

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

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**MINUTES OF THE ANNUAL GENERAL MEETING  
OF THE COMPANY HELD ON 15 FEBRUARY 2023**

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The board of directors (the “**Board**”) of Shanghai Turbo Enterprises Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Annual General Meeting of the Company held on Wednesday, 15 February 2023, at 3.00 p.m. (the “**AGM**”).

The Board would like to thank shareholders for their attendance at the AGM. Paragraph 11 of the joint statement dated 1 October 2020 released by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation requires the Company to release the minutes of AGM within one month after the date of AGM. The minutes of the AGM is set out at Annex A.

By Order of the Board  
**SHANGHAI TURBO ENTERPRISES LTD.**

Zhang Wenjun  
Non-Executive and Non-Independent Director  
1 March 2023

## **ANNEX A**

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

### **MINUTES OF THE ANNUAL GENERAL MEETING**

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Date	:	Wednesday, 15 February 2023
Time	:	3.00 p.m.
Place	:	Electronic Means
Present	:	<u>Directors</u> Mr Hong Yong – Non-Executive Chairman and Lead Independent Director  Mr Zhang Wenjun – Non-Executive and Non-Independent Director  Mr Foo Chee Meng – Non-Executive and Independent Director  Mr Simon Poh Siew Beng – Non-Executive and Independent Director  <u>Shareholders</u> As set out in the attendance records maintained by the Company  <u>Company Secretary</u> Mr Chong Eng Wee  Share Transfer Agent and Polling Agent <u>(In.Corp Corporate Services Pte. Ltd.)</u> Pamela Chew Lim Hong Li Foo Mindy  <u>Scrutineer (Agile 8 Advisory Pte. Ltd.)</u> Khoo Yining Cheng Lisa
Chairman	:	Mr Foo Chee Meng (the " <b>Chairman</b> ")

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#### **Introduction**

Mr Foo Chee Meng, the Non-Executive Director of the Company, presided as Chairman of the Annual General Meeting (the "**AGM**" or "**Meeting**") pursuant to the request and invitation by Mr Hong Yong, the Non-Executive Chairman and Lead Independent Director of the Company.

The Chairman welcomed all present at the Annual General Meeting (the "**AGM**" or the "**Meeting**") and called the Meeting to order at 3.00 p.m.

The Chairman introduced the Board of Directors to the shareholders.

#### **Quorum**

The Chairman stated that the Company Secretary has advised that a quorum was present and commenced with the business of the AGM.

## **Notice**

The Chairman stated that the Annual Report for the financial year ended 31 December 2021 and the Notice of AGM had been circulated to the shareholders via SGXNet on 31 January 2023.

With the consent of the shareholders present, the Notice of AGM was taken as read.

## **Voting**

It was noted that in accordance with Mainboard Rule 730A, all resolutions put to vote at the AGM were to be decided by way of a poll.

Agile 8 Advisory Pte. Ltd. was appointed as the Independent Scrutineer and In.Corp Corporate Service Pte. Ltd was appointed as the Polling Agent. The Polling Agent had counted the proxy votes received as at the cut-off date and the Scrutineer had verified the results of the proxy voting. The Company had also made arrangements for shareholders to cast their votes by way of live voting at the AGM as an alternative to appointing the Chairman of the AGM as their proxy to vote on their behalf.

## **Questions from Shareholders & Securities Investors Association (Singapore) (“SIAS”)**

Shareholders were given the opportunity to submit any questions in relation to the annual report for the financial year ended 31 December 2021 and/or any agenda of the notice of AGM in advance, by Tuesday, 7 February 2023 at 3.00 p.m. The Chairman informed the shareholders that the Company had not received any questions from shareholders in advance.

The Company has, however, received questions from SIAS and have responded to such questions at the AGM. The responses to questions from the SIAS are set out at **Appendix A** of this minutes.

Shareholders had the opportunity during the course of the AGM to submit questions they may have in respect of any resolution. Thereafter, the Chairman informed shareholders that the chat-box for the submission of questions was open and would be closed after all resolutions as set out in the Notice of AGM have been duly proposed.

After all resolutions as set out in the Notice of AGM have been duly proposed and there were no questions received from the shareholders during the course of the AGM, the Chairman announced that the voting system was open and that shareholders had two (2) minutes to cast their votes on the resolution by way of poll undertaken in real time via electronic means. The following resolutions were proposed and passed at the AGM.

## **Ordinary Business**

### **1. Ordinary Resolution 1**

The following motion was duly proposed by the Chairman of the AGM:

*“That the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Independent Auditors’ Report thereon be and are hereby received and adopted.”*

The poll results were as follows:

	<b>No. of Votes</b>	<b>Percentage</b>
<b>No. of votes casted for</b>	13,592,177	84.21
<b>No. of votes casted against</b>	2,548,250	15.79

Based on the results of the poll, the Chairman of the Meeting declared Ordinary Resolution 1 duly carried.

2. **Ordinary Resolution 2**

The following motion was duly proposed by the Chairman of the AGM;

*“That Mr Zhang Wenjun, who is retiring pursuant to Article 85(6) of the Company’s Articles of Association, be and is hereby re-elected as a Director of the Company.”*

The poll results were as follows:

	<b>No. of Votes</b>	<b>Percentage</b>
<b>No. of votes casted for</b>	16,140,427	100
<b>No. of votes casted against</b>	0	0

Based on the results of the poll, the Chairman of the Meeting declared Ordinary Resolution 2 duly carried.

Mr. Zhang Wenjun will, upon re-election as Director of the Company, remains as Non-Executive Non-Independent Director and member of the Nominating Committee.

3. **Ordinary Resolution 3**

Ordinary Resolution 3 was to approve the re-election of Dr. Daniel Liu Danjun who was retiring pursuant to Article 86(1) of the Company’s Constitution.

The Chairman of the AGM noted that Dr. Daniel Liu Danjun had resigned as a director of the Company with effect on and from 1 February 2023 as announced by the Company on 1 February 2023. Accordingly, Ordinary Resolution 3 was withdrawn from the AGM.

4. **Ordinary Resolution 4**

The following motion was duly proposed by the Chairman of the AGM:

*“That the payment of Directors’ Fees of RMB1.125 million for the financial year ended 31 December 2022 be approved.”*

The poll results were as follows:

	<b>No. of Votes</b>	<b>Percentage</b>
<b>No. of votes casted for</b>	16,140,427	100
<b>No. of votes casted against</b>	0	0

Based on the results of the poll, the Chairman of the Meeting declared Ordinary Resolution 4 duly carried.

5. **Ordinary Resolution 5**

The following motion was duly proposed by the Chairman of the AGM:

*“That Messrs. RT LLP be and is hereby re-appointed as the Independent Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors of the Company to fix their remuneration.”*

The poll results were as follows:

	<b>No. of Votes</b>	<b>Percentage</b>
<b>No. of votes casted for</b>	13,592,177	84.21
<b>No. of votes casted against</b>	2,548,250	15.79

Based on the results of the poll, the Chairman of the Meeting declared Ordinary Resolution 5 duly carried.

**Conclusion**

There being no other business to transact, the Chairman declared the AGM closed at 3.36 p.m. and thanked all shareholders who attended the AGM.

**CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD**

**FOO CHEE MENG  
CHAIRMAN OF THE AGM**

## APPENDIX A

### (QUESTIONS RECEIVED FROM SIAS)

The following questions received from SIAS were addressed by the Company at the AGM held on 15 February 2023. Shareholders should note that the responses are reproduced verbatim.

#### Question 1

For the financial year ended 31 December 2021, the group reported revenue of RMB62.6 million and a net loss after tax of RMB(10.9) million.

FINANCIAL HIGHLIGHTS					
	2017	2018	2019	2020	2021
Statement of Profit or Loss and Other Comprehensive Income (in RMB'000)					
Revenue	36,875	29,845	14,402	34,273	62,556
Gross profit/loss	-1,160	-16,764	-15,132	-38,174	14,776
Profit/loss before tax	-160,420	-10,161	-55,060	-29,228	-10,660
Net profit/loss after tax	-160,478	-8,782	-55,568	-29,329	-10,882

Source: company annual report)

This is the fifth year of loss for the group. Shareholders' equity has fallen from RMB322 million in FY2016 to RMB59.9 million in FY2021.

On 14 November 2022, the group reported revenue of RMB47.6 million and a loss net of tax of RMB(12.1) million for the 9 months ended 30 September 2022. Cash flow used in operating activities during the nine months amounted to RMB(15.6) million.

- (i) What are the ground sentiments in Changzhou/China since the country shifted away from its zero-Covid policy? Have the operations at Changzhou 3D Technological Complete Set Equipment Co., Ltd ("CZ3D") been restored to the pre-COVID levels (or better)?

**Company's Response to Question 1(i):**

**Since the country lifted control of the epidemic, the country is generally optimistic about the economic situation in the future. Currently, all industries are in the recovery stage. Due to the impact of the epidemic for three years, it still needs time to recover to the level before the epidemic. At present, the operation of CZ3D has basically recovered to the level before the epidemic. With the improvement of the external environment, the company's performance will be further improved in the future.**

- (ii) Can management elaborate further on the growth drivers for the group?

**Company's Response to Question 1(ii):**

**Presently the group improves its growth momentum through the following ways/methods:**

- (a) **While maintaining the existing customers, we actively develop new customers, which has achieved certain results at present.**
- (b) **Maintain close connection with the local government and banks to improve the external image of the enterprise. Currently, there are three local banks in Changzhou providing credit support to CZ3D, which solves the fund problems that the company may encounter in the process of growth.**

**(c) Increase the introduction of professional and technical personnel, strive to do a good job in technological innovation, cost reduction, providing benefits.**

- (iii) Please (re)state the competitive advantages of CZ3D. How does CZ3D create and capture long-term value for shareholders?

**Company's Response to Question 1(iii):**

**The competitive advantages of company are mainly in the following aspects:**

- a. We have advanced production equipment and rich industry experience.**
- b. The customers are mainly state-owned enterprises, and we have cooperated with them for many years, so the business is relatively stable.**
- c. The company has a large scale of production, strong output capacity, can undertake large contracts, and has competitive advantages in the industry.**

- (iv) Can management list down its top 5 priorities to help the group return to profitability?

**Company's Response to Question 1(iv):**

**In order to reverse the company's continuous loss, the management is finding the solution. In the following work, the following aspects will be mainly optimized:**

- 1. In terms of sales, we should expand sales channels and expand new customers as possible, so as to reduce our dependence on existing big customers and gain more profit.**
- 2. In terms of purchasing, adopt the evaluation regulation to the existing suppliers to achieve survival of the fittest, so as to reduce the company's procurement cost.**
- 3. In terms of production, strengthen quality control in production process to improve the qualified rate of products to meet the demands of customers. So as to enhance the visibility of the enterprise in the industry further.**
- 4. In terms of human resources, we should introduce technical talents actively to innovate the existing production process and improve production efficiency. Meanwhile, increase the training of employees to improve their professional skills.**
- 5. In terms of industrial layout, the company actively develops new business areas on the basis of existing business.**

- (v) What is the level of involvement by the directors, especially the independent directors, to safeguard shareholders' interests and enhance long-term shareholders' value? Has the board been effective?

**Company's Response to Question 1(v):**

**The board of directors shall perform its duties in company's daily management activities according to the Handbook of Power and Responsibility System formulated by the Company, and put forward opinions and suggestions on major matters of company.**

- (vi) Would the company be releasing the consolidated financial statements for the financial year ended 31 December 2022 in accordance with SGX Listing Rule 705(1)?

**Company's Response to Question 1(vi):**

**According to related regulations, the Company will release its unaudited consolidated financial statements for FY2022 by February 28, 2023.**

Separately, it was announced that Allport Limited had sold its entire holding of 7,464,340 shares on 30 January 2023 for \$2.72 million. This accounts for 24.457% of the total issued share capital of the company.

- (vii) Is the company aware of any new controlling shareholder(s)? If so, how would the company and the board be working with the new major/controlling shareholder(s) to create long-term, sustainable value for all shareholders?

**Company's Response to Question 1(vii):**

**The board has not received information about the new shareholder so far. However, the Board of Directors contacted Allport Limited actively and requested them to complete the new shareholder information as soon as possible. If the company and the board of directors contacted the new shareholder, it will actively work on the docking.**

- (viii) Can the company also clarify the (executive) role(s), if any, played by Mr. Liu Ming in the company and in the group (including CZ3D)?

**Company's Response to Question 1(viii):**

**Since 2017, the company's business has entered a precipitous decline, resulting in the loss of professional talents. Considering that Mr. Liu Ming has rich experience in the field of blade production and has a good understanding of the various business conditions of CZ3D, the company's management decided to employ him as the chief consultant of CZ3D from 1st August, 2021, assist the general manager to carry out the company's marketing, production, technology, quality management and other related work with a term of two years. After the efforts of these two years, the company's performance has significantly improved.**

Question 2

Resolution 3 of the notice of annual general meeting (dated 31 January 2023) is for the re-election of Dr. Daniel Liu Danjun, a non-executive non-independent director of the company. However, on 1 February 2023, the company announced that Dr. Liu Danjun has resigned as non-executive and non-independent director of the company, with effect from 1 February 2023, "due to personal reasons".

**Following the cessation of Dr Liu, the board composition is as follows:**

Mr Hong Yong	Non-executive chairman and lead independent 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

- (i) Can the company confirm that resolution 3 will be withdrawn? Can the company help shareholders better understand the reason(s) for Dr Liu's resignation shortly after agreeing to go for his re-election at the AGM?

**Company's Response to Question 2(i):**

**The Company did not receive Dr Liu's resignation on the announcement date (31<sup>st</sup> January), and upon the approval of the Board of directors, immediately the company issued the notice of convening the general meeting of shareholders. After receiving the resignation letter from Dr Liu's on 1st February, the announcement was made on the same day. The reason for Dr Liu's resignation is personal, and the company complies with his wishes.**

Separately, it was noted that Mr Foo Chee Meng and Mr Poh Siew Beng were each appointed as independent director on 2 May 2021 and 8 July 2020 respectively. The two independent directors, along with the two non-executive directors, are all first-time directors when they were first appointed to the board.

- (ii) Can the directors/company confirm that all the first-time directors have completed training in the roles and responsibilities of a director of a listed issuer as prescribed by SGX? If not, why not?

**Company's Response to Question 2(ii):**

**They all have completed the training required by SGX.**

- (iii) Can the company also confirm that SGX Listing Rule 221 applies to the company and that it has two independent directors who are Singapore residents?

**Company's Response to Question 2(iii):**

**Confirmed.**

- (iv) In addition, can the NC/director explain the need to appoint Mr. Hong Yong as the lead independent director and concurrently (independent) chairman?

**Company's Response to Question 2(iv):**

**The Board will determine whether the appointment of the chief Independent Director and (independent) Director is necessary according to the actual situations.**

- (v) With all due respect, is the board (which is currently comprised of first-time directors) sufficiently experienced and effective to lead the group in this challenging time during which the group has suffered losses of more than RMB(260) million in the past 5 years?

**Company's Response to Question 2(v):**

**Although the board is the first-time to be board members, it is fully competent in terms of professional competence. Through the joint efforts of the board of directors and management in the past two years, the company's operating performance gradually improved.**

The company has had numerous changes to the board in the past 3 years<sup>1</sup>.

- (vi) Has the nominating committee reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?

**Company's Response to Question 2(vi):**

**The nominating committee examined the qualifications and professional skills of the directors. In the future, we will continue to improve the appointment mechanism of directors.**

### Question 3

The independent auditor of the company 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 2021.

The auditor stated the following:

*We do not express an opinion on the accompanying 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.*

The bases for disclaimer of opinion are:

- Going concern assumption
- Impairment testing on property, plant and equipment
- Impairment assessment of investment in subsidiaries
- Opening balances and comparative figures

The auditors have issued a disclaimer of opinion in their reports in each of the past four financial years.

- (i) Has the audit committee made any progress in resolving the issues raised by the auditor? When will the company be able to obtain an unqualified/ unmodified audit opinion?

**Company's Response to Question 3(i):**

**There is no progress presently. The audit committee shall promptly communicate and follow up with the company on the questions raised by the auditor. The following work will focus on this issue to obtain auditor approval.**

- (ii) Separately, can the audit committee elaborate further on the group's internal audit function? Is the internal audit function in-house or outsourced? How large is the team?

***Company's Response to Question 3(ii):***

***The company has not set up an independent internal audit organization. However, the company commissioned Changzhou Xinhuarui United Accounting Firm to audit its financial position, operating results and cash flow.***

- (iii) What is the level of oversight by the audit committee on the actions taken by management to follow up on the recommendations?

***Company's Response to Question 3(iii):***

***The company does not carry out special internal audit.***

- (iv) What is the level of oversight by the audit committee on the actions taken by management to follow up on the recommendations?

***Company's Response to Question 3(iv):***

***Requiring management to continuously follow up and timely report on auditor "reservations".***