



SUSTAINABILITY REPORT 2021

Shanghai Turbo Enterprises Ltd.



Figure 1. Main Building of Changzhou 3D Technological Complete Set Equipment Co., Ltd. (“CZ3D”) wholly owned subsidiary of Shanghai Turbo Enterprises Ltd. (“the Company”)

OUR CORE VALUES

“Integrity, quality, customer satisfaction and innovation” are the pillars on which the success of Shanghai Turbo Enterprises Ltd. (the “Company”) is built and they continue to be firmly grounded as the corporate values embraced by the Board, Management and Staff of STE. The trademark of its Subsidiary, Changzhou 3D Technological Complete Set Equipment Co., Ltd. was registered in China on 7 August 2008 and 7 December 2009, it proved that it has embodies grace, trust and enduring qualities of a faithful partner of our customers, providing them with quality services and products.

Dedicated to total services and lean manufacturing methods, the Group is committed to transforming our customers’ vision, needs and imagination into reality with our capabilities, eventually partnering them in achieving their goals and vision.

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OUR COMPANY AT A GLANCE

Shanghai Turbo Enterprises Ltd. (the “Company”) is a limited liability company domiciled and incorporated in the Cayman Islands and listed on the Main Board of the Singapore Exchange Securities Trading Limited. The Company’s registered office address is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is located at No.9, Yinghua Road, Zhonglou Economic Development Zone, Changzhou City, Jiangsu Province, 213016 The People’s Republic of China (“PRC”).

The principal activity of the Company is that of investment holding. The Company has invested in Best Success (Hong Kong) Limited (“BS”) in Hong Kong as investment holding company and BS has further invested in Changzhou 3D Technological Complete Set Equipment Co., Ltd (“CZ3D” or “Subsidiary”) as manufacturing of vane products and relating subcontracting services.

The Company is a precision engineering group that specializes in the production precision vane products, mainly stationary vanes, moving vanes and nozzles. These vanes are the key components of steam turbine generators used for power generation in power plants, power stations and / or substations. They are also essential components mounted onto steam turbine generators to maximize the efficiency of steam flow in the generation of electricity.

With many years of experiences in the business, its vertically integrated production structure, well-equipped the facilities and skilled staffs, the Group is able to offer clients a complete service from design to fabrication and completed product as special requested by the various customers in worldwide.

Our philosophy and management practice of ensuring quality at every stage of production ensures that quality is never compromised at the Group. Our forward-looking management ensures that the Group remains a competitive player in the market sectors we focus on.

We continually strive to improve our service capabilities in line with various local and international standards, including the following:

Manufacturing and Service Quality – ISO9001:2015

- CZ3D has ISO9001 certification for Quality Management Systems since 2002 and benchmarks performance of our products and service management relative to our peers, identifying best industry practices in our continuing quest for excellence and competitiveness.
- We have been certified with ISO9001:2000 and such certification was further renewed for the period from 27 June 2019 up to 26 June 2022 with ISO9001:2015.
- Clear guidelines and regular trainings are provided to our employees to ensure that our products are manufactured according to required specifications addressing our customers’ requirements effectively.

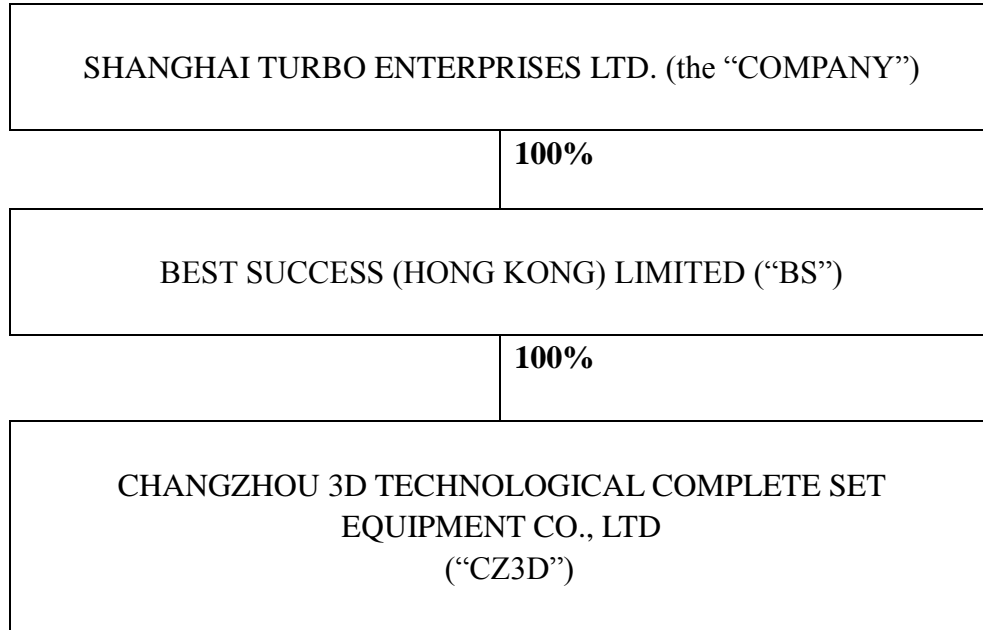
Environmental Management System – ISO 14001:2015

- CZ3D has in place a formal environmental policy to demonstrate to stakeholders our commitments and approach to continuously improving the environmental protections. We have also been certified with ISO14001:2004 and such certification has been further renewed for the period from 27 June 2019 up to 26 June 2022 with ISO14001:2015. We have been regularly assessed the system effectiveness both internally and externally to achieve continuous improvement.

Occupational Health and Safety Management System – ISO45001:2018

- CZ3D works relentlessly with both employees and subcontractors promoting health and safety at our manufacturing sites and operations areas. We also cultivate a sense of responsibility for health, safety and well-being throughout our entire Group. As such, we have achieved the ISO45001 certification.

CORPORATE STRUCTURE



ABOUT THE REPORT

This is Shanghai Turbo Enterprises Ltd.'s fifth sustainability report (the "Report") and covers our performance for the financial year from 1 January 2021 to 31 December 2021 ("FY2021"). This Report covers our operations in China, and has been prepared in compliance with Rules 711A and 711B of the Listing Manual of The Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Rules") as well as the SGX-ST's Sustainability Reporting Guide. The Global Reporting Initiative ("GRI") Standards have been referenced for reporting on material topics as it is used internationally as a reporting framework and provides a holistic framework for us to address social, environmental and governance topics.

The Company applies a standardised approach to data collection and analysis across our operations in China.

We have not sought independent external assurance of the data of this report.

The report is available for download from SGX website.

We welcome and value our stakeholders' feedbacks. Please address all feedbacks and suggestions to elaine@shanghaiturbo.com.

BOARD STATEMENT

The Board of Directors (the “Board”) of the Company is pleased to present the fifth sustainability report for the Group’s financial year ended 31 December 2021 (“FY2021”). The Board is responsible for the overall directions of the Group’s operations and business developments while monitoring and reviewing corporate governance practices across all operations.

The Board believes the importance of sustainability report and is considering sustainability of Environmental Social and Governance (“ESG”) factors as part of its strategic consideration.

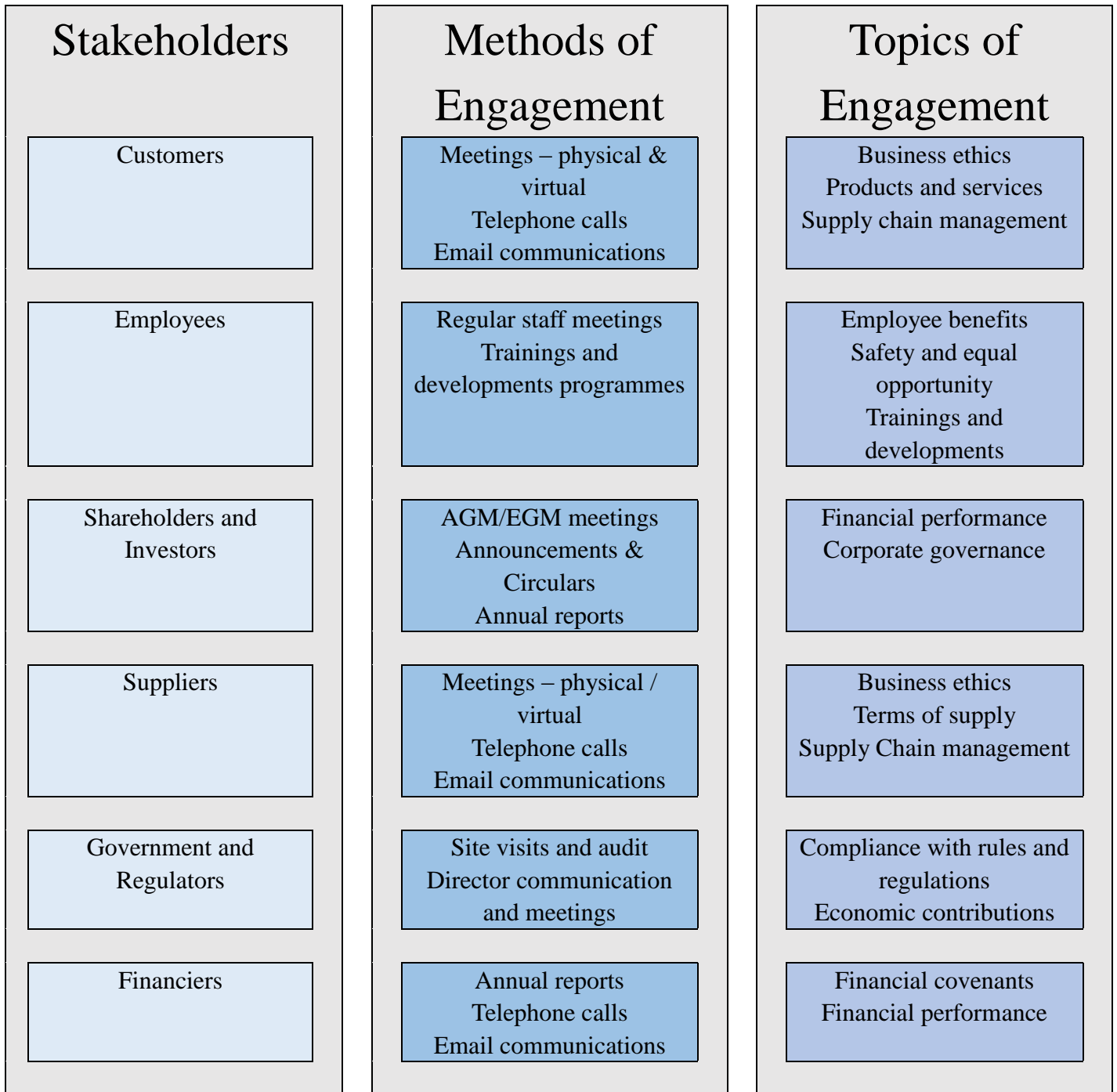
Notwithstanding the challenges of the COVID-19 Pandemic (“the Pandemic”), the Group remains focus on achieving its long-term sustainability goals by adopting a phased approach. We aim to progressively enhance our sustainability performances while growing our business in the long-term.

The Report seeks to present accurately the practices and performances in our quest to be a sustainable and responsible corporate citizen in China. The ESG matters in this Report have been reviewed by the Board.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Engaging with stakeholders who are connected with the Group deepens our understanding of the evolving expectations and views about the Company’s ESG matters.

We engage regularly with a range of stakeholders on topics of interest to them through multi-channels as summarized in the chart below. In addition to on-going dialogue with stakeholders as part of our day-to-day operations, we also evaluate on annual basis the pertinence of our identification of ESG factors taking into consideration how external and internal situation evolve.



MATERIALITY ANALYSIS

The Company reviewed the relevance of the various ESG topics first identified in FY2017 based on discussions with our internal and external stakeholders. We refined our materiality matrix with inputs from senior management, and grouped these topics into three key Sustainability Focus Areas :

1. Governance and Compliance
2. Environmental Stewardship
3. Employee Management

We expanded the uses of relevant GRI standards to report on the practices and performance of material topics.

Sustainability Focus Area	Material Topics	Relevant GRI Standards
Governance and Compliance	Anti-Corruption	GRI 205-3 Anti-Corruption
	Socio-economic Compliance	GRI 419-1 Socio-economic Compliance
Environmental Stewardship	Environmental Compliance	GRI 307-1 Environmental Compliance
	Waste Management	GRI 306-2 Waste
	Energy & Emissions Management	GRI 302-1 Energy GRI 305-2 Emissions
Our Employees And Partners	Employee Welfare	GRI 401-1 Employment
		GRI 405-1 Diversity & Equal Opportunities
	Employee Development	GRI 404-1 Training & Education
	Occupational Health & Safety	GRI 403-1 to GRI 403-7 Occupational Health and safety

SUSTAINABILITY FOCUS AREAS

Governance and Compliance

To ensure compliance with legal and regulatory requirements and the high standards that the Company sets for itself, the Company adopted internal rules to govern the Company and processes for monitoring compliance with external and internal rules by all business units and functions in the Company.

Dealing in securities

The Company's Code of Conduct regarding dealings in the securities of the Company by Directors and officers in the Group is based on Listing Rule 1207(19).

The Company issues reminders to all Directors and officers informing them that they are not permitted to deal in the Company's securities / shares during the period commencing one month before the announcement of the Company's half-year financial statements and full-year financial statements, or if they are in possession of unpublished price-sensitive information of the Company.

The Directors and employees are discouraged from dealing in the Company's securities / shares based on short-term considerations.

Directors are required to report to the Company Secretaries whenever they deal in the Company's securities / shares. The Company Secretaries update the Register of Directors' Shareholdings and make timely announcements on SGXNET.

Anti-Corruption (GRI 205-3)

The Group maintains ethical and governance standards and will not tolerate corrupt practices of any kind in our business operations. Our commitment to prevent corruption is clearly set out in our Group's anti-corruption policies and Code of Conduct which state that no staff should accept advantages, gifts or entertainment from our business partners, including suppliers and contractors. Our anti-corruption measures are supported by a robust corporate governance framework. Stakeholders can and are encouraged to raise concerns, in confidence, about possible improprieties in financial or other matters. Our whistleblowing policy with illustrative scope and communication process is published in the corporate for transparent communication to all stakeholders. We harnessed technology to increase efficiency and security of reporting. Any report sent to the designated whistleblowing email address published in the corporate webpage will be automatically fed to the emails of independent directors without any human intervention. Procedures have been established for the independent investigation of any such reports so that appropriate follow-up actions can be taken.

The independent directors have not received any complaint or report pertaining to financial or other substantive matters during FY2021.

Socioeconomic Compliance (GRI 419-1)

Compliance with regulatory requirements remains one of our top priorities. We ensure our business is conducted in accordance with applicable laws in all jurisdictions that we operate in. The Group keeps abreast of changing regulatory standards and requirements and maintains vigilance in managing regulatory requirements associated with operating in different business environments. This is especially pertinent with the evolving nature of regulatory provisions for governmental efforts to contain the Pandemic.

We have not received any significant fines or sanctions in FY2021 due to the non-compliance with regulations or standards.

Environmental Stewardship

Environmental and safety controls needed to protect personnel and the environment are identified and implemented. We recognize the impact our business activities may have on the environment and are committed to minimizing this impact through reduction in energy consumption and carbon footprint as well as managing our waste responsibly. Our chemical management program ensures that all chemicals used on-site comply with applicable chemicals regulations. We procure chemicals from suppliers who we believe share our views on using a range of ethical products, compliant with regulations. Within our office, we have in place various initiatives to conserve resources such as energy and water.

Jiangsu Power Curtailment Order New Provisions 2021 was issued in Jiangsu Province, China for the period from 15 September 2021 to 30 September 2021. On 15 September 2021, Jiangsu Province announced the implementation of power curtailment orders in some areas, and the power curtailment time was tentatively set for 15 days, starting from 0:00 on 15 September 2021 and ending at 24:00 on 30 September 2021. During the implementation of the blackout order, the industry was pulled out, the domestic electricity was retained, the office air conditioners were deactivated, and the street lights manipulation was halved. In Changzhou, Jiangsu Province, China, some companies were required to stop productions for 8 days. The production of CZ3D was also slightly affected and goods were delayed delivering to customers during such period. However, all the productions have been resumed after 30 September 2021.

Environmental Compliance (GRI 307-1)

The Group regularly conducts environmental, health, and safety (EHS) program self-assessment and outsourcing the external consultants to audit and validate our site-level EHS compliance. The audits include in-depth documentation of reviews, interviews with site management and physical inspections relating to EHS compliance. CZ3D's manufacturing site in Changzhou, Jiangsu Province, China, was certified with ISO 14001:2015 Environmental Management System for fabrications and coatings of metal products.

There have been no reports of environmental non-compliances in FY2021 and we are committed maintaining high standards of environmental compliance.

Waste Management (GRI 306-2)

Waste management is an essential part of our day-to-day operations. We practice the waste hierarchy of 3R (reduce, re-use and recycle) to extract the maximum practical benefits from materials and to generate the minimum amount of waste. CZ3D promotes processes that optimize resource usages and eventual move towards near zero waste processes. CZ3D's production teams had properly segregated the recyclable waste from general waste by placing clearly labeled recycling bins at designated areas to facilitate recycling efforts. Our waste water treatment equipment within the plants treat waste water generated from our production activities. Prior to discharge, the treated waste water is tested to ensure compliance with local discharge standards.

Energy & Emissions Management (GRI 302-1, 305-1)

To reduce energy consumption, our offices are installed with electrical appliances which are rated as energy-efficient, such as LED light bulbs. The layouts of our production warehouses are structured to optimize lightings. All employees are reminded frequently to switch off machines and lightings when not in use.

In FY2021, total energy consumption by CZ3D's operation was 5,050,650/KWh as compared to 3,897,930 KWh in FY2020. The increase of approximately 30% in total energy consumption as compared to FY2020 was due to higher production capability to cater increased customer orders. As a gauge of increased activities in FY2021, the Group's revenue increased by 83% as compared with FY2020. We will continue to track and monitor consumption of energy at CZ3D's site so that we can identify areas for improvement and understand better and implement activities that result in greater efficiency.

Power consumption by month

Year	2021	2021	2020	2020	2021 vs 2020	2021 vs 2020
Description	Power used/KWh	Money spent/RMB	Power used/KWh	Money spent/RMB	Money spent/RMB	%
Month						
January	478,380	302,346	244,380	226,557	75,789	33%
February	487,050	302,967	244,380	174,361	128,606	74%
March	235,920	156,091	128,520	96,867	59,224	61%
April	392,880	239,641	270,930	169,136	70,505	42%
May	309,840	191,398	287,850	179,255	12,143	7%
June	389,760	245,137	355,710	220,698	24,440	11%
July	501,660	312,521	418,200	268,018	44,503	17%
August	561,630	346,124	416,190	265,567	80,557	30%
September	547,500	338,624	514,710	322,858	15,766	5%
October	465,780	292,645	412,770	260,230	32,415	12%
November	321,240	220,101	279,660	174,245	45,856	26%
December	359,010	249,387	324,630	202,539	46,848	23%
Total	5,050,650	3,196,982	3,897,930	2,560,331	636,652	25%

Per KWh consumption vs per year revenue

Year	Actual Consumption KWh	Turnover (RMB in million)	KWh / RMB
2021	5,050,650	62.57	0.0807
2020	3,897,930	34.27	0.1137
2019	3,327,190	14.40	0.2311

Emissions intensity

Year	Total direct CO ₂ or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO ₂ or Carbon Equivalent Emissions (Tons)	Turnover (Revenue in Millions, RMB)	Emissions Intensity (MT/RMB'000)
2021	N.A.	3,441	62.57	0.0550
2020	N.A.	1,885	34.27	0.0550
2019	N.A.	792	14.40	0.0550

Our Employees and Partners

Employee Management

Employees are our most valuable assets. As our business is labor-intensive, the health, safety and skills of our employees are of predominant importance to us. We aim to provide a comfortable and friendly working environment for all, enabling employees to approach challenges with a sense of purpose, innovativeness in approach, pride in work and achievement, and be appropriately evaluated for their performances.

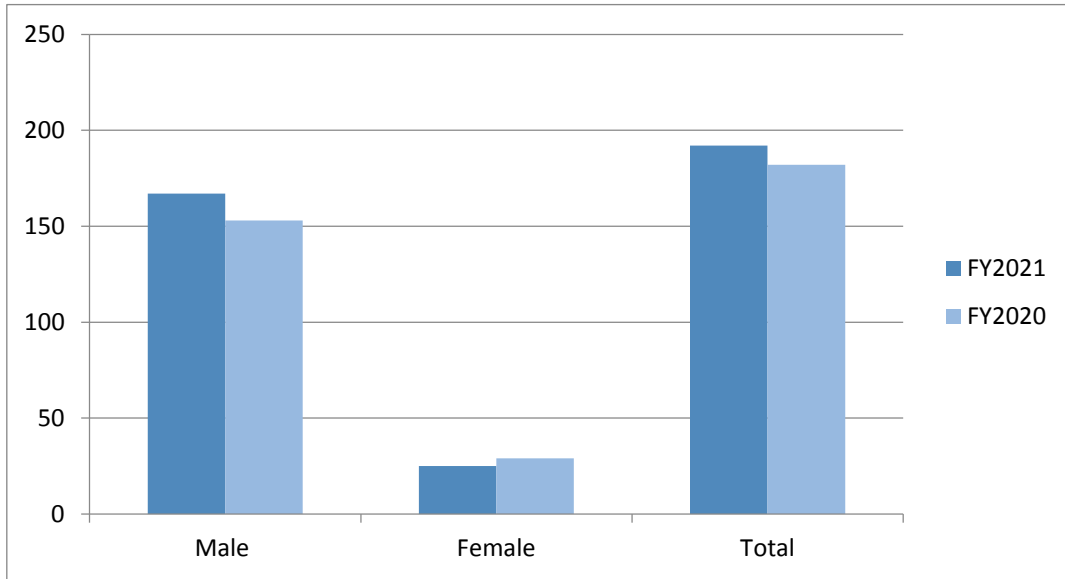
We are committed to providing an inclusive, safe working environment with equal opportunities for continual development. We embrace diversity in gender, age, race, nationality, values and background and focus on the skills, energy and creativity of a diverse group. Any form of discrimination based on distinguishing characteristic is not tolerated.

Employee Welfare (GRI 401-1, 401-2, 405-1)

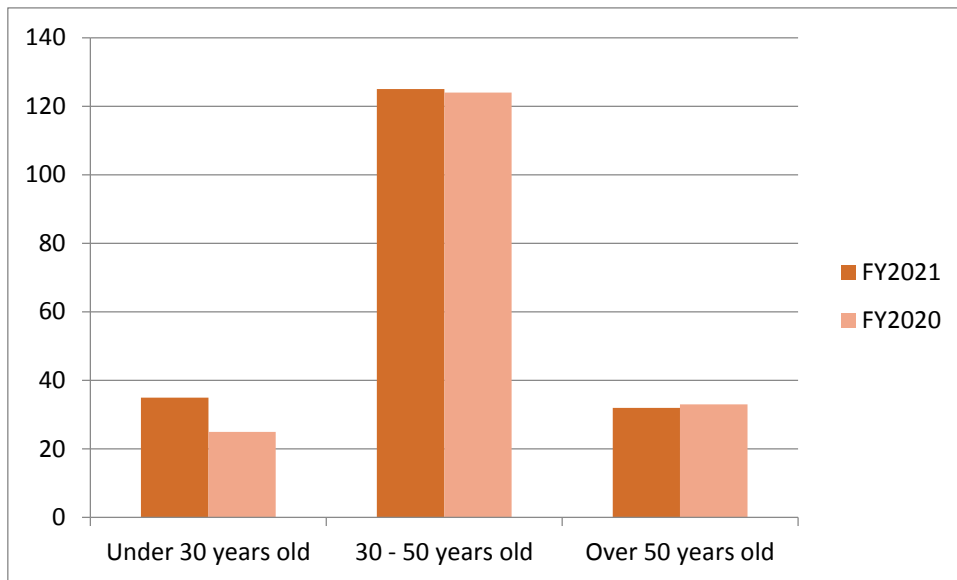
Our employees are entitled to health care benefits under the Group's hospitalization insurance plan, including medical care and dental care. Personal Accident Insurance Policy and Workmen Compensation Policies with disability coverages are also provided. Our employees are entitled to various paid leaves such as annual, parental, compassionate, marriage and examination leaves. Statutory contributions to employees' pension funds are made on a timely basis. In addition to regular reviews of our employment policies and remuneration practices to ensure compliance with updated employment laws, we also adopted industry best practices to provide optimal working conditions for our employees.

At the end of FY2021, CZ3D has employed a total of 192 employees in Changzhou, China. Due to the nature of our work, approximately 87% of our employees are male. The percentage of employees hired (hiring rate) in FY2021 was approximately 31% while the percentage of workers who resigned (turnover rate) during the same period was 23%. As compared to FY2020, our hiring rate has increased by 8% while our turnover rate has decreased by approximately 10%.

Profile Of Employees in CZ3D (By Gender, Age, Hiring Rate & Turnover Rate)



Description	FY2021	FY2020
Male	167	153
Female	25	29
Total	192	182



Description		FY2021	FY2020
By Age Group	Under 30 years old	35	25
	30 - 50 years old	125	124
	Over 50 years old	32	33
By Gender	Male	167	153
	Female	25	29
By Category	Hiring Rate	23%	15%
	Turnover Rate	31%	41%

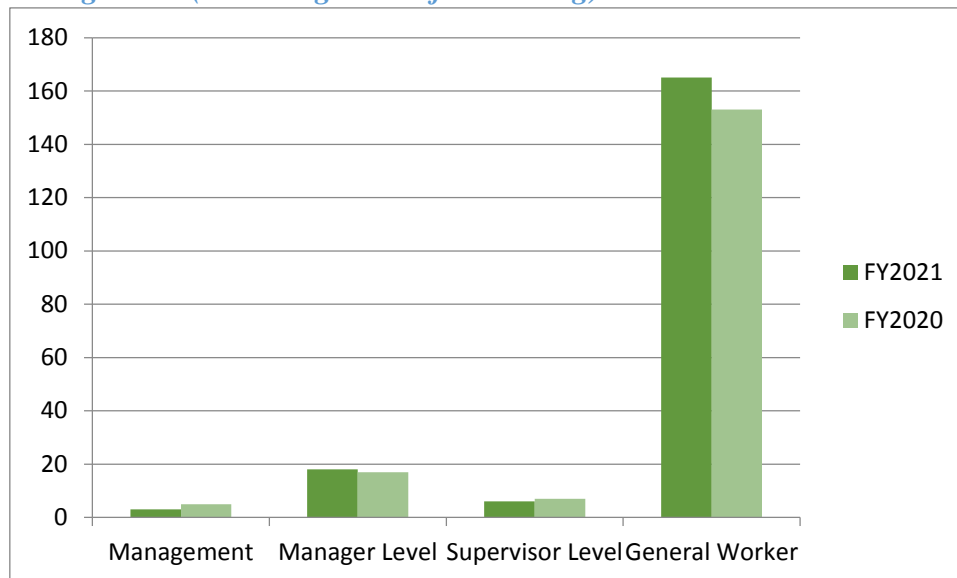
Employee Development (GRI 401-1)

CZ3D recognizes that continual developments of employee skills and knowledge is critical to maintaining a competitive, relevant and motivated workforce. Career developments and performance management are established to align with corporate objectives. We continue to review and improve our career developments and performance review process in a constantly evolving business environment. A variety of relevant training opportunities specific to job requirements is arranged for all employees. Our training programs cater for employees with different job scopes and skills-set requirements. Our core training curriculum and content are developed and guided by well-established industry and international standards.

In FY2021, in addition to on-the job trainings by more experienced staff, employees received an average about 4 hours of trainings. As part of implementations of ISO 14001 and ISO 45001, our executives and other staff attended trainings related to these management system standards. A focus on technical training was provided for our general employees, covering topics such as fabrication techniques, as well as health and safety related training. Finance personnel are trained on budgeting, taxation and accounting updates. The Board also attends courses on board and board committee functions including related regulations.

In lights of changing working environment, we continue to revise our training curriculums and programs to align them with our objectives and to strive for effectiveness and efficiency in our training approach. We aim to increase the training hours per employee in FY2022.

Average no. of training hours (excluding on-the job training)



Description		FY2021	FY2020
No. Of Employees	Management	3	5
	Manager Level	18	17
	Supervisor Level	6	7
	General Worker	165	153
Training Hours Per Annum	Management	4	4
	Manager Level	4	4
	Supervisor Level	4	4
	General Worker	4	4

Workplace Health & Safety (GRI 403-1 to 403-7)

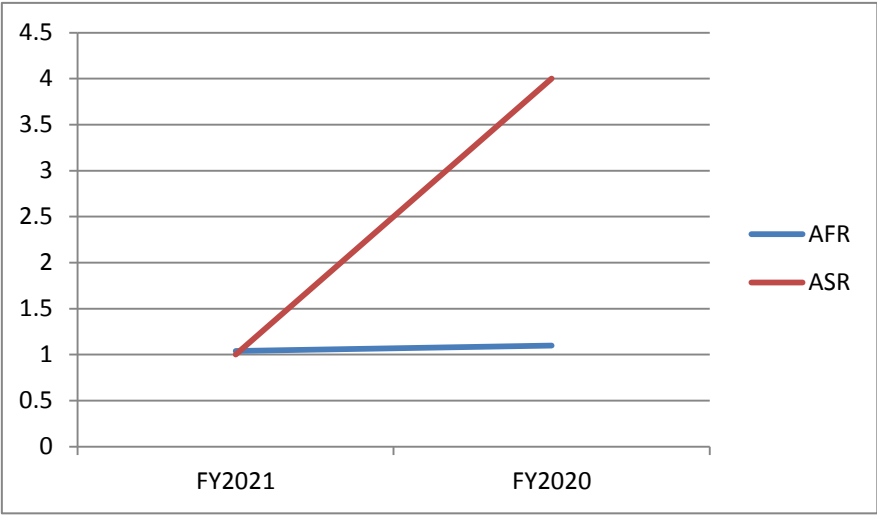
The safety and well-being of our employees are of paramount importance at CZ3D. As a result of commitment to workplace safety, CZ3D successfully attained the bizSAFE Star award and ISO 45001 certification in Occupational Health and Safety Management in FY2021.

We instill stringent workplace safety measures and continuously monitor our performance to identify any gaps that need improvement. A strong culture of workplace safety and well-being promotes higher productivity in the daily work activities of employees. Workplace safety awareness and training are provided to all employees to ensure adherence to adequate safety practices. Employees who engage in higher risk work activities or who operate complex machineries are provided with additional training specific to their tasks. Daily meetings are conducted with employees and subcontractors to ensure everyone is aware of activities scheduled for that day and to highlight specific health and safety concerns. Workplace health and safety issues are highlighted in the monthly committee meetings with representation from the workers.

Every worker is expected to report incidents or hazardous situations (including near misses) to their immediate supervisors. Management is informed of the incidents and the cases were properly documented. All cases are thoroughly investigated and the findings are reviewed by management. Root cause analysis is done and corrective measures are put in place to avoid future recurrence.

CZ3D engages both external and in-house safety officers to ensure safety regulations are duly complied with. The external safety officer oversees compliance by CZ3D with national regulations and safety rules by conducting spot checks within the premises and proposing improvements where necessary. The in-house safety officer, on the other hand, monitors the daily safety measures and continuously seeks ways to all new employees on topics such as housekeeping rules, proper usage of personal protective equipment, and safe operation of machinery as well as material handling procedures.

In FY2021, there has been no incidence of occupational disease or work-related fatality. Our safety performance data in FY2021 for our operations in CZ3D showed an Accident Frequency Rate (“ARR”) of 1.04 (FY2020: 1.10) and Accident Severity Rate (“ASR”) of 1 day (FY2020: 4 days). We are committed to continually improving our Workplace Health & Safety performance by proactive management of the program and promoting a positive safety culture across all our operations.



OUR RESPONSE DURING THE PANDEMIC

Our Employees

Since FY2020, CZ3D has complied with the safe distancing requirements and safe management measures for workplaces in Changzhou, China. CZ3D has followed the rules and regulations to provide free face masks to all employees for certain period in FY2020.

To ensure the health and safety of our employees, we had virtual meetings in place of physical meetings with our suppliers and customers, whenever possible. We minimized social gatherings within the workplaces, increased the frequency of cleaning of common spaces in our office and implemented daily checks for temperature and respiratory symptoms. Use of Trace Together and Safe Entry to record the entry of all personnel (including employees and visitors) entering the workplace has been implemented to enable the national effort of tracing potential transmission chains.

No employees were retrenched due to Pandemic during FY2020 and FY2021 and our hiring rate in FY2021 has increased as compared to FY2020.

During FY2021, employees were encouraged to attend online courses which were relevant to their work. The objective was to equip employees at all levels with the knowledge and skills required for their roles as well as to keep up-to-date with new platforms or software that would now be more important for them to continue to work remotely.

Our Customers and Suppliers

During certain phases of pandemic, several Movement Control Orders were imposed in China and elsewhere. Some of our suppliers were impacted by lockdowns imposed by their states or countries which in turn affected our supply chain. To ensure there was sufficient supply of materials available to meet customer demands, we have placed certain advance order purchases with our suppliers to reduce the risk of material shortages. This allowed us to run our operations with minimal interruptions and to fulfill orders or projects for our customers.



SHANGHAI TURBO ENTERPRISES LTD.

Cricket Square, Hutchins Drive,
P. O. Box 2681, Grand Gayman KY1-1111
Cayman Islands
Website : www.shanghaiturbo.com

CHANGZHOU 3D TECHNOLOGICAL COMPLETE SET EQUIPMENT CO., LTD.

No.9 Yinghua Road, Zhonglou Economic Development Zone
Changzhou City, Jiangsu Province, 213016, the PRC
Website : www.cz-3d.com

Email : elaine@shanghaiturbo.com
TEL : +8651983906631
HP : +6586838678 & +8615861880855