

SHANGHAI TURBO ENTERPRISES LTD.

(Company Registration No.: CT-151624)

Incorporated in the Cayman Islands

ANNOUNCEMENT ON CAPITAL INJECTION BY CHANGZHOU 3D TECHNOLOGICAL COMPLETE SET EQUIPMENT CO., LTD- A HOLDING SUBSIDIARY OF SHANGHAI TURBO ENTERPRISES LTD. INTO A WHOLLY-OWNED SUBSIDIARY

In order to implement the development strategy, SHANGHAI TURBO ENTERPRISES LTD intends to inject RMB 6 million into its wholly-owned subsidiary, Sichuan 3D New Power Technology Co., Ltd. ("Sichuan 3D"). The relevant matters are described below:

I. Basic Information on Investment

The purpose is to further optimize the Company's strategic layout, fully allocate the Company's resources, provide customers with fast local services, enhance the Company's comprehensive competitiveness, and have a positive significance for the future development of the Company. The Company's current customer is mainly DEC Dongfang Turbine Co., Ltd. of which the annual sales account for more than 70% of the Company's total sales. At the same time, the Company has also built cooperative relationships with Harbin Turbine, Shanghai Electric, Doosan, Toshiba and other well-known customers at home and abroad. However, the current processing load and capacity cannot meet the needs of undertaking large-scale business. The establishment of the subsidiary is advantageous to reduce the Company's procurement cost, transportation cost and processing cost. Meanwhile, close contact with customers can be maintained better.

With the establishment of the subsidiary, the thermal processing business will be added to resolve such issues as long procurement cycle and difficult supply of blanks at the source, thus greatly reducing various losses due to delayed supply of blanks and downtime for material shortage.

The total investment in "Sichuan 3D" is RMB 167,102,000. For this project, a 10,000 square meters of production center, a 5,184 square meters of office building will be constructed, production equipment will be purchased, and park supporting roads, parking lots and other ancillary works will be constructed. The construction period of the project is 2 years.

The project has closely seized the opportunity that the state vigorously promotes the industrial development "Aero Engine & Gas Turbine Policy", conforms to the "Aero Engine & Gas Turbine" trend, and energetically develops new power science and technology projects. According to *"The 14th Five-Year" Plan and Year 2035 Vision Outline of Sichuan Province*, it is pointed that investment should be made under various favorable policies such as improvement of government-guided and enterprise-led innovation mechanism and vigorously development of high-tech enterprises as well as small and medium-sized technology-based enterprises.

Table of Events Related to “Aero Engine & Gas Turbine” Project

Time	Important Event
2015	The aero engine and gas turbine project was written into the government work report for the first time and included in the seven emerging industries.
August 2016	Aero Engine Corporation of China was established, marking the formal separation of research & development of aircraft from that of engines in China aviation industry.
December 2016	The <i>National Strategic Emerging Industry Development Plan for “the 13th Five-Year Plan”</i> issued by the State Council identified the direction of China’s aviation engine development, and proposed the development of 1,000 kW-class turboshaft engines and 5,000 kW-class turboprop engines.
June 2017	Aero Engine Corporation of China formulated the <i>Military and Civilian Integration Plan for “the 13th Five-Year Plan”</i> to further promote the in-depth development of military and civilian integration.

II. Main Financial Indicators

Fund Raising and Using Plan (in Ten Thousand Yuan)

No.	Item	Total	Construction Period		Percentage
			1 st Year	2 nd Year	
1	Total Investment	8925.75	4462.88	4462.88	100.00%
1.1	Construction investment	8661.75	4396.88	4264.87	97.04%
1.1.1	Engineering cost	7248.44	3679.37	3569.07	81.92%
1.1.2	Other engineering construction cost	1029.44	522.59	506.83	11.53%
1.1.3	Reserve fund	383.89	194.92	188.97	4.29%
1.2	Interest incurred during construction	264.00	66.00	198.00	2.96%
2	Fund raising	8925.75	4462.88	4462.87	100.00%
2.1	Self-raised capital	2325.75	1162.88	1162.87	26.06%
2.2	Bank loan	6600.00	3300.00	3300.00	73.94%

Revenue and Profit Forecast for Next Ten Years (in Ten Thousand Yuan)

Item	Total	Operation Period							
		3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	10 th Year
Revenue	25164.95	2636.00	2800.76	2965.50	3286.77	3286.77	3286.77	3451.19	3451.19
Net profit	6279.61	454.35	566.71	677.64	839.05	858.72	884.22	984.46	1014.46

The self-raised capital of the project is RMB 23,25.75, which will be invested in batches according to the construction period, and it will come from the daily operating income of the parent company “Changzhou 3D”, so the investment will not have any impact on the existing business of the parent company.

The bank financing of the project is a 10-year project financing, which will be invested for two years, and the financing cost to be paid can be fully covered by the operating income of the project after repeated project estimation.

III. Purpose of Investment and Impact on the Company

This investment is based on the needs of the Company's operation and development, and is helpful for the Company to better implement actual business activities and improve its comprehensive strength and overall operational efficiency. This will further optimize the Company's strategic layout, fully allocate the Company's resources, provide customers with fast local services, enhance the Company's comprehensive competitiveness, and have a positive significance for the future development of the Company.

This investment will not have a significant impact on the Company's financial position and operating results. It is in line with the overall planning of the Company, will not constitute any material adverse impact on the overall business of the Company, and there are no circumstances that will jeopardize the interests of the listed company and its shareholders.

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

Zhang Wenjun
Non-Executive and Lead Independent Director
10 September 2024