, standardize the confidentiality behavior of the handler, and ensure the process normally and orderly. Now the company cannot disclose the details/information to the public until it has received official legal documents because of these relevant laws and regulations. Once the company receives the legal documents, we will timely disclose the details to the public and SGX.

Question 2

In the Company's response to (1)(b), it states that "BOD has then taken a conservative approach to necessary disclosure, but all in the best interest of the company and shareholders". Please clarify what the Company meant by "conservative approach". Please also explain whether the "conservative approach" is in compliance with SGX-ST Mainboard Listing Rules, in particular Listing Rules 703 and 704.

Company's Response to Question 2

When the company ran into trouble, shareholder Liu Ming pledged both his personal property and personal credit to the bank to get loans, so that the company could be "survived". Around 2020, the company was short of core personnel who knows vane production and processing technology, processing flow and technology. After the consideration of CZ3D board, Mr Liu Ming was provisionally appointed as the chief consultant of the company to assist CZ3D in dealing with production matters. Considering that the appointment of the personnel is not within the scope of disclosure stipulated in the company's articles of association, and the technical consultant's responsibility is only limited to the professional support of the production technology link, which does not meet the requirement of disclosure of major matters.

Under the leadership of the former chairman of the Board Mr. Hong, about CZ3D hired shareholder Liu Ming as the "chief consultant" of the company, mainly responsible for the professional support of production and technical links. The Board discussed with the company's former CFO and HR Minister regarding employment contracts, compensation and procedures. The conclusion is that according to the articles of association, the appointment and resignation of GM, DGM and FC shall be announced, but Liu Ming is limited to give guidance and support in the production and technology link, which did not meet the requirements of major matters.

Question 3

In the Company's response to (1)(b), it states that "With regards to the disclosure parts (a) to (k), of 3 March 2023 announcement, we have consulted with Mr. Liu Ming, and all these provisions are his self-declaration and confirmation on those required forms and documents." Given the lawsuits against Liu Ming since 2017 to the settlement agreement in August 2020, we would appreciate it if the Company could make a clarification announcement as soon as practicable and no later than, 18 April 2023.

Company's Response to Question 3

The Company is in the process of preparing the clarification announcement and will release the same as soon as practicable after Mr Liu has confirmed the contents therein.

Question 4

In relation to the Company's response to question 2(b), it was disclosed that "In 2021, CZ3D paid Liu Ming a total of RMB218,665 (for 5 months, average at RMB43,733/month) and in 2022, a total of RMB368,245 (for 12 months, average at RMB30,687/month)." Please disclose the percentage of such consultant fees compared to the Company's

audited net tangible assets for the relevant financial years.

Company's Response to Question 4

We admit it is not appropriate to analyze the ratio based on the cumulative salary data and the time-point data of the net asset amount. We provide that the cumulative consultant fee compared with the cumulative human resource fee during the same period is as follows:

- The total annual salary in 2021 was 21,457,631 CNY, with the consultant fee accounting for 1.02%;
- The total annual salary in 2022 was 20,746,920 CNY, with the consultant fee accounting for 1.77% ;
- In general, the consultant fee is normal both in the total amount and as a percentage of the total salary.

Question 5

Following the cessation of Mr Poh Siew Beng, the Chairman of the Audit Committee, effective 1 April 2023, please disclose (i) the identity and background of the personnel who is currently overseeing the role of the financial controller; and (ii) the Audit committee's assessment and the bases for such assessment of whether the personnel has the competence to oversee the relevant accounting and related financial management of the Group.

Company's Response to Question 5

The Company is actively seeking a suitable candidate to fill the vacant position of Chairman of AC. At present, Mr Zhang and Mr Foo are responsible for the company's financial audit supervision. Mr Zhang has worked in both the bank branch and securities branch for many years with rich experience in operation and management and has the ability of audit supervision. Mr Foo has more than 20 years of management experience in a number of multinational companies in the United States and Singapore.

The board has always taken it as one of the company's important tasks to improve the corporate governance structure, strengthen both internal and external supervision, and ensure the effective operation of important internal controls such as information disclosure of listed company and financial management. Please trust that now the company is in good business condition and financial condition under the leadership of Mr Zhang, Mr Foo, and Mr Liu.

By Order of the Board

Foo Chee Meng
Non-Executive Chairman and Independent Director
19 April 2023