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

RESPONSES TO QUERIES FROM THE SGX-ST IN RELATION TO COMPANY'S ANNOUNCEMENT RELEASED ON 31 JANUARY 2023 RELATING TO THE AUDITOR'S DISCLAIMER OF OPINION IN THE INDEPENDENT AUDITOR'S REPORT

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 announcement released on 31 January 2023 relating to the auditor's disclaimer of opinion in the Independent Auditor's Report (the "**Announcement**"), 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 Announcement.

Query 1(a):

Please disclose the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.

Company's Response to Query 1(a):

The Board is of the view that the Group is able to continue operating as a going concern on the bases set out below.

(a) In view of (*i*) China's plan to peak carbon dioxide emissions by 2030, (*ii*) the 14th five-year plan issued by the National People's Congress on 11 March 2021 which provides for, among others, reduction in carbon emissions, and (*iii*) the gradual transition towards renewable energy, the Board anticipates that there will be increased opportunities for the Group's growth, including in the thermal energy sector which the Group currently operates in, and for the Group to potentially diversify its existing business to such other business segments to generate new cash flows.

(b) The Group has adequate financial resources to enable the Group to meet its current liabilities and other future liabilities as and when they fall due at least in the next 12 months. Such financial resources include the banking facilities available to the Group. In this regard, the Board understands from management that the Company has obtained an increase to its line of credit from the banks in China.

(c) Notwithstanding that the Company is currently loss-making, the Group's sales performance has been improving and the management has also taken steps to improve operations such as reducing costs as far as practicable and working towards diversifying its customer base to include new customers and reduce its reliance on the existing key customers. The Company is presently focused on research and development to improve its existing product line and is committed to improving its operations and management to ensure sustainable development.

Query 1(b):

Please disclose the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3).

Company's Response to Query 1(b):

Pursuant to Listing Rule 1303(3), the trading of the shares in the Company may at any time be suspended where the Company is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so.

Based on the reasons set out in the Company's response to Query 1(a) above, barring any unforeseen circumstances, the Board is of the view that the Company has sufficient working capital to maintain the operations of the Group and to meet the Group's obligations as and when they fall due for at least the next 12 months. Accordingly, the Board is of the opinion that there is no requirement for there to be a suspension of trading of the Company's shares pursuant to Rule 1303(3) of the Listing Rules.

Query 1(c):

Please disclose the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner, and the bases for its views.

Company's Response to Query 1(c):

To the best of the Board's knowledge as at the time of providing this response, all material disclosures have been announced for the trading of the Company's shares to continue in an orderly manner. On this basis, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

By Order of the Board

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