

SHANGHAI TURBO ENTERPRISES LTD.
(Incorporated in the Cayman Islands)
(Company Registration Number: CT-151624)

PROPOSED CHANGE OF AUDITORS FROM RT LLP TO CROWE HORWATH FIRST TRUST LLP

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Shanghai Turbo Enterprises Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to change its auditors from RT LLP to Crowe Horwath First Trust LLP (“**CHFT**”) (the “**Proposed Change of Auditors**”).

2. THE PROPOSED CHANGE OF AUDITORS

- 2.1 RT LLP has served as auditors of the Company since 31 March 2021 after approval of the shareholders of the Company (the “**Shareholders**”) had been obtained at the extraordinary general meeting of the Company held on 31 March 2021 and was re-appointed at the recent annual general meeting (“**AGM**”) of the Company held on 20 December 2023 to hold office until the conclusion of the next AGM. As at the date of this announcement, RT LLP has served as the auditors of the Company for 3 consecutive audits, including in respect of the audit of the financial statements for the financial year ended 31 December 2020. RT LLP had issued a disclaimer of opinion in the independent auditor’s report in respect of the Company’s consolidated financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.
- 2.2 Notwithstanding the foregoing reappointment of RT LLP, as part of good corporate governance initiatives and the Group’s ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be an opportune time to review the appointment of the auditors as the review would provide the Group with an opportunity to benchmark its audit fees and realise cost efficiencies, if any. A change of auditors would also enable the Group to benefit from fresh perspectives and enhance the value of the audit to the Group.
- 2.3 In view of the foregoing, the management of the Company had approached several audit firms for proposals, including CHFT, and had reviewed such proposals together with the Audit Committee (“**AC**”) and the Board. The AC, having considered the needs of the Company and the Group, together with various factors such as the competitiveness of the fee proposal, whether the incoming audit firm is able to perform the audit on the Group themselves, whether the incoming audit firm has adequate resources in China to undertake the audit of the Group (which operates primarily in China) and credentials of the proposed audit team, nominated and recommended the appointment of CHFT as the auditors of the Company and its foreign incorporated subsidiaries.
- 2.4 In particular, CHFT was selected after taking into account, among others, the requirements set out under Rules 712 and 715 of Section A: Rules of Mainboard (the “**Mainboard Rules**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the adequacy of the resources and experience of the audit firm, the audit partner-in-charge assigned to the audit, the other audit engagements of the audit firm, the Group’s audit requirements and the number and experience of supervisory and professional staff to be assigned to the audit. In this regard, the AC is of the view that:
- (a) the proposed audit engagement team, which comprises 7 professionals and an engagement quality reviewer, is sufficient and adequate to meet the audit requirements of the Group; and
 - (b) the incoming audit partner-in-charge, who has over 25 years of experience and prior experience in auditing issuers listed on SGX-ST with similar industry and jurisdiction

as the Group, has the requisite experience to lead the audit engagement team to carry out the audit of the Group.

- 2.5 The AC also considered the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority (“ACRA”) in assessing the suitability of the proposed appointment, including a comparison of the industry average and range published by ACRA, and has assessed that CHFT is generally within such published industry range for non Big-four firms and better than the industry average for non Big-four firms in some of the indicators. In view of the foregoing, the AC had recommended for CHFT to be appointed as the new auditors of the Company. The Board, having taken into consideration the AC’s recommendations, is of the opinion that CHFT will be able to fulfil the audit requirements of the Company and the Group without compromising the standard and effectiveness of the audit of the Company and the Group. For the avoidance of doubt, the audit of the Group’s financial statements for the financial year ended 31 December 2023 will not include any audit on the Company’s wholly owned subsidiary, Sichuan 3D Power Co., Ltd., which was incorporated on 5 January 2024. As at the date of this announcement, Sichuan 3D New Power Technology Co., Ltd. is currently not operational but is in the process of constructing a production center. Please refer to the Company’s announcements dated 10 September 2024, 11 October 2024 and 28 October 2024 for more information.
- 2.6 There will be no changes in the scope of the audit and the Company does not anticipate any reduction in the quality of audit arising from the change in auditors of the Company. The change in auditors is not expected to give rise to any cost savings.
- 2.7 In view of the above reasons and rationale, the Board, with the recommendation of the AC, is of the opinion that the Proposed Change of Auditors is in the best interests of the Company.
- 2.8 In connection with the above, the Company had informed RT LLP of its intention to change its auditors on or around March 2024 and had requested that RT LLP resign from its appointment as auditors of the Company to facilitate the change of auditors. In this regard, the management of the Company, which is primarily based in China, required time to reach out to various audit firms to request for their fee proposals to render audit services for the Group and to discuss and evaluate such proposals with the AC and the Board. Following such preliminary discussions, the Company had sent representatives to engage in further discussions with various shortlisted audit firms to assess whether the incoming audit firm (including audit partner) possesses sufficient knowledge and resources to perform the audit effectively. Once a decision has been made, the Board informed RT LLP of the Company’s intention to change its auditors. In response to the foregoing, RT LLP had initially informed the Company that they would not be issuing their resignation letter as they had no intention of resigning. However, following further subsequent communications with RT LLP, RT LLP indicated that they consent to resign/ have no objections to resigning as auditors of the Company at the request of the Company and had on 11 October 2024, given notice to the Board of its resignation as the auditors of the Company.
- 2.9 Pursuant to Rule 712(3) of the Mainboard Rules, the Proposed Change of Auditors must be specifically approved by Shareholders in a general meeting. In connection with the foregoing, CHFT had on 29 August 2024 given its written consent to be appointed as the auditors of the Company and its foreign incorporated subsidiaries subject to Shareholders’ approval being obtained at the extraordinary general meeting (“EGM”) of the Company to be held in due course. The appointment of CHFT will take effect upon the passing of the ordinary resolution relating to the Proposed Change of Auditors at the EGM, and if appointed, CHFT will hold office until the conclusion of the next AGM.
- 2.10 In accordance with Rule 1203(5) of the Mainboard Rules:
- (a) RT LLP has confirmed to CHFT by way of a letter dated 7 August 2024 that save for the basis for disclaimer of opinion on the financial statements of the Group for the financial year ended 31 December 2022 which are disclosed in the Company’s annual report for the financial year ended 31 December 2022, they are not aware of any professional reasons why CHFT should not accept appointment as the auditors of the Company;

- (b) the Company confirms that there were no disagreements with RT LLP on accounting treatments within the last 12 months up to the date of this announcement;
 - (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;
 - (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are as disclosed above; and
 - (e) the Company confirms that it is in compliance with Rules 712 and 715 of the Mainboard Rules in relation to the proposed appointment of CHFT as the new auditors of the Company.
- 2.11 The Board confirms that following Shareholders' approval of the Proposed Change of Auditors, CHFT will be appointed as the auditors of the Company and its foreign incorporated subsidiaries.
- 2.12 As at the date of this announcement, the Group does not have any significant foreign associated companies, Singapore-incorporated subsidiaries or significant associated companies that are incorporated in Singapore.
- 2.13 The Board would like to take this opportunity to express their appreciation for the past services rendered by RT LLP.

3. CIRCULAR TO SHAREHOLDERS

A circular containing, among others, the notice of EGM and details pertaining to the Proposed Change of Auditors will be issued to Shareholders in due course.

BY ORDER OF THE BOARD

Gao Zhong
Executive Director

12 November 2024