SHANGHAI TURBO ENTERPRISES LTD.
(Company Registration No.: CT-151624)
Incorporated in the Cayman Islands

RESPONSE TO SGX QUERIES ON THE COMPANY'S AUDITED FINANCIAL STATEMTENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024 ("ANNUAL REPORT").

Query #1(a-b)
We note on page 29 of the Annual Report that the Company's internal audit function is outsourced to Reanda Certified Public Accountants LLP.

Query #1a(i)
the size of the IA and IA engagement team;

Company's Response to Query #1a(i)
Reanda Certified Public Accountants LLP was established in October 2013, with 70 partners and 475 certified public accountants, including 167 who possess securities business qualifications. The team involved in the company's internal audit work consists of 4 members, all holding Chinese Certified Public Accountant qualifications.
Reanda Certified Public Accountants LLP 成立于 2013 年 10 月，现有 70 名合伙人，注册会计师 475 人，其中具备证券业务执业资质的注册会计师有 167 人，参与公司本次内部审计工作的团队有 4 人，都具备中国注册会计师从业资格。

Query #1a(ii)
the qualifications, experience and track record of the IA and the IA Partner;

Company's Response to Query #1a(ii)
The firm has audit qualifications for Chinese A-share companies, IPO in China, New Third Board. The firm's partners have participated in audit services for multiple listed companies, possessing rich experience in auditing listed companies.
Members of the internal audit team have relevant experience in financial auditing, internal control evaluation, risk management consulting, and business process review.
The head of the internal audit team has long been engaged in financial auditing, internal control evaluation, risk management consulting, and corporate governance-related services, possessing rich experience in enterprise internal control and risk management.
该事务所具备中国国内 A 股、IPO、新三板上市公司的审计资质，合伙人参与过多家上市公司的审计业务，具有丰富的上市公司审计经验。
内部审计业务团队成员具备财务审计、内部控制评价、风险管理咨询及业务流程审查等相关经验。
内部审计负责人长期从事财务审计、内部控制评价、风险管理咨询及公司治理相关服务，具备较丰富的企业内部控制及风险管理经验。

Query #1a(iii)
whether the IA Partner is a member of any professional body for internal auditors and if so, please provide the relevant details; and

Company’s Response to Query #1a(iii)

The Head of Internal Audit is currently not a member of The Institute of Internal Auditors (“IIA”) and does not hold the Certified Internal Auditor (“CIA”) qualification. However, the individual holds a Certified Public Accountant qualification in China and possesses extensive professional experience in internal control evaluation, risk management, and corporate governance advisory.

The internal audit work is conducted using a risk-based internal audit approach and is guided by internationally recognized internal audit principles and professional practices, including the relevant principles set out in the International Professional Practices Framework (“IPPF”) issued by the IIA.

内部审计负责人目前不是国际内部审计师协会（The Institute of Internal Auditors，简称“IIA”）会员，且未持有国际注册内部审计师（Certified Internal Auditor，简称“CIA”）资格。但是，该负责人具备中国注册会计师资格，并在内部控制评价、风险管理及公司治理咨询领域具有丰富专业经验。本次内部审计工作采用风险导向内部审计方法，并参考国际认可的内部审计原则及专业实践，包括国际内部审计师协会（IIA）发布的《国际内部审计专业实务框架》（International Professional Practices Framework，简称“IPPF”）相关原则。

Query #1a(iv)

the experience and track record of the professionals involved in the IA function of the Group;

Company’s Response to Query #1a(iv)

The professionals involved in the Company’s internal audit work possess relevant experience in the following areas: internal control evaluation; financial and operational process reviews; risk identification; and compliance and corporate governance advisory. The team has practical experience assisting enterprises in enhancing internal control frameworks, optimizing business processes, and strengthening risk management capabilities.

参与公司内部审计工作的专业人员具备以下领域的专业服务经验：内部控制评价；财务及经营流程审查；风险识别；合规及公司治理咨询。团队具备协助企业：完善内部控制体系；优化业务流程；提升风险管理能力等方面的实践经验。

Query #1b

Please disclose whether the IA Partner has prior experience providing IA services to SGX listed entities and entities of similar industry and size of operations as the Company; and

Company’s Response to Query #1b

The Head of Internal Audit currently does not have experience providing internal audit services to companies listed on the Singapore Exchange (“SGX”). However, the internal audit team possesses relevant experience in delivering internal control evaluation, risk management advisory, and process optimization services to listed companies in China as well as manufacturing enterprises. These entities are considered to be comparable in terms of business complexity, operational processes, and management requirements.

At the same time, during the process of selecting an internal audit firm, the Company’s internal finance team consulted with professionals from other Singapore-based audit firms as well as senior management of corporate secretarial firms. Their experience and insights were taken into consideration as part of the evaluation criteria, which ultimately led to the selection of the current internal audit firm.

内部审计负责人暂无向新加坡交易所（SGX）上市公司提供内部审计服务的经验。

但内部审计团队具备向中国境内上市公司及制造业企业提供内部控制评价、风险管理咨询及流程优化服务的相关经验。相关企业在业务复杂程度、经营流程及管理要求方面具有一定可比性。同个时候，

内部财务人员也在筛选 IA 公司过程中向新加坡其他审计公司专家和董秘公司领导询问，以他们的经验给予了一些建议和参考条件，才选择了这 IA 公司。

Query #1c

Please disclose whether the standards applied by the IA comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors or other equivalent professional standards.

Company's Response to Query #1c

Reanda adopts a risk-based internal audit approach in conducting its internal audit work. This includes performing risk identification, internal control evaluation, and process reviews in alignment with the Company's specific operating environment. The work is carried out with reference to the relevant principles set out in the International Professional Practices Framework ("IPPF") issued by The Institute of Internal Auditors ("IIA").

利安达在开展内部审计工作过程中采用风险导向内部审计方法，结合企业实际情况开展风险识别、内部控制评价及流程审查工作，并参考国际内部审计师协会（IIA）发布的《国际内部审计专业实务框架》（IPPF）相关原则。

Query #2

Under Listing Rule 1207(10), the issuer must disclose the board's comments, and the Audit Committee's concurrence, on the adequacy and effectiveness of the internal controls and risk management systems. Where material weaknesses are identified, they must be disclosed together with the steps taken to address them. We note that on page 27 of the Annual Report, the Board, with the concurrence of the Audit Committee, expressed the opinion that the Company's internal controls and risk management procedures in addressing financial, operational, compliance, and information technology controls and risk management systems were adequate and effective for FY2024.

Please disclose the Board and AC's basis for their opinion that the internal controls and risk management systems are adequate and effective considering the Joint Auditors' basis for disclaimer of opinion was due to the lack of relevant supporting documents or evidence in respect of (i) matters relating to the opening balances as at 1 January 2024; (ii) trade receivable balance and revenue; and (iii) borrowings under entrusted payment arrangements, amongst others.

Company's Response to Query #2

The Company has established an internal control framework covering financial reporting, operational management, and compliance management. External auditors have been engaged to audit the effectiveness of the internal controls. To date, no material weaknesses in internal controls or any matters requiring disclosure have been identified. Accordingly, the Board of Directors and the Audit Committee are of the view that there are no material deficiencies requiring disclosure.

The joint auditors' disclaimer of opinion arose due to limitations in the scope of their audit, which prevented them from obtaining sufficient and appropriate audit evidence in respect of certain specific matters. This issue pertains to the availability of audit evidence and does not equate to the existence of material deficiencies or failures in the Company's internal control and risk management systems.

The key matters are set out below:

(i) Matters relating to opening balances as at 1 January 2024

This issue arose following the change of auditors. The incoming auditors were unable to obtain sufficient supporting documentation, such as prior auditors' working papers and historical records, to substantiate the opening balances.

(ii) Accounts receivable balances and revenue
The recognition of revenue and accounts receivable is based on the dispatch of goods. Due to timing differences in accounting recognition between the Company and its customers, discrepancies have arisen in the recording of receivables and payables between the respective parties.
(iii) Borrowings under entrusted payment arrangements
Certain financial institutions with which the Company maintains credit facilities adopt entrusted payment arrangements in accordance with their internal policies. Under such arrangements, loan proceeds are paid by the bank directly to suppliers designated by the Company, after which the Company requests the suppliers to remit the full amount back to the Company for use in its daily operations. This arrangement has not resulted in any loss of assets to the Company. Such practices only existed before 2026 and have since ceased; from 2026 onwards, there have been no instances of entrusted payment funds being returned to the Company.
The Audit Committee is of the view that the joint auditors' disclaimer of opinion is attributable to audit scope limitations, which prevented them from obtaining sufficient and appropriate audit evidence in respect of the aforementioned matters. The Audit Committee will continue to closely monitor and oversee the Board of Directors and Management in implementing remedial actions, and will ensure that effective measures are taken to address the impact of these matters, with a view to safeguarding the interests of the Company and its shareholders.
公司已建立涵盖财务报告、运营管理和合规管理的内部控制制度体系，并聘请外部审计师对内部控制执行情况进行审计，截止目前未发现内部控制存在重大缺陷及应披露未披露的事项，所以董事会和审计委员会认为不存在需披露事项的重大缺陷。 联合审计员出具无法表示意见，系由于其审计范围受到限制，无法就特定事项获取充分、适当的审计证据，属于审计证据层面的问题，并不等同于公司内部控制和风险管理系统存在重大缺陷或失效。
（一）截至 2024 年 1 月 1 日与期初余额有关的事项的相关证明文件或证据；
该事项是由于公司更换审计师，新任审计师未能充分获得前任审计师的工作底稿、历史档案等可以证明期初余额的资料所造成的。
（二）应收账款余额和收入；
公司收入和应收账款的确认，是以货物发出未基准，由于公司与客户双方在记账时间上存在时间性差异，造成双方在债权债务上存在差异。
（三）委托付款安排下的借款
与公司有信贷业务往来的部分金融机构，根据其内部管理要求，对发放给企业的贷款采取委托付款的方式，在银行将贷款支付给公司指定的供应商后，公司又要求其全额转回公司，将该资金用于公司的日常生产经营，该行为并未造成公司任何资产损失，同时这种情况只存在于 2026 年之前，从 2026 年开始已经不存在信贷资金委托付款回流的情况。
审计委员会认为：联合审计员出具的无法表示意见，系因其审计范围受到限制，无法就上述特定事项获取充分、适当的审计证据所致。对于提出的问题，审计委员会将持续关注和监督董事会及管理层推进相关整改工作，督促其采取有效措施消除上述事项的影响，切实维护公司和全体股东的合法权益。

Query #3
We noted that the Joint Auditors have issued a disclaimer of opinion over: i) Opening balance, ii) Trade receivable balance and revenue, (iii) Borrowings under entrusted payment arrangements; and (iv) Provision for government fine and contingent liability.
Given the disclaimer of opinion noted, please explain how the assurances from Zhang Wenjun in his capacity as Non-Executive and Lead Independent Director of the Company that the financial records for FY2024 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances can be provided per page 26 of the annual report. Please specifically

reference each item mentioned in the basis of the disclaimer of opinion in the Joint Auditor's report in the explanation.

Company's Response to Query #3

The auditor's "disclaimer of opinion" represents a professional judgment made based on limitations in obtaining external audit evidence or the existence of specific uncertainties. In contrast, the Independent Directors' confirmation regarding the "true and fair presentation" of the financial statements is based on their ongoing oversight, as members of the Company's internal governance structure, of the Company's daily operations, internal control processes, and management reporting. The two assessments are made from different perspectives and based on different considerations, and therefore do not necessarily constitute a direct legal or logical conflict.

审计师的"无法表示意见"是基于外部审计证据获取受限或特定不确定性作出的专业判断；而独立董事的"真实公允"保证，是基于其作为内部治理层对公司日常运营、内控流程及管理层汇报的持续监督作出的。 两者视角和依据不同，并不必然构成直接的法律或逻辑冲突。

1. Opening Balances

The opening balances refer to the closing balances as at the end of FY2023. The Company had engaged Crowe Horwath First Trust LLP ("CHFT"), an independent third-party audit firm, to audit the FY2023 financial statements. However, following the change of auditors, the incoming auditors were unable to obtain sufficient and appropriate audit evidence relating to the opening balances, particularly the predecessor auditor's audit working papers. As a result, the auditors issued a disclaimer of opinion in respect of this matter.

1、期初余额

期初余额即 2023 年期末数，公司聘请了第三方审计机构 Crowe Horwath First Trust LLP 进行了审计，但由于更换审计公司，新任审计师未能充分获取与期初余额有关的充分证据，特别是前任审计师的审计底稿，所以做出该意见。

2. Trade Receivables Balances and Revenue

The Company recognizes revenue when goods have been delivered to the designated locations specified by customers. The relevant business transactions are supported by underlying documentation, including sales contracts, logistics records, and subsequent collection records. Accordingly, the transactions represent genuine commercial activities with substantive business purposes.

During the audit process, the auditors were unable to obtain sufficient audit evidence, including adequate external confirmations and other supporting documents required from customers, resulting in their inability to express an audit opinion on this matter. In response, the Company's management has been actively communicating with customers and encouraging their cooperation to facilitate the successful completion of the audit procedures.

2、贸易应收账款余额及收入

公司收入确认的时间点为货物发出并到达客户指定地点，且相关经济活动都有销售合同、物流单据、期后回款记录等支持性文件，业务具有真实的商业实质。

审计师在审计过程中，由于缺乏充分的函证及其他需要客户方提供的资料等支撑性文件，导致无法发表意见，针对这种情况，公司管理层也在积极和客户沟通，希望对方积极配合公司审计工作的顺利进行。

3. Borrowings under Entrusted Payment Arrangements

Certain financial institutions with which the Company maintains credit facilities adopt entrusted payment arrangements in accordance with their internal management requirements. Under such arrangements, loan proceeds granted to the Company are paid by the banks directly to suppliers designated by the Company. The Company subsequently requests the suppliers to remit the full amount back to the Company for use in its ordinary production and operating activities.

This arrangement has not resulted in any loss of assets to the Company. Furthermore, such arrangements only existed before 2026, and there have been no instances of entrusted loan payments being returned to the Company since 2026.

The Board of Directors has implemented appropriate approval and monitoring procedures in relation to such borrowings, including maintaining Board resolutions, internal approval documentation for fund transfers, and periodic reconciliation mechanisms with relevant counterparties. Under the Company's internal control framework, these arrangements were transparent, documented, and subject to appropriate oversight.

3、委托付款安排下的借款

与公司有信贷业务往来的部分金融机构，根据其内部管理要求，对发放给企业的贷款采取委托付款的方式，在银行将贷款支付给公司指定的供应商后，公司又要求其全额转回公司，将该资金用于公司的日常生产经营，该行为并未造成公司任何资产损失，同时这种情况只存在于 2026 年之前，从 2026 年开始已经不存在信贷资金委托付款回流的情况。

董事会对该类借款履行了正常的审批和监控流程，如董事会决议记录、资金划拨的内部审批单、与受托方的定期对账机制等，该行为在内部管控下是清晰且受控的。

4. Government Penalty Provision and Contingent Liabilities

In May 2019, ChangZhou SanWei received an "Administrative Penalty Hearing Notice" issued by the Comprehensive Administrative Law Enforcement Bureau of ZhongLou District, Changzhou City. Since then, no further inquiries or follow-up actions have been received from the relevant government authorities. As the matter has not been formally concluded, the final penalty amount cannot be reliably estimated, and no official written determination has been issued. Consequently, the auditors were unable to obtain sufficient and appropriate audit evidence to express an opinion on this matter.

In accordance with the principle of prudence under applicable accounting standards, the Board of Directors and Management have recognized a provision for the potential penalty amount.

4、政府罚款拨备及或有负债

常州三维是在 2019 年 5 月收到的常州市钟楼区综合行政执法局出具的"行政处罚听证告知书"，之后再没有政府相关部门追问过此事，导致该事件尚未结案、最终罚款金额无法可靠估计、缺乏官方书面结论，审计师无法发表意见。

董事会及公司管理层出于会计准则的谨慎性原则计提了该笔准备金。

Query #4

We note that on page 17 of the Annual Report, the Company states that the Board has adopted a Board Diversity Policy and that the Nominating Committee considers various aspects of diversity such as gender, age, educational background, professional experience, skills, and knowledge. However, we note that the Annual Report did not disclose the specific targets, plans, timelines, and progress regarding board diversity. Listing Rule 710A(2) states that an issuer must describe in its annual report its board diversity policy, including the following: (a) the issuer's targets to achieve diversity on its board; (b) the issuer's accompanying plans and timelines for achieving the targets; (c) the issuer's progress towards achieving the targets within the timelines; and (d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer. Please clarify whether and how the Company has complied with each limb of Listing Rule 710A(2).

Company's Response to Query #4

The Company complies with the disclosure requirements under Rule 710A of the Listing Rules. The relevant Board diversity information is set out on pages 8 to 11 of the 2024 Annual Report:

(a) Diversity Objectives

The Company aims to establish a Board with balanced diversity in terms of industry background, professional expertise, experience, and perspectives. This is intended to support the continued development of the Group's core manufacturing business, enhance the quality of decision-making, and promote a multi-dimensional and sustainable Board diversity framework.

(b) Implementation Plan and Timeline

The Nominating Committee conducts an annual assessment of the Board composition. During Board renewal exercises and the appointment of new Directors, diversity considerations are incorporated into the selection criteria to ensure the continuous and long-term implementation of the Board diversity framework.

(c) Progress Achieved

The current Board members possess diverse professional backgrounds, including experience in the financial services sector, manufacturing industry, and other relevant fields. The Board structure has substantially achieved the Company's current diversity objectives, and further enhancements will continue to be made through ongoing and dynamic reviews.

(d) Alignment of Board Diversity with the Company's Development

The Directors possess complementary expertise across areas such as manufacturing operations, financial capital management, finance, and risk management. Their collective skills and experience support the Company's operational requirements, investment decisions, risk management framework, and overall business strategy and development plans.

Further details of the Board members' profiles are set out on pages 8 to 11 of the 2024 Annual Report.

公司遵守《上市规则》第 710A 条的披露要求，相关董事会资料载于 2024 年报第 8 至 11 页：

(a) 多元化目标：建立行业背景、专业技能、经验视角均衡多元的董事会，匹配集团制造业主营业务发展，提升决策质量，持续推进多层次董事会多元化。

(b) 实施计划及时间表：由提名委员会每年评估董事会组成；在董事换届、新董事委任环节，将多元化纳入遴选标准，长期持续落实多元化安排。

(c) 进展情况：现时董事会成员来自金融业、制造业等不同领域，具备差异化专业经验，董事会架构已基本实现现阶段多元化目标；后续将持续动态优化。

(d) 董事多样性与公司发展匹配：董事拥有实体制造、金融资本、财务风控等多元经验，各项技能互为补充，覆盖公司经营、投资、风险管理等需求，能够充分配合公司业务战略与发展规划。 董事会成员详细介绍请参见 2024 年报第 8-11 页。

Query #5(a-e)

Listing Rule 704(6) provides that an issuer must immediately announce if it has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors.

Please provide explanations for the following material variance in:

Query #5(a)

Loss for the year increasing from RMB6,169,000 in the FY2024 unaudited financial statements to RMB11,686,000 in the Annual Report 。

Company's Response to Query #5(a)

The increase in loss for the year was mainly due to the impairment loss on plant and equipment and impairment loss on financial assets amounting to RMB3,158,000 and RMB5,896,000 respectively and offset by the over depreciation of plant and equipment amounted to RMB2,627,000.
本期亏损从 616 万扩大到 1168 万,主要原因不是经营恶化，而是因为计提了巨额的应收账款坏账准备 5,896000 及固定资产减值 3,158,000.

Query #5(b)
Total current assets from RMB65,064,000 in the FY2024 unaudited financial statements to RMB51,305,000 in the Annual Report .

Company's Response to Query #5(b)
The decrease in current assets was mainly due to the reclassification of advance to supplier to non-current receivables amounting to RMB10,394,000 and reversal of capitalization of inspection cost of approximately RMB 650,000.

Query #5(c)
Total non-current assets from RMB30,132,000 in the FY2024 unaudited financial statements to RMB26,936,000 in the Annual Report .

Company's Response to Query #5(c)
The decrease is mainly due to the following:
i) Opening balance adjustment on impairment of plant and equipment amounting to RMB 18,103,000.
ii) Impairment loss on plant and equipment for FY2024 amounting to RMB 3,156,000,
iii) Reclassification of advance to supplier to non-current receivables amounting to RMB 10,394,000, and
iv) i), ii) and iii) were offset by the over-depreciation charge on plant and equipment amounting to RMB 6,808,000.

Query #5(d)
Net cash generated from/(used in) operating activities from RMB16,071,000 in the FY2024 unaudited financial statements to RMB18,654,000 in the Annual Report.

Company's Response to Query #5(d)
The difference is mainly due to:

	Audited financial statements	Unaudited financial statements	Variance	Remark
	RMB'000	RMB'000	RMB'000	
Loss before income tax	(11,686)	(6,169)	(5,517)	
Amortisation of deferred government grant	(223)	(2,003)	1,780	[i]
Depreciation of property, plant and equipment	832	6,976	(6,144)	[ii]
Impairment loss on property, plant and equipment	3,158	-	3,158	[iii]

ECL on trade receivables made	6,186	-	6,186	[iv]
Allowance made for inventories obsolescene	880	-	880	[v]
Working capital changes				
trade and other receivables	5,990	9,677	(3,687)	
trade and other payables	10,648	7,100	(3,548)	

Explanatory note:
Government grant income was over-recognized previously
Arise from the opening balance adjustment on impairment loss of property, plant and equipment for FY2024.
Impairment loss recognized on the Group's plant and equipment upon completion of audit.
Expected credit loss recognized on the Group's trade receivable upon completion of audit.
Allowance made for inventories obsolescence recognized upon completion of audit.

Query #5(e)
Net cash generated from/(used in) financing activities from (RMB 4,005,000) in the FY2024 unaudited financial statements to (RMB 4,427,000) in the Annual Report.

Company's Response to Query #5(e)
The difference is primarily attributable to the release of pledged deposits upon maturity, as included in the annual report
该差异主要是由于年度报告中包括了质押存款到期后解除质押所致。

Query #6
We note the prior year adjustments disclosed on pages 93 - 94 of the Annual Report which were due to corrections to (i) accounting treatment of certain capitalized inspection costs; and (ii) prior-period errors relating to accruals, production costs and the timing of recognition of outsourcing processing fees, amongst others. Please elaborate on the reasons for and circumstances leading to these errors.

Company's Response to Query #6
The capitalized inspection costs was determined as regular inspection service fees after the review and did not meet the recognition criteria for capitalization under the accounting standards and should be recognized as operating expenses when incurred.
The prior year adjustments primarily arose because certain supplier invoices and supporting documentation were received after the reporting date. As a result, certain expenses, including production costs and outsourcing processing fees, were not fully accrued in the appropriate reporting period. Subsequently, these omissions were identified and management recorded the necessary prior period adjustments to correctly reflect these expenses in the appropriate accounting periods.
The Company outsources certain production processes to external suppliers. Upon completion of the outsourced processing procedures, the suppliers deliver the products back to the Company, after which the Company continues to perform additional processing and production activities.
Generally, the Company only confirms and settles the processing fees with the outsourced suppliers after the relevant products have been inspected and accepted by the customers. As a result, there may be a timing difference between the completion of the outsourced processing activities and the

recognition and settlement of the related costs. Such timing differences arise from objective factors relating to the Company's production processes and customers' acceptance procedures, rather than from any irregularities in the underlying transactions.

Query #7(a-d)

We note in Note 10 (Note A) on page 75 of the Annual Report that the Group paid an advance of RMB 15,024,000 to a third-party supplier in FY2022 for purchase of raw materials, but no raw materials were delivered. A balance of RMB 10,394,000 remains outstanding and has been reclassified to non-current assets.

Query #7(a)

Please disclose the rationale for providing such substantial advances to suppliers, including the factors considered by management in approving these arrangements.

Company's Response to Query #7(a)

This matter relates to a contract entered into in 2022. The Company entered into a sales contract with a key strategic customer ("Customer A"), under which the products required the use of a highly specialized type of raw material that was extremely limited in market availability.

Suppliers of such specialized materials generally require payment in advance before shipment in order to secure production capacity and pricing. Due to the tight project delivery schedule, the Company entered into a raw material purchase agreement with Supplier B and made an advance payment of RMB 15,024,000 to secure the required materials.

Prior to approving the advance payment, Management conducted a comprehensive assessment, including reviewing the supplier's historical performance and track record, evaluating its production capacity, benchmarking payment terms against other companies in the same industry, and performing a fair pricing assessment. The advance payment was also subject to the Company's established internal approval procedures and controls.

这是一个在 2022 年的合同，公司与非常重要合作客户 A 签订了一份销售合同，该合同产品所用到的原材料为一种教特别种类的材料，并在市场上供应极度紧缺。这种供应商都是要求款到发货以锁定产能和价格，由于项目的工期紧迫，于是公司和供应商 B 签订了一份原材料采购合同，并预付给对方人民币 15,024,000 元。

管理层在审批前审查了供应商的历史履约记录、评估了其产能、对比了同行业其他公司的付款条件、进行了价格公允性测试，同时该预付款经过了公司内部严格的审批流程。

Query #7(b)

Please identify the third-party supplier and clarify whether they are related to the Group, its directors, key management, or substantial shareholders.

Company's Response to Query #7(b)

The third-party supplier has no relationship with the Group, the Directors, key management personnel, or substantial shareholders.

As the relevant information involves commercial confidentiality, public disclosure of the supplier's identity may adversely affect the Company's ability to maintain its competitive position. Accordingly, the Company is currently unable to disclose the supplier's name publicly.

All relevant transactions were conducted on normal commercial terms and on an arm's length basis, with no improper transfer of benefits or conflict of interest involved. The Company agrees to provide the supplier's information to the Exchange on a confidential basis for verification purposes.

该第三方供应商与本集团、董事、关键管理人员及大股东不存在关联关系。鉴于相关信息涉及商业机密，公开披露将不利于公司维持商业竞争力，公司暂不便于披露供应商名称。所有相关交易均遵循公平公允的市场商业条款开展，不存在利益输送。公司同意向交易所非公开提供供应商资料以供核查。

Query #7(c)
Please disclose whether the Group is still purchasing from the third-party supplier.

Company's Response to Query #7(c)
Due to the circumstances arising from this historical project matter, the Group has temporarily suspended procurement from this supplier. However, should there be future projects requiring this specialized type of material, the Group does not rule out the possibility of future cooperation with the supplier, as there are very limited suppliers in the market capable of producing such specialized materials.
In 2024, as the end customer's project of Customer A was cancelled, the Company was no longer able to proceed with the related purchase agreement with the supplier. The Company therefore requested the supplier to fully refund the advance payment previously made. Due to the significant amount involved, the supplier was unable to make a one-off repayment and instead commenced repayment of the advance payment in instalments from August 2024.
As at 28 July 2026, the supplier has refunded RMB 7,050,000, with an outstanding balance of RMB 7,974,700 remaining. The Company continues to actively follow up with the supplier to recover the remaining amount. The finance and sales engineering departments of Management will continue to monitor the progress and provide regular updates on the recovery status.
由于有了这个项目的遗留情况，集团目前暂时已经停止向该供应商采购。但是如果未来还有项目对这个特类材料感兴趣，不排除还要再合作的可能，确实做这类材料的供应商很少。
2024 年由于公司客户 A 的终端客户项目取消，导致公司与供应商的采购合同也无法继续履行，我方要求供应商退回预付的全部款项，由于金额较大对方没有办法一次性归还，反而从 2024 年 8 月开始分批归还公司前期的预付款，截止 2026 年 7 月 28，对方已经归还了金额 7,050,000.00 元，未归还金额为 7,974,700.00 元,并且对剩余款项公司还是跟供应商积极催要中。管理层财务和销售工程部门会再继续跟进和汇报这进展。

Query #7(d)
Please disclose the follow up actions taken by the Company when no raw materials were being delivered from FY2022.

Company's Response to Query #7(d)
Since the cancellation of the customer's project, the Company has been actively and diligently following up with the supplier to recover the advance payment. Management has maintained constructive and amicable communication with the supplier's senior management and has successfully recovered RMB 7.05 million to date.
With respect to the remaining outstanding balance of RMB 7.97 million, the Company will continue to make persistent efforts to recover the amount while allowing the supplier reasonable time and maintaining a cooperative approach. Both parties are effectively affected by the situation, as the issue arose from the cancellation of the end customer's project rather than from any failure of either party to perform its contractual obligations.
Given the customer's significant background and its continued status as one of the Company's major customers, the original procurement and project arrangements involved complex contractual considerations. As a major supplier to this customer, the Company has exercised caution in

considering alternative recovery measures against the customer and continues to engage in constructive discussions with the relevant parties to seek a practical resolution.
从客户的订单取消以来，公司一直在采取很积极的努力态度向供应商催要回预付款，目前跟对方领导还是很友好的沟通，并已经成功退回了 705 万。对于余款的 797 万元，还是需要继续努力、得给予供应商充分时间、多些谅解和耐性，毕竟我们双方都是“受害者”。由于客户的背景和至今为止还是公司的大户，当时的采购同合设计较复杂，做为大供应商，还不好采取别的方式来追诉客户，都还在继续沟通。

BY ORDER OF THE BOARD
SHANGHAI TURBO ENTERPRISES LTD.

Zhang Wenjun
Non-Executive and Lead Independent Director
31 July 2026