
AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 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, Crowe Horwath First Trust LLP (the “**Auditor**”), 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 2023 (“**Independent Auditor’s Report**”). The Independent Auditors’ Report annexed to this announcement.

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

I. As the above balance and transactions recorded with this major customer is both material and pervasive to the financial statements, we were unable to opine on the accompanying financial statements.

Explanation of Accounts Receivable Discrepancies with Customer A (as of December 31, 2023)

关于与客户 A 应收账款差异的说明（截至 2023 年 12 月 31 日）

As of December 31, 2023, the Group’s recorded trade receivable balance from key Customer A amounted to RMB 18,586,000 (net of an impairment loss provision of RMB 1,545,000) (compared with RMB 15,432,000 in 2022, net of an impairment loss provision of RMB 1,545,000). However, Customer A’s books reflected a trade payable balance to the Group of only RMB 866,684.10 (RMB 2,390,868 in 2022) based on their confirmation reply to the Auditor. This resulted in a discrepancy of RMB 19,264,315.90 (including the impairment loss provision) as of December 31, 2023 (discrepancy of RMB 14,586,132 in 2022, including the impairment loss provision) between the Company and Customer As’ records.

截至 2023 年 12 月 31 日，本集团对主要客户 A 的账面应收贸易款余额为人民币 18,586,000 元（扣除减值损失准备 1,545,000 元）（2022 年为人民币 15,432,000 元（扣除减值损失准备 1,545,000 元）），而客户 A 回复的审计询证函上账面所记录的应付本集团的贸易款余额为人民币 866,684.10 元（2022 年为人民币 2,390,868 元），截至 2023 年 12 月 31 日双方账面差异为 19,264,315.90 元(包含减值损失准备)（2022 年差异为 14,586,132 元（包含减值损失准备））。

The discrepancies arise from the following factors:

差异成因分析如下：

Timing Differences in Recognition

入账时点差异

The Group recognizes revenue and accounts receivable when goods are delivered to the customer's designated location. Customer A, however, records payables only after multi-departmental inspection and acceptance upon receipt. Due to complex product specifications and stringent acceptance procedures, Customer A's booking cycle typically lags by 1–2 months.

本集团以货物发出并抵达客户指定交货地作为收入及应收账款确认时点；客户 A 则需在收货后经多部门验收确认方登记应付账款。因交付产品工艺复杂且验收流程严格，其入账周期通常滞后 1-2 个月。

Impact of Customer's Year-End Settlement Policy

客户年度结算政策影响

As a Central Government-Owned Enterprise, Customer A strictly controls payable entries during October–December each year, recording only invoices received to reduce year-end liability balances. The payable balance provided to Auditor in the confirmation reply follows this approach and excludes accepted-but-unbooked liabilities.

客户 A 作为中央企业，每年 10-12 月期间严格控制应付账款入账规模（仅以已收发票金额入账），旨在降低年末账面负债余额。其向审计机构提供的应付余额亦基于此口径，未包含已收货未入账债务。

Nature of Discrepancies and Commercial Context

差异实质与商业背景

The combined effect of these factors delays the reflection of the Group's deliveries in Customer A's books by 2–3 months. The current discrepancy primarily stems from deliveries made during Q4 2023 (October–December)

上述因素叠加导致集团交付货物需 2-3 个月方体现于客户 A 账面。当前差异金额主要源于 2023 年第四季度（10-12 月）的交付量。

Special note: As a long-term partner and large Central Government-Owned Enterprise, Customer A operates under rigid financial settlement procedures. Based on years of trusted cooperation, the Group understands and accepts this operational practice.

需特别说明：客户 A 作为长期合作的国有大型企业，其财务结算流程具有制度刚性。基于多年合作互信，本集团理解并接受其操作模式。

Nature and Risk Declaration of Discrepancies:

差异性质及风险声明：

- These differences are purely temporary and involve no credit disputes or impairment risks;



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- All revenue and receivables recognized by the Group are supported by sales contracts and delivery acknowledgments, ensuring validity;
- Historical collection records confirm timely settlement, indicating no material impact on the Group's financial position.
- 此差异为纯时间性差异，不涉及债权争议或信用减值风险；
- 集团所有收入及应收账款均以销售合同、交付签收文件为依据，确认真实有效；
- 历史回款记录表明，相关款项均能按期收回，对集团财务状况无实质影响。

II.The Auditor has reservations about the Going Concern Basis of The Group and the Company

Company Statement on Going Concern

公司关于持续经营能力的声明

Notwithstanding the Auditor's disclaimer of opinion regarding the Group's ability to continue as a going concern, the management is of the view that the use of going concern basis is appropriate and there is no material uncertainty exists based on the following facts and as disclosed in Note 2.2 to the Audited Financial Statements :

尽管审计机构对集团持续经营能力出具保留意见，管理层基于以下事实确认集团持续经营不存在实质性风险：

Strengthened Bank Credit Support

银行信贷支持力度持续增强

The majority of the Group's current liabilities consist of bank loans. As of December 31, 2023, the outstanding loan balance was RMB 44.5 million. All existing loans are working capital facilities, typically with maturities of less than one year. Given the stability of the Group's operations, banks generally renew these loans annually upon maturity. Historically, the Group has never defaulted on any loan repayments. Furthermore, banks have increased credit limits based on the Group's order volume to support business growth. Owing to its strong credit standing, Jiangnan Bank Zhonglou Branch upgraded the credit facility for Changzhou Sanwei on April 8, 2025, raising the loan limit from RMB 35 million to RMB 68.8 million. The loan interest rate has also decreased from 6% in early 2021 to the current 3.2%, significantly reducing financing costs. This demonstrates banks' confidence in the Group's ongoing operations and future prospects.

集团的流动负债大部分是银行贷款，2023 年 12 月 31 日贷款余额人民币 4450 万，集团目前的贷款都属于流动资金贷款，该类型的贷款期限通常不超过一年，基于目前公司生产经营稳定，贷款到期后银行一般都会收回贷款并重新发放一年期的贷款，事实也证明公司从未发生过贷款逾期的事件，并且银行还会根据公司订单情况，增加信贷额度，以支持公司发展。由于公司信用良好，在 2025 年 4 月 8 日，江南银行钟楼支行更新了对常州三维的授信额度，其对常州三维的贷款额度从 3500 万增加到 6880 万，贷款利率也从 2021 年初的 6%降低到

现在的 3.2%，公司融资成本大大降低，这足以证明银行对公司持续经营及公司前景保持乐观态度。

Positive Trend in Operational Performance

经营业绩呈现积极改善趋势

Although the Group reported losses in recent years, its overall trajectory shows improvement with stable cash flow. Through multi-faceted efforts—including optimized production structures, enhanced efficiency, and resource integration—the Group has substantially improved asset utilization. Sales revenue grew from RMB 34.27 million in 2020 to RMB 79.0 million in 2023, reflecting robust growth momentum, structural reforms have yielded significant results.

虽然过去几年集团处于亏损状态，但是总体趋势是变好的，集团的现金流是稳定的。近几年，集团通过多方面的努力，从优化生产组织结构，提高生产效率到整合公司资源，从而大大提高资产使用效率。销售额从 2020 年的 3427 万元增长到 2023 年的 7899 万元，收入增长动能强劲，结构性改革成效显著。

Concluding Statement:

结论声明：

Driven by sustained sales growth, reinforced bank support, and material operational efficiency gains, management is confident that current losses represent a temporary phenomenon. With the collective efforts of all employees, the Group is positioned to achieve profitability in the foreseeable future.

基于销售额的持续增长、银行信贷支持的强化以及经营效率的实质性改善，管理层确信当前亏损为阶段性现象。在全体员工的协同努力下，集团有望于可预见的未来实现盈利。

III. Impairment assessment of the investment in a subsidiary of the Company

As at 31 December 2023, the carrying amount of investment in a subsidiary stood at RMB11,900,000, which is stated after an impairment loss of RMB14,000,000 recognised during FY 2023 as disclosed in Note 6. We were unable to obtain sufficient appropriate audit evidence on the appropriateness of the recoverable amount used. Accordingly, we were unable to determine whether any adjustments were necessary to be made to the carrying amount of investment in a subsidiary as at 31 December 2023, and loss for the year for FY 2023. In addition, we were unable to ascertain the appropriateness and adequacy of the related disclosures, and presentations in the financial statements.

Statement on Impairment Assessment of Subsidiary Investments

关于子公司投资减值评估的声明

The Group engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an internationally independent valuation firm, to conduct an impairment test on Shanghai



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Turbo's subsidiary investments. As of December 31, 2023, the fair value of these investments was professionally assessed at RMB 11.952 million.

集团已聘请国际独立评估机构 仲量联行（Jones Lang LaSalle Corporate Appraisal and Advisory Limited）对上海动力持有的子公司投资进行减值测试。截至 2023 年 12 月 31 日，该项投资经专业评估确认的公允价值为人民币 1,195.2 万元。

The valuation report was formally submitted to the Auditor for review prior to the audit report issuance. While the Group fully respects the Auditor's disclaimer of opinion regarding impairment, management considers the professional valuation conclusions more commercially reasonable based on the following:

该评估报告已于审计报告签发前正式提交审计机构审阅。对于审计机构出具的减值相关保留意见，集团予以充分尊重，但基于以下考量，管理层认为专业评估结论更具商业合理性：

Compliance of Valuation Methodology: Jones Lang LaSalle employed a combined income and market approach, aligning with *Accounting Standards for Business Enterprises No. 8 – Asset Impairment* and International Valuation Standards.

评估方法合规性：仲量联行采用收益法与市场法相结合的评估模型，符合《企业会计准则第 8 号-资产减值》及国际评估准则要求；

Timeliness Assurance: The valuation date coincides with the financial reporting deadline, with key parameters reflecting end-period market conditions.

时效性保障：评估基准日与财报截止日一致，关键参数已反映期末市场状况。

Given the global expertise of the valuation firm in real estate and equity investments, the Group has adopted this assessment as the final basis for impairment measurement.

基于评估机构在不动产及股权投资领域的全球专业声誉，集团决定采纳该评估结果作为最终减值计量依据。

BY ORDER OF THE BOARD

Zhang Wenjun

Non-Executive Chairman and Lead Independent Director

8 July 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHANGHAI TURBO ENTERPRISES LTD.**

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), set out on pages 7 to 63 which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, 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 material accounting policy information.

We do not express an opinion on the accompanying consolidated 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) Trade receivable balance and revenue

As at 31 December 2023, the Group's trade receivables and contract assets included a balance of a balance of RMB18,586,000 (net of allowance for impairment losses of RMB1,545,000) owed by a major customer (Customer A) (2022: RMB15,432,000 (net of allowance for impairment losses of RMB1,545,000)). As disclosed in Note 28(iii) to the financial statements, sales to Customer A accounted for 77% of the Group's revenue for the financial year ended 31 December 2023 ("FY2023") (2022: 64%). We have obtained written confirmation reply from Customer A which confirms materially different balances as at 31 December 2023 and 31 December 2022 from the Group's recorded balances. As the date of this report, management was unable to reconcile the customer's confirmed balances against the recorded balances for both years. Consequently, we were unable to determine whether any adjustments to the Group's financial statements for FY2023 were necessary regarding:

- (a) the revenue for FY 2023 and corresponding effect on trade receivables and contract assets/liabilities as at 31 December 2023; and
- (b) the potential effect on the opening balances of trade receivables and accumulated losses as at 1 January 2023 as well as any consequential impact to the financial statements of FY 2023.

As the above balance and transactions recorded with this major customer is both material and pervasive to the financial statements, we were unable to opine on the accompanying financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHANGHAI TURBO ENTERPRISES LTD. (Continued)

Basis for Disclaimer of Opinion (Continued)

(2) Use of Going Concern basis

The following conditions, among other factors as disclosed in Note 2.2, 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:

- (a) the Group's and the Company's current liabilities exceeded their current assets by RMB3,356,000 and RMB35,492,000 respectively as at 31 December 2023.
- (b) for FY 2023, the Group recorded a profit of RMB7,149,000 which includes a one-off gain from recovery of misappropriated funds from former key management personnel amounting to RMB3,750,000 and a reversal of impairment losses of RMB5,256,000. Had these two gain or income items been disregarded, the Group would have recorded a net loss of RMB1,857,000.
- (c) the Group continues to incur losses for the subsequent financial periods, based on the unaudited results for financial year ended 31 December 2024 and quarter ended 31 March 2025 as announced via SGXNet.

These financial statements have been prepared using the going concern basis as the directors are of the view that, amongst others, the Group will be able to obtain continuous financial support from its bankers and generate positive cash flows from the operations.

As a result of the conditions stated above, and in conjunction with our concerns regarding the trade receivables and revenue recorded as detailed in matter (1) above, we were unable to determine the reliability of the cash flows forecast prepared by the Company to support the Group's ability to continue as a going concern and whether there is any potential adverse impact on the Group's ability to renew existing loan facilities and/or obtain any new loan facility. Accordingly, we are unable to opine on the appropriateness of the use of going concern basis in the preparation of these financial statements.

(3) Impairment assessment of the investment in a subsidiary of the Company

As at 31 December 2023, the carrying amount of investment in a subsidiary stood at RMB11,900,000, which is stated after an impairment loss of RMB14,000,000 recognised during FY 2023 as disclosed in Note 6. We were unable to obtain sufficient appropriate audit evidence on the appropriateness of the recoverable amount used. Accordingly, we were unable to determine whether any adjustments were necessary to be made to the carrying amount of the investment in a subsidiary as at 31 December 2023, and loss for the year for FY 2023. In addition, we were unable to ascertain the appropriateness and adequacy of the related disclosures, and presentations in the financial statements.

Other Matter

The financial statements for the year ended 31 December 2022 were audited by another auditor whose report dated 14 November 2023 expressed a disclaimer of opinion on those financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SHANGHAI TURBO ENTERPRISES LTD. (Continued)**

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 International Financial Reporting Standards (IFRSs), 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing ("ISAs") 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 had 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 Lee Yan Huei.

Crowe Horwath First Trust LLP

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

8 July 2025