



**CHINA HAIDA LTD.**

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

24 Raffles Place #20-03 Clifford Centre Singapore 048621

**RESPONSE TO SGX QUERIES**

	<b>SGX Queries</b>	<b>Company Response</b>
1.	<p>Mr Soh Yeow Hwa was re-designated from an Independent Director to an Executive Director with effect from 21 January 2021. Please elaborate and provide details on whether he has prior experience in the industry which China Haida is operating in (i.e. manufacturing of aluminum panels). Please also disclose the list of names of both the Singapore and Chinese Management team who will be reporting directly to Mr Soh and their respective designations.</p>	<p>As disclosed in the announcement of appointment dated 21 January 2021, Mr Soh Yeow Hwa was the Group Financial Controller in Renewable Energy Asia Group Limited (REAG), which manufactured wind turbine hatch covers. He oversaw the finance and operations of the manufacturing subsidiaries. This led him to have the experience and valuable insight into similar manufacturing processes and operations management.</p> <p>Mr Soh's role as Executive Director will be to take charge of strategic business planning, new business ventures and oversee the finance functions of the Group. The following Singapore and Chinese Management team will be reporting directly to Mr Soh Yeow Hwa.</p> <ul style="list-style-type: none"> <li>a) Mr John Chan (Singapore Finance Manager)</li> <li>b) Ms Loh Yew Hwee (Singapore Business Development Manager)</li> <li>c) Mr Chen Wei (Director of Chinese Subsidiary)</li> <li>d) Mr Zhang Qinyu (Accountant of Chinese Subsidiary)</li> </ul>
2.	<p>Please disclose how the Company was introduced to the newly appointed Independent Director, Mr Zhu Peng as well as the identity of the introducer and whether any introducer fees was/will be payable. To disclose if the Company, its existing directors, former directors and key management had any previous dealings with</p>	<p>As disclosed in the announcement of appointment dated 21 January 2021, the Board and Nominating Committee (the "NC") typically identify candidates for new directors through the business network of existing board members or through independent professional firms to assist in the search of suitable candidates.</p>



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	<p>the introducer and/or Mr Zhu Peng. If so, please disclose the details accordingly.</p>	<p>Mr Zhu Peng was recommended by Mr Tang Chun Meng through his pool of business networks and there was no introducer fee payable to the introducer by the company.</p> <p>None of the Company, its existing directors, former directors and key management had any previous dealings with Mr Zhu Peng.</p>
<p>3.</p>	<p>The Nominating Committee has considered and recommended to the Board of Directors that the duties of Ms Zhao Guiying, Mr Xu Youcai and Mr Wang Liangfa (collectively, the “PRC Directors”) be suspended as they have not been responsive to queries raised by the Board nor have, they attended any board meetings for more than six months.</p> <p>a. Please elaborate whether the PRC Directors are aware of the suspension of their duties by the Singapore Directors and if not, to elaborate on the power given to the Board under the provisions in the Company’s constitution and the Companies Act and the effectiveness of the suspension. Please also elaborate on the effect of their suspension and the implications of their positions in the Group under PRC law.</p> <p>b. In view of their suspension, please explain whether the PRC Directors will have to be invited to future board meetings and if they exercise their rights to vote as a director of the Company, what would be the effect of such votes cast?</p>	<p>a. The PRC Directors are aware of the suspension of their duties by the Singapore Directors. They were given notice of the Board Meeting on 13 January 2021 for the Board Meeting scheduled on 21 January 2021. The suspension of the of their duties was set out in item (g) of the notice. In addition, in the email, the Company has highlighted item (g) of the notice to the PRC Directors.</p> <p>Following the conclusion of the Board Meeting on 21 January 2021, the PRC Directors was informed by way of an email that their duties are suspended with effect from 21 January and that the reason for the suspension is that they have not been responsive to the queries raised by the Board and they have not attended any Board Meetings for more than 6 months.</p> <p>The Board adds that in arriving its decision to suspend the duties of the PRC Directors, it also take reference from Article 104 (1)(f) of the Company’s Memorandum and Articles of Associate which provides that the office of a Director shall be vacant if the Director for more than 6 months is absent without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any)</p>



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		<p>shall not during such period have attended in his stead.</p> <p>The Company is in the process of engaging a Chinese law firm to assess the effect of the suspension of their positions in the Group under PRC Law and at the same time take actions on recovery of all debtors including the related companies.</p> <p>b. The PRC Directors will not be invited to future board meetings. Given that their duties as a director of the Company are suspended, and pursuant to the Company's Memorandum and Articles of Associate, they are not entitled to vote as a director of the Company.</p>
<p>4.</p>	<p>Please provide specific details on the plans of the current Board to safeguard the assets of the Company and how the Board intends to gather information regarding the Group to update the market on material developments within the Group.</p>	<p>In order to safeguard the assets of the Company, the Company is engaging legal counsel in China to investigate and establish the legal rights to the assets of the Subsidiary and take legal actions where necessary as recommended by the legal counsel in China.</p> <p>The Company has approached three law firms in China to obtain fee quote on the estimated costs to carry out the relevant investigation and recommended legal actions in relation to the protection of assets in the Subsidiary.</p> <p>To that end, the Company is finalising the engagement with the legal counsel in China and the scope of work for the engagement.</p> <p>In summary, the Company intends to engage the legal counsel for the following scope of work, <i>inter alia</i>:</p> <p>(1) Review on the current litigations against the Subsidiary and its CEO, including obtaining documentation evidence and information from the relevant Courts in China;</p>



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		<p>(2) Legal opinion on the liability and contingent liability of the Subsidiary for the current and pending litigation claims against the Subsidiary and legal assessment on the feasibility to defend the claims against the Subsidiary and to commence legal actions against the CEO for his unauthorised actions; and</p> <p>(3) Legal opinion on the effect of the suspension of the positions of the PRC Directors in the Group under PRC Law.</p> <p>Following the necessary investigation carried out by the legal counsel in China, the Company will make the necessary announcement to update the shareholders on the actions taken by the Board to safeguard the assets of the Company and all material developments within the Group.</p>
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**By Order of the Board**

Lim Kok Meng  
Company Secretary  
26 January 2021