SHANGHAI TURBO ENTERPRISES LTD.

(Company Registration No.: CT-151624)
Incorporated in the Cayman Islands

RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 29 AUGUST 2025

The Board of Directors of SHANGHAI TURBO ENTERPRISES LTD. (the "Company" and together with its subsidiaries, the "Group") refers to the notice of annual general meeting ("AGM") released by the Company via SGXNet on 13 August 2025 in relation to the Company's AGM to be held on 29 August 2025 at 10.00 a.m..

The Company would like to provide responses to questions received from the Securities Investors Association (Singapore) ("SIAS") ahead of the AGM as follow. The Company did not receive any questions from shareholders as at the deadline stated in the notice of the AGM.

Query #1(i)

For the financial year ended 31 December 2023, the group recorded revenue of RMB 78.99 million, an increase of 23.6%. The group reported a profit of RMB 7.15 million, but this was largely due to a RMB 5.26 million reversal of impairment loss and a RMB 3.75 million one-off gain from recovery of misappropriated funds from former key management personnel. Excluding these, the group would have recorded an operating loss of RMB (1.86)million.

(i) For shareholders' better understanding, can management elaborate on the key drivers of the recurring operating losses despite revenue growth to nearly RMB 80 million?

Company Response to Question #1(i)

Operating costs have been increasing continuously, including higher costs for supply chain, raw materials, outsourcing etc. Costs of sales and business have also increased, while business climates have become more competitive and profit margins are narrowing.

Query #1(ii)

(ii) What was the utilisation rate of the group's manufacturing facilities during the year, and how does this compare with optimal capacity?

Company Response to Question #1(ii)

The manufacturing facilities have had been operating 24hours and almost all machineries have been highly utilized. That is why CZ3D has to add new production machines and need to do more higher value and better profits products.

Query #1(iii)

(iii) Can management clarify whether the group's products and services align with China's environmental and sustainability priorities? How is Changzhou3D Technological Complete Set Equipment Co., Ltd (CZ3D) positioned competitively in this space?

Company Response to Question #1(iii)

CZ3D's products and services are aligned competitively with China's environmental and sustainability priorities.

Query #1(iv)

(iv) The group has announced plans to invest RMB 167 million in a new project in Deyang, Sichuan Province. What financial, operational and regulatory risks has the board identified in relation to this expansion, especially given the group's historical operating track record?

Company Response to Question #1(iv)

The Board has given full support for the group's investment and expansion into DeYang SiChuan project. As the financial risk is low and it is a crucial operation for the manufacturing core business to turn around and improve the profitability.

Query #1(v)

The company announced its unaudited FY2024 results on 20 February 2025, reporting a net loss of RMB (6.2) million. For the 6 months ended 30 June 2025, a further loss of RMB (1.73) million (unaudited) was recognised.

(v) When will the audited FY2024 results be released and when does the board expect to convene the FY2024 annual general meeting?

Company Response to Question #1(v)

The Board is still working hard to complete the audit and release FY2024 results before end 2025. However, with the current situation of changing auditors, it is likely that we will have to apply for further extension.

Query #2(i)

The independent auditors have issued a disclaimer of opinion on the financial statements for the financial year ended 31 December 2023. The basis for disclaimer of relates to three key issues: (1) trade receivable balance and revenue; (2) use of going concern basis; and (3) impairment assessment of the investment in a subsidiary.
In particular, the auditors highlighted the following:
… sales to Customer A accounted for 77% of the group's revenue for the financial year ended 31 December 2023. We have obtained written 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 [at] the date of this report, management was unable to reconcile the customer's confirmed balances against the recorded balances for both years.

(i) Can the audit committee (AC) explain how it supported the independent auditors during the audit process? How does the AC explain the material discrepancy between the customer's confirmed balances and the company's records, and what are the plausible explanations?

Company Response to Question #2(i)

The AC has supported the independent auditor with full openness, and the Management has worked very closely on providing and meeting all the auditors' requests and demands.
The key material discrepancy on the customer's confirmed balances was due to the situation that the customer is a sizable State-Owned Enterprise, which has NOT provided such documents to any suppliers/contractors in the past. It was the first time this SOE customer had provided such a document to CZ3D. In addition to the fact that such SOE customers are not accustomed to such overseas ListCo requests. Hence, the materials information provided by this customer was not up to date and definitely incomplete.

Query #2(ii)

(ii) Are the customer's confirmed balances materially higher or lower than the numbers presented in the annual report?

Company Response to Question #2(ii)

The customer's confirmed balances were lower.

Query #2(iii)

(iii) Given the disclaimer of opinion, how does the audit committee expect shareholders and other stakeholders to have confidence in the integrity of the financial statements?

Company Response to Question #2(iii)

The AC hopes to make these clarifications and more details explanation during the Information Session at the upcoming AGM. And through body like SIAS, this is also a good opportunity for AC and the group management to address these queries truthfully, openly, and positively.

Finally, the AC believes that the shareholders and other stakeholders can look to the facts that these Stated-owned Enterprises have continued to do business with the group to date, and the figures of FY2024/2025 will prove the integrity of these financial statements and reveal the real situation truthfully.

Last, but not least, the AC and Management look forward to meeting all Shareholders & Stakeholders in the Information Session at the upcoming AGM, and we sincerely and

confidently believe that a face-to-face conference communication would be the best outcome.

Query #2(iv)

(iv) Can the AC confirm whether Changzhou Xinhuarui United Certified Public Accountants act as the statutory auditors of CZ3D (the group's main operating subsidiary in the PRC) and also serve as group's internal auditors? Is this practice aligned with global standards for audit and internal audit, and does their dual role pose a real risk of conflict?

Company Response to Question #2(iv)

Yes, CZ3D has been working with XinHuaRui United CPA. As for Shanghai Turbo, we have been appointing external auditors in accordance with SGX standards.

Query #2(v)

(v) What reasons did Crowe Horwath First Trust LLP provide to the AC for not seeking re-appointment, especially since they were only appointed on 16 December 2024?

Company Response to Question #2(v)

The AC and Crowe Horwath have not been able to agree on the audit fee for FY2024 Audit work.

Query #3(i)

Mr Tan Juay Kiat was appointed as a director of the company on 1 June 2024. The director's biography is set out on page 10 of the annual report, and further information on the director relating to his re-election can be found on pages 35 to 40.

(Source:https://links.sgx.com/1.0.0/corporateannouncements/Q3WNLJ5ANWUJ81B1/3d74fcc912fad1131ff0acd2685b5fad20d557681aacdac775bf901d55b0b91a)

(i) Can the board provide greater clarity on the rationale, selection criteria and search and nomination process that led to the appointment of the new independent director, as required under the SGX appointment announcement template?

Company Response to Question #3(i)

The Board has always followed the SGX process of nomination and appointment of Directors. With regards to the selection of new independent director, it is indeed not an easy process all these years, given the situation of what Shanghai Turbo Enterprises had gone through, and the pandemic economy situation since year 2020. Also, the Board has continued to communicate with SGX Regco on this subject matter, ever since it has been put

on the watch list for the last two years.

Query #3(ii)

(ii) Given that Mr Tan Juay Kiat previously served as managing director and legal representative of CZ3D in 2020/2021, how does the board assess whether his independence could be impaired, or be seen to be impaired, in substance or perception?

Company Response to Question #3(ii)

Mr. Tan had resigned as CZ3D Managing Director and handed over to Mr. Gao Zhong in late 2020. However, he continued to assist CZ3D, only as Legal Representative. When the Board invited Mr. Tan to be an Independent Director in June 2024, his independence was assessed because he has left as CZ3D's MD for more than 3.5 years, and the Board consulted an external third party on his appointment, including communication with SGX Regco officers and MD.

Query #3(iii)

(iii) As a first time director, how does Mr Tan Juay Kiat intend to strengthen board effectiveness, particularly in light of the group's recurring losses, the auditors' highlighting of material uncertainty on going concern, and the company's net liability position of RMB (23.6) million?

Company Response to Question #3(iii)

I think, as the Lead ID, it is the whole Board's coordinated effort to strengthen the board effectiveness, and as highlighted correctly, in particular to the group's recurring losses, the auditors' material uncertainty on going concern, and the company's net liability position, the Board is working very closely with the Management and under the leadership of Executive Director/NED Mr. Gao Zhong, who is also the General Manager of the management team.

Meanwhile, I would still like to invite all concern shareholders to joining our coming Information Session, where we would like to share more on our turn around plans and new business development.

Zhang Wenjun
Non-Executive chairman and Lead Independent Director
25 August 2025