

Our Ref: REG/LC/RQ/JO/NOC2023040002

19 April 2023

Board of Directors
Shanghai Turbo Enterprises Ltd
1 Harbourfront Avenue,
#14-07 Keppel Bay Tower
Singapore 098632

Dear Sirs,

SHANGHAI TURBO ENTERPRISES LTD (THE “COMPANY”)
NOTICE OF COMPLIANCE (THE “NOTICE”)

1. Singapore Exchange Regulation (“**SGX RegCo**”) refers to the following SGXNet announcements:
 - (a) Dated 17 April 2017 (Announcement Reference No. SG170417OTHRXE03 titled “Cessation of Executive Non-Independent Director”)
 - (b) Dated 17 April 2017 (Announcement Reference No. SG170331MEETKLNL titled “Results of Annual General Meeting”)
 - (c) Dated 11 May 2017 (Announcement Reference No. SG170511OTHRBUZ0 titled “Appointment of Chief Executive Officer of Changzhou 3D Technological Complete Set Equipment Co., Ltd”)
 - (d) Dated 27 June 2017 (Announcement Reference No. SG170627OTHR9M47 titled “Shanghai Turbo commences legal proceedings”)
 - (e) Dated 4 July 2017 (Announcement Reference No. SG170704OTHRVY4U titled “Developments Relating to the Operations of the Factory”)
 - (f) Dated 4 August 2017 (Announcement Reference No. SG170804OTHRZOW7 titled “Further Developments Relating to Factory Operations”)
 - (g) Dated 18 September 2017 (Announcement Reference No. SG170918OTHRJY3U titled “Developments Relating to Legal Proceedings”)
 - (h) Dated 20 September 2017 (Announcement Reference No. SG170920OTHREHR5 titled “Report of Physical Assault by Former Personnel at Factory Premises”)
 - (i) Dated 21 September 2017 (Announcement Reference No. SG170921OTHR4M65 titled “Shanghai Turbo Regains Control of Factory Premises”)

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

- (j) Dated 13 November 2017 (Announcement Reference No. SG171113OTHRMQ0B titled “Second quarter and/ or half yearly results”)
 - (k) Dated 1 January 2020 (Announcement Reference No. SG200101OTHRXCQ4 titled “Further development relating to legal proceedings”)
 - (l) Dated 13 July 2020 (Announcement Reference No. SG200713OTHRVDVR titled “Further development relating to legal proceedings”)
 - (m) Dated 28 August 2020 (Announcement Reference No. SG200828OTHRMFSW titled “Further Development Relating to Legal Proceedings”)
 - (n) Dated 3 March 2023 (Announcement Reference No. SG230303OTHRFP8L titled “Appointment of Executive Director, Liu Ming”)
 - (o) Dated 3 March 2023 (Announcement Reference No. SG230303OTHRJL0 titled “Changes to the Compositions of the Board and Board Committees”)
 - (p) Dated 24 March 2023 (Announcement Reference No. SG230324OTHRHWL titled “Responses to Queries from SGX-ST on 21 March 2023”)
2. On 3 March 2023, the Company announced the appointment of Mr Liu Ming as an executive director of the Company. In a separate announcement released on the same day, the Company disclosed that the Board has been reconstituted with the following members:

Board of Directors

Mr Liu Ming (Executive Director)
Mr Zhang Wenjun (Non-Executive Non-Independent Director)
Mr Poh Siew Beng (Non-Executive Independent Director)
Mr Foo Chee Meng (Non-Executive Independent Director)

3. Mr Liu Ming was previously the Chief Executive Officer and Executive Director of the Company between 2006 and 2017. His appointment as Executive Director ceased after not being re-elected by Shareholders at the Annual General Meeting held on 15 April 2017 (“**2017 AGM**”). On 11 May 2017, the Company announced the appointment of Mr Zhang Rong as Chief Executive Officer of the Company’s operating subsidiary, Changzhou 3D Technological Complete Set Equipment Co., Ltd (“**CZ3D**”).
4. In August 2017, CZ3D instituted its own legal action against Mr Liu Ming and certain persons in China in relation to the handover dispute of the CZ3D’s factory from 15 April 2017 to 19 September 2017.
5. On 18 September 2017, the Company announced that it is suing Mr Liu Ming, the then-former Executive Director of the Company, for a breach of his Service Agreement and

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D
(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

fiduciary duties, particularly, failing to deliver up the factory premises of its operating subsidiary, CZ3D to the Board of CZ3D.

6. On 20 September 2017, the Company announced that Mr Raymond Lim Sian Heong, Independent Non-Executive Director of the Company, Mr Zhang Rong, and three of their entourage were assaulted with plastic batons by the associates of Mr Liu Ming, when they attempted to enter the factory in Changzhou City, Jiangsu Province, China. The case was reported to the local police and the Singapore Consulate-General in Shanghai.
7. It was also disclosed in the Company's financial statements for the period ended 30 June 2017 that "at the same time, Liu Ming, who was removed from his position as a director and CEO of the Company at the AGM on 15 April 2017, failed to cooperate and instead obstructed the smooth handover of operations to the new management team, thus resulting in losses for the Group."
8. On 13 July 2020, the Company announced that Changzhou City Intermediate Court (the "**Court**") delivered a 50-page judgment which found that Mr Liu Ming, Ms Huang Xia, Mr Shen Liangda and Mr Yin Baoneng had orchestrated the illegal occupation of the CZ3D factory and were found liable to compensate CZ3D a total of approximately RMB 513,000 (including court costs).
9. On 28 August 2020, the Company announced that the Company and Mr Liu Ming had executed a settlement agreement in respect of (a) all disputes between the Company and Mr Liu Ming arising out of and/or in connection with the proceedings commenced against Mr Liu Ming in the Singapore courts, and (b) all disputes between CZ3D and Mr Liu Ming arising out of and/or in connection with the proceedings commenced against Mr Liu Ming in the People's Republic of China courts.
10. On 3 March 2023, the Company announced Mr Liu Ming's appointment once again as Executive Director. In response to SGX RegCo's queries on Mr Liu Ming's suitability as a director, the Company disclosed in its SGXNet announcement of 24 March 2023, amongst others, the following:

"1. Mr. Liu Ming and others did not constitute a crime but a dispute of civil nature.

2. The handover was not done amicably both parties have their own claims on improper handover and engaged in infringement disputes that resulted in unnecessary costs and reduced profits for the Company. The court failed to reach a definitive judgment due to insufficient evidence..."

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589

main: +65 6236 8888

11. However, SGX RegCo notes the disclosure in the Company's announcement of 13 July 2020 that the Court had found that Mr Liu Ming and certain persons had "orchestrated the illegal occupation of the CZ3D factory" and were found liable to make a monetary compensation to CZ3D.
12. SGX RegCo further notes that the Company's announcement on the appointment of Mr Liu Ming failed to disclose Mr Liu Ming's involvement in the handover dispute of the CZ3D's factory and the resultant Court's judgment which found Mr Liu Ming and certain persons had orchestrated the illegal occupation of the CZ3D factory and had been found liable to compensate CZ3D. The Company's announcement of 24 March 2023 disclosed that the Board had "taken a conservative approach to necessary disclosure, but all in the best interests of the company and shareholders" and "consulted with Mr Liu Ming, and all these provisions are his self declaration and confirmation on those required forms and documents."
13. In light of the developments subsequent to the cessation of Mr Liu Ming's appointment as Chief Executive Officer and Executive Director in 2017 as well as the non-disclosure of such information in the Company's announcement of 3 March 2023 on "Appointment of Executive Director, Liu Ming", SGX RegCo has concerns about the suitability of Mr Liu Ming as a director and executive officer of the Company under Listing Rule 720(1) read with Listing Rule 210(5). The Nominating Committee's responses disclosed via the SGXNet announcement of 24 March 2023 to our queries have not adequately addressed our concerns.
14. Listing Rule 720(1) of the Listing Manual provides that an issuer must also comply with Listing Rule 210(5) on a continuing basis, which requires among others, a consideration of the character and integrity of directors and management.

Exchange directives

15. Listing Rule 1405(1) provides that SGX RegCo may exercise administrative powers for the purposes of ensuring that the market is fair, orderly and transparent.
 - (a) Listing Rule 1405(1)(d) further provides that SGX RegCo may require an issuer to obtain the prior approval of the Exchange under Listing Rule 720(3)(a), for a period not exceeding 3 years, for the appointment or reappointment of a director or an executive officer. Under Listing Rule 720(3)(b), circumstances under which SGX RegCo may effect Listing Rule 720(3)(a) includes where the Exchange thinks it necessary in the interests of the public or for the protection of investors; and

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

- (b) Listing Rule 1405(1)(f) further provides that SGX RegCo may require an issuer to appoint special auditors, additional auditors, compliance advisers, legal advisers or other independent professionals for specified purposes.
16. Pursuant to Listing Rule 1405(1)(d), SGX RegCo requires the Company to obtain the prior approval of SGX RegCo under Listing Rule 720(3)(a) for the appointment or reappointment of Mr Liu Ming as a director or an executive officer, for the next three years, commencing from the reappointment of Mr Liu Ming as an executive director at the Annual General Meeting (“**AGM**”) for the financial year ended 31 December 2022 (“**Upcoming AGM**”). We are of the view that it is in the interests of the public and for the protection of investors that shareholders should be given sufficient information to be able to appraise the character and integrity of Mr Liu Ming in view of the Court’s judgement, lawsuits filed against him as well as the fact that Mr Liu Ming was not re-appointed as Executive Director by shareholders during the 2017 AGM for reasons not known to SGX RegCo.
17. Pursuant to Listing Rule 1405(1)(f), SGX RegCo requires the Company to appoint an independent professional (“**Independent Reviewer**”) by 18 May 2023 to undertake an independent review of Mr Liu Ming’s suitability as a director (the “**Review**”), prior to seeking SGX RegCo’s approval for the appointment or reappointment of Mr Liu Ming as a director or an executive officer. The Review should cover, but is not limited to, past and present directorships, history of employment, litigation and bankruptcy checks, Mr Liu Ming’s personal and business backgrounds and integrity, role in the Company’s business, interests in other companies, and any criminal or other records. The Review should also take into consideration the circumstances surrounding events as set out in above-mentioned paragraphs 3 to 9 and all past legal proceedings taken by the Company against him.
18. Please note that the Independent Reviewer to be appointed, the terms of reference of engagement and the scope of the Review are subject to SGX RegCo’s prior approval. The Independent Reviewer shall report its findings directly to SGX RegCo. The findings of the Review and the Nominating Committee’s assessment of Mr Liu Ming’s suitability as a director taking into consideration such findings must be disclosed via SGXNet and included in the Company’s resolution for the appointment or reappointment of Mr Liu Ming as a director at the Upcoming AGM. The appointment of the Independent Reviewer cannot be terminated without SGX RegCo’s consent.
19. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX RegCo shall be deemed to be a contravention of the Listing Rules.

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589

main: +65 6236 8888

20. Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Listing Rules, including any failure to comply with the requirements imposed by SGX RegCo.

Yours faithfully,

June Sim
Managing Director
Head, Listing Compliance
SGX RegCo

Singapore Exchange Regulation Pte. Ltd.

Company Reg No. 201709600D

(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888

sgx.com