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

RESPONSES TO QUERIES FROM THE SGX-ST

The Board of Directors (the "**Board**") of Shanghai Turbo Enterprises Ltd (the "**Company**", together with its subsidiaries, the "**Group**") sets out below the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Company's Annual Report in respect of financial year ended 31 December 2021 (the "**Annual Report FY2021**"), and the Company's responses to such queries.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as defined in the Annual Report FY2021.

Query 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. It is disclosed on page 24 of the Annual Report that, for FY2021, the Board has received assurance from Mr. Simon Poh Siew Beng, the Non-Executive Independent Director, (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the adequacy and effectiveness of the Company's risk management and internal control systems in addressing financial, operational, compliance and information technology risks are operating effectively. Under Provision 9.2 of the Code of Corporate Governance, the assurance for (a) should have been from the CEO and the CFO while assurance from (b) should have been from the CEO and other key management personnel. Please explain this deviation from Provision 9.2 and clarify how the practices the Company had adopted are consistent with the intent of Principle 9 of the Code.

Company's Response to Query 1:

Save for Mr. Gao Zhong ("**Mr. Gao**"), who is the General Manager of Changzhou 3D Technological Complete Set Equipment Co., Ltd, a key subsidiary of the Company, the Company currently does not have a Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") or other key management personnel ("**KMP**").

In addition, the Company refers to its announcement dated 27 September 2022 (the "**Announcement**") particularly in respect of the response provided to SGX-ST query 3 therein. As requested by SGX-ST, the Company has disclosed that Mr. Simon Poh Siew Beng ("**Mr. Poh**"), the Company's Non-Executive & Independent Director and also the Chairman of the Audit Committee ("**AC**"), is currently overseeing the role of the financial controller of the Company.

As mentioned in the Announcement, Mr. Poh is a Fellow Chartered Accountant with over 20 years of experience working in international accounting and taxation firms. He has strong accounting and taxation experience. Mr. Poh is currently an Associate Professor (Practice) at the NUS Business School where he teaches taxation modules.

While the Board acknowledges the importance of having the CEO and the CFO provide assurance on the financial records and statements of the Company, due to the Company's existing circumstances of not having a CEO and a CFO and Mr. Gao not being involved in, or exercising oversight over, the preparation of the Company's financial records and statements, the Company has deviated from Provision 9.2 of the Code and have had Mr. Poh render such assurance to the Board as he is working with the Company's finance team in the preparation of the Company's financial records and statements and accordingly best placed to render such assurance.

While the Board also recognises the importance of adequate and effective internal control and risk management systems to ensure good corporate governance, because of its current lack of suitable

KMP to be responsible and/or involved in maintaining such systems, the Board relies on Mr. Poh to work together with the Company's finance team in the maintenance of requisite internal control and risk management systems.

As mentioned in the Announcement, the Board is actively looking for suitable candidates to assume the role of financial controller. Until such suitable candidate is hired, the Board is of the view that Mr. Poh, with his experience and experience in working with the Company's finance team, is best placed to provide the requisite assurances in respect of the Company's financial records and statements, and the adequacy and effectiveness of the Company's risk management and internal control systems.

In the Board's view, the intent of Principle 9 of the Code is to have the most suitable and/or qualified key personnel of the Company render such requisite assurances regarding the Company's financial records and statements and the adequacy and effectiveness of the Company's internal control and risk management systems. In the Company's current circumstances without a CEO, CFO and/or suitably qualified KMP, having Mr. Poh render such assurances, is in the Board's view, in accordance with and consistent with the intent of Principle 9 of the Code.

Query 2:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration of (i) each individual director and the CEO; and (ii) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000, and there were no explanations provided for in your FY2021 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's Response to Query 2:

The Company had adopted practices that were consistent with the intent of Principle 8 of the Code, which required transparency on the Company's remuneration policies, the level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation. Relevant extracts of the practices adopted as disclosed in various pages of our Annual Report FY2021 are as follows:

- Pages 20 and 21 of Annual Report FY2021

"**Procedures for Developing Remuneration Policies**

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2

As at the date of this report, the RC currently comprises of three members, all of whom including the Chairman are Non-Executive Independent Directors:

1. Mr Hong Yong (Chairman)
2. Mr Simon Poh Siew Beng
3. Mr Foo Chee Meng

The RC is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Director. The overriding principle

is that no Director should be involved in deciding his or her own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations. It has adopted written terms of reference that defines its membership, roles, functions and administration.

The RC meets at least once a year and at other times as required. The number of RC Meeting held and the attendance of each member at the meeting during FY2021 are disclosed in the table reflected under Provision 1.5.

[…]

The RC has reviewed the framework of remuneration for the Directors and Key Management Personnel and has determined specific remuneration packages for the Key Management Personnel. The recommendations of the RC are made in consultation with the Non-Executive Chairman and submitted for endorsement by the entire Board."

- Page 21 of Annual Report FY2021

"***Provision 6.3***

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share option scheme and benefit-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and Key Management Personnel with those of shareholders by linking rewards to corporate and individual performance, as well as roles and responsibilities of each Director. The RC will also review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual Directors and Key Management Personnel.

Provision 6.4

The RC has access to the professional advice of external experts in the area of remuneration, where required. No remuneration consultants were engaged by the Company in FY2021."

- Page 22 of Annual Report FY2021

"Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provision 7.1 and 7.3

The Company does not have any executive directors. However, the RC sets and reviews remuneration linked to the key performance indexes for the GM for every financial year and assesses his performance. Key performance indices are not only tied to corporate performance but also linked with certain risk control measurements. For FY2021, the GM has not met the key performance indices set by the RC.

The Company does not have a share option scheme or performance share plan. The RC is considering the viability of such schemes/plans and is looking into other long-term incentive schemes to supplement the Group's current compensation framework. The RC intends to extend the same to other Key Management Personnel.

"The RC will ensure that appropriate remuneration packages are established for its Directors and key management personnel based on established framework and review the same periodically to ensure that they remain relevant."

Provision 7.2

The Non-Executive Directors are paid yearly directors' fees of an agreed amount based on their contributions, taking into account factors such as effort, time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain the directors. Directors' fees are recommended by the Board for approval at the Company's AGM."

In addition, the Company has disclosed on page 23 of the Annual Report FY2021, its deviation from Provision 8.1 of the Code – the relevant extract is set out below:

"For confidentiality reasons, the Company is not disclosing the remuneration of each individual Director to the nearest thousand dollars. However, disclosure had been provided in bands of S$250,000 instead, with a breakdown in percentage of the remuneration earned through fees, salary, fixed component, variable component, benefits in kind, and/or other long-term incentives."

The Company believes that although the remuneration was not disclosed in dollar terms, there was disclosure on the level and mix of remuneration in percentage terms. The foregoing information (as extracted from pages 20 to 23 of the Annual Report FY2021) would have provided shareholders with an understanding of the Company's remuneration framework and policies and consistent with the intent of Principle 8 of the Code.

Query 3:

Listing rule 1207(18B)(c) requires issuers to provide an explanation on how the issuer has complied with the requirement to disclose its commitment to ensure protection of the whistleblower against detrimental or unfair treatment. Please clarify whether and how the Company has complied with listing rule 1207(18B)(c).

Company's Response to Query 3:

The Company has put in place a whistleblowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The Company does not tolerate victimisation of the whistleblower or any employee who may be involved as witnesses to any investigation or allow any whistleblower or witness to be subject to any reprisal. Disciplinary action will be taken against employees who victimise or take any form of reprisal against the whistleblower or witnesses and in appropriate cases, the relevant employees may be dismissed. The Company will take all necessary steps to ensure that the employment of the whistleblower will be protected even if the report proves to be unfounded, provided the report was made in good faith.

The Company ensures that the confidentiality of the whistleblower's identity will be strictly maintained by having a designated email address to receive whistleblowers' complaints to which only the AC members have access to. In circumstances where the nature of the investigation necessitates the disclosure of the whistleblower's identity, the AC Chairman or members of the AC or any such person heading the investigation will inform and explain to the whistleblower of the need to reveal his/her identity.

The AC will review the whistle-blowing framework from time to time to ensure that they remain relevant

and comply with Listing Rule 1207(18B).

Query 4:

Listing Rule 1207(20) requires issuers to disclose whether the use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.

Please clarify whether and how the Company has complied with listing rule 1207(20) in respect of its issue of 3,051,527 new ordinary shares via a share placement to one investor at an issue price of SGD0.423 per share

Company's Response to Query 4:

The Company did disclose the usage of placement proceeds of approximately S$1,235,420.92 (the "**Net Proceeds**") in respect of its issue of 3,051,527 new ordinary shares via a share placement to one investor at an issue price of SGD0.423 per share in the Annual Report FY2021 pursuant to Listing Rule 1207(20). However, the Company acknowledges that it needed to provide a breakdown with specific details on the use of Net Proceeds for working capital in the Annual Report FY2021. Notwithstanding the above, a breakdown with specific details on the use of Net Proceeds for working capital was disclosed in the Condensed Interim Consolidated Financial Statements of the Company for the nine months ended 30 September 2022. The breakdown with specific details on the use of Net Proceeds for working capital is also set out below.

Description	**SGD**	**RMB**	**HKD**
Net Proceeds Raised as at 25 May 2021	1,235,420.92	*5,968,194.92	*7,224,741.54
Working Capital Required and Utilised on 25 June 2021	#1,206,703.83	5,653,548.77	6,903,340.00
Balance of Net Proceeds as at 30 June 2021	28,717.09	314,646.15	321,401.54
Working Capital Required and Utilised on 19 July 2021	28,717.09	314,646.15	321,401.54

Notes:
* The calculation is based on the Monetary Authority of Singapore ("MAS") exchange rates as at 25 May 2021 with SGD1 = RMB4.8309 and SGD1 = HKD5.848.
# The amount is extracted from the bank debit advice as at 25 June 2021.

The balance of the Net Proceeds as at 25 June 2021 amounting to SGD28,717.09 was placed in the escrow account maintained with United Overseas Bank Limited in Singapore. The amount of SGD28,717.09 has been utilised to make the partial payment of Directors' Fees for the financial year ended 31 December 2021 which was approved at the Extraordinary General Meeting held on 31 March 2021 and due for payment on 30 June 2021. This amount has been deducted from the Company's bank account on 19 July 2021.

The above utilisations are in line with the intended uses of the Net Proceeds stated in the Company's announcement released on 27 April 2021.

The Company utilised the Net Proceeds from the share placement for general working capital purposes, which is in accordance with the stated use and the percentage allocated as stated in the Company's announcement released on 27 April 2021. As there was no material deviation from the stated use of

the Net Proceeds, accordingly, the Company did not announce any reasons for deviation.

By Order of the Board

Hong Yong
Non-Executive Chairman and Lead Independent Director
17 February 2023