

# SHANGHAI TURBO ENTERPRISES LTD.

(Company Registration No.: CT-151624)

Incorporated in the Cayman Islands

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## RESPONSE TO SGX QUERIES ON UNAUDITED FULL YEAR RESULTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND GENERAL REQUIREMENT

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The Board of Directors (the “Board”) of Shanghai Turbo Enterprises Ltd. (the “Company”) wishes to announce the following in response to the queries raised by Singapore Exchange Securities Trading Limited (“SGX-ST”) on the Company’s unaudited full year results for financial year ended 31 December 2020 (“FY2020 Results”) and general requirement:-

Question #1:

On 3 February 2021, the Company announced the cessation of Cheah Kian Choong, who was then a non-executive independent director of the Company. As a result, the Company’s current board comprise of:-

- (a) Dr Daniel Liu (Non-executive non-independent director, residing outside of Singapore);
- (b) Poh Siew Beng (non-executive independent director, residing in Singapore); and
- (c) Hong Yong (non-executive independent director, who is the lead independent director and non-executive chairman, residing outside of Singapore).

Listing Rule 221 states that a foreign issuer must have at least two independent directors, resident in Singapore.

Please explain / justify:-

- (a) how is the Company in compliance with Listing Rule 221; and
- (b) how does the Company intend to comply with Listing Rule 221.

Response:

- (a) The Company is aware of the non-compliance with Listing Rule 221 and is in the process of finding the right and suitable independent director to join the Company.
- (b) The Company will comply with Listing Rule 221 and appoint an independent director resident in Singapore by 2 May 2021.

Question #2:

It is stated in Crowe Horwath First Trust LLP’s disclaimer of opinion for the Company audited financial statements for the financial year ended 31 December 2019, announced on 15 June 2020, the following:-

“As disclosed in Note 27(ii) to the financial statements, a subsidiary, Changzhou 3D, incurred debt collection agent fees amounting to approximately RMB 3,151,000 (2018: RMB 3,330,000) which was grouped under and classified as administrative expenses in the Group’s statement of profit or loss and other comprehensive income. In October 2019, on the findings and advice of its Chinese legal counsel, Changzhou 3D reported these debt collection agent fees to the Chinese Public Security authorities which had since embarked on an investigation of the matter. As at the date of this report, the investigation by Chinese Public Security authorities is still ongoing and the outcome of the investigation is presently unknown.

Based on information available to us, we are unable to satisfy ourselves as to the economic substance and propriety of these debt collection agent fees. We were also unable to ascertain, at this juncture, whether the ongoing investigation would have an impact on the financial statements of the Group.”

It is also stated in the announcement made by the Company’s SGXNet announcement dated 1 March 2021 on the Company’s full year results for its financial year ended 31 December 2020 (“FY2020 Results”) that, the Subsidiary has no longer engaged professional debt collector to collect the long outstanding debts from customers.”

May we have the Board’s view / opinion on the ongoing investigation, including whether it has information which it deems not material for the purposes of Rule 703 and therefore not publicly announced? Please also include the purpose of the debt collection agent fees incurred, in view of the significance of the amount i.e. RMB 3,151,000 in FY2019 (2018: RMB 3,330,000).

Response:

The ex-management team of Changzhou 3D has engaged professional debt collectors to collect debts of RMB11.34 million and RMB14.11 million paying agent fees of RMB3.33 million and RMB3.15 million in 2018 and 2019 respectively.

Crowe Horwath First Trust LLP has sighted all the signed contracts for the above services in February 2019 but did not issue Disclaimer of Opinion in the Company’s audited report for FY2018. Instead, Crowe Horwath First Trust LLP issued Disclaimer of Opinion in the audited report for FY2019 only after Company provided them with the police report.

The Company has released a general announcement via SGXNet on 1 September 2020 “INFORMATION REGARDING THE ONGOING INVESTIGATION OF DEBT COLLECTION AGENT FEES BY CHINESE PUBLIC SECURITY AUTHORITY” which stated the following:

The Board of Directors (the “Board”) of Shanghai Turbo Enterprises Ltd. (the “Company”) wishes to announce the progress on the ongoing investigation of debt collection agent fees by Chinese Public Security Authorities (“CPSA”) at Zhonglouqu, Changzhou, China towards its wholly-owned Subsidiary, Changzhou 3D Technological Complete Set Equipment Co., Ltd. (“CZ3D”). On 19 October 2019, CZ3D has lodged a report relating to Section 112 of the Criminal Procedure Law of the People’s Republic of China. On 19 November 2019, the CPSA has provided an official notice informing that the investigation will be proceeded by the CPSA and the notice file name is Zhong Gong (Gang) Proclamation Word (2019) No. 4162 (“钟公(港)立告字[2019]4162号”).

The Company was not approached by CPSA in the course of their investigations and has not received any details from CPSA after the investigation. The Company’s business and operations have not been affected and will continue as usual. The Company will make further announcements as and when necessary.

The above is not expected to have any material financial impact on the consolidated net tangible assets per share and consolidated earnings per share of the Company for the current financial year ending 31 December 2021.

Shareholders are advised to exercise caution when dealing with the Company’s securities. Shareholders should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions that they should take.”

Question #3:

We refer to the Company's announcement on SGXNET dated 8 September 2020 on the cessation of Tan Juay Kiat as general manager of Changzhou 3D Technological Complete Set Equipment Co., Ltd. We also refer to the Company's responses to SGX's queries dated 10 and 21 September 2021.

Please clarify whether:

- (a) Tan Juay Kiat currently holds any position within the Group; and
- (b) the Company has made all material disclosures in relation to Tan Juay Kiat's appointment(s) and cessation(s) of his positions within the Group.

Response:

- (a) Tan Juay Kiat was engaged by Changzhou 3D as Technical Engineering Consultant (an external professional consultant) for the period from 1 January 2021 to 31 December 2021.
- (b) The Company has made all material disclosures in relation to Tan Juay Kiat's appointment(s) and cessation(s) of his positions within the Group.

The Company has on 22 May 2020 announced the appointment of Tan Juay Kiat as general manager of CZ3D with effect from 13 May 2020 and subsequently released SGXNet announcement on 8 September 2020 on the cessation of Tan Juay Kiat as general manager of CZ3D with effect from 31 August 2020.

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

Hong Yong  
Non-Executive Chairman & Lead Independent Director

19 March 2021