
AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 PURSUANT TO RULE 704(5) OF THE LISTING MANUAL

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 auditor of the Company, RT LLP, has 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 2022 (“**Independent Auditor’s Report**”).

After communication with the audit firm on several occasions, we hereby make the following statement on the related matters in the audit report:

I. The auditor has reservations about the Going Concern Assumption of The Group and the Company only

Due to the Company’s losses for several consecutive years, the auditor has reservations about the sustainable operation of the Company based on the current financial situation of the Company. However, we need to state that although the business results of the Company have been in the red for the past several years, but its overall trend is positive. As can be seen in the Company’s unaudited report for Q3 2023 announced on November 9, 2023, sales increased by 23% over the same period last year and losses decreased by 55%. The Company’s orders are increasing continuously, and business management activities are progressing steadily, so we have enough confidence to keep the Company running well.

II. “We do not express any opinion on the group’s financial statements and the Company’s financial position statement attached” and “We have not obtained sufficient audit evidence to provide a basis for expressing an audit opinion on these financial statements” as mentioned in the report.

After communication with the auditor, the auditor indicated that the above expression only refers to the auditor’s failure to obtain sufficient evidence to prove that there is no uncertainty about the Company’s to continue as a going concern, and does not refer to a lack of audit evidence for all financial data.

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
15 November 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position 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. Going concern assumption

As at 31 December 2022, the Group's and the Company's net current liabilities exceeded their current assets by RMB 8,498,000 and RMB 35,179,000 respectively. Additionally, the Group incurred a net loss of RMB 9,220,000 for the year then ended. These conditions indicate the existence of material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns.

As disclosed in Note 2 to the financial statements, the directors have prepared the financial statements on a going concern basis based on the assumptions that are largely dependent on the ability of the sole operating subsidiary to generate sufficient cash flows from operation to improve its liquidity position; and obtaining new loans from bank. However, we have not been able to obtain sufficient audit evidence to support the realisation of these assumptions at the date of this audit report.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Basis for Disclaimer of Opinion (Cont'd)

1. Going concern assumption (Cont'd)

Accordingly, we were unable to assess the appropriateness of the management's use of the going concern assumption in the preparation of the financial statements. The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation at least for a period of twelve months from the end of this reporting period.

This means that the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.




**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with International Standards on Auditing 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 on the audit resulting in this independent auditor's report is Mr. Kenneth Ng Boon Chong.

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RT LLP
Public Accountants and
Chartered Accountants

Singapore, 14 November 2023