

# SHANGHAI TURBO ENTERPRISES LTD.

(Company Registration No.: CT-151624)

Incorporated in the Cayman Islands

## RESPONSE TO SGX QUERIES ON THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024("Q1FY2024 FINANCIAL STATEMENTS")

### **Query #1**

It is disclosed on page 21 of the Q1FY2024 financial statements that "Other operating income increased by 51% from RMB0.44 million in 1Q FY2023 to RMB0.66 million in 1Q FY2024. The other operating income consists mainly of sales of scraps and wastage iron and refunds from management personnel.". We note the Company's response to query #5 in the 6 March 2024 announcement entitled "Response to SGX queries on the Company's unaudited financial statements for the financial year ended 31 December 2023 ("FY2023") that "Zhang Rong was the former president of CZ3D and Jiang Ronglin was the former vice-general managing director of CZ3D, they have been subjected to mandatory measures by public security agencies due to suspicions of engaging in illegal activities. The nature of the refund is to return illegal gains. The Company is currently in close communication with the Chinese public security organs, as the case has not yet reached a final judgment and the details are confidential, the Company will announce once the final judgment is formed."

With regard to the refunds from management personnel, please clarify whether it pertains to refunds from former management Zhang Rong and Jiang Ronglin. If yes, please provide an update on the case and nature of refunds obtained in Q1FY2024.

### **Company's Response to Query #1**

It is a presentation error that "The other operating income consists mainly of sales of scraps and wastage iron and refunds from management personnel" disclosed on page 21 of the Q1FY2024 financial statements, no refunds were received from former management in Q1 FY2024. It should be changed to " The other operating income in 1Q FY2024 consists mainly of sales of scrap iron and rental income."

The Company rented out part of the empty workshop without the disruption of the normal production and operation safety of the main business to increase revenue. The details are as follows:

NO.	Tenant	Term of Lease	Yearly rental (RMB' 000)
1	常州华王机械制造有限公司	2023. 2. 1-2028. 1. 31	509. 67
2	常州博安仓储物流有限公司	2023. 2. 1-2028. 1. 31	556. 88
3	贝思特（常州）精密机械有限公司	2022. 10. 1-2025. 9. 30	68. 57
4	常州铭屹商贸有限公司	2024. 4. 1-2024. 12. 31	23. 31
	Total		1, 158. 43

### **Query #2**

We note that the recoverable amount of land use rights was based on its fair value on 31 December 2022, similar to that disclosed in the Company's unaudited financial statements for the financial year ended 31 December 2023. It is disclosed in the Company's response to sgx queries in the 6 March 2024 announcement entitled "Response to SGX queries on the Company's unaudited financial statements for the financial year ended 31 December 2023 ("FY2023")" that, the Company will engage a professional evaluation agency to carry out the assessment and finalize it prior to the completion of the annual audit report for FY2023. Please provide an update on the evaluation of land use rights by professional evaluation agency as at 31 December 2023. Please also disclose the methodologies used in its impairment assessment, as well as Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used, including whether any material change is required with regard to the land use rights as at 31 March 2024, compared to 31 December 2022.

### **Company's Response to Query #2**

The assessment of land use rights as at 31 December 2023 has not commenced yet, the Company will engage a professional evaluation agency and expects to carry out the assessment in mid-June, and finalize it prior to the completion of the annual audit report for FY2023.

### **Query #3**

We note the Company's response to query #5 in the 6 March 2024 announcement entitled "Response to SGX queries on the Company's unaudited financial statements for the financial year ended 31 December 2023 ("FY2023")" that " The assessment of property, plant and equipment as at 31 December 2023 has not commenced yet, and the Company will engage a professional evaluation agency to carry out the assessment and finalize it prior to the completion of the annual audit report for FY2023".

Please provide an update on the evaluation of property, plant and equipment by professional evaluation agency as at 31 December 2023. Please also disclose the methodologies used in its impairment assessment, as well as Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used.

### **Company's Response to Query #3**

The assessment of property, plant and equipment as at 31 December 2023 has not commenced yet, and the Company will engage a professional evaluation agency and expects to carry out the assessment in mid-June, and finalize it prior to the completion of the annual audit report for FY2023.

**Zhang Wenjun**

**Non-Executive and Lead Independent Director**

**27 May 2024**