



CHINA HAIDA LTD.

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

420 North Bridge Road #04-06 North Bridge Centre Singapore 188727

RESPONSE TO SGX-ST'S QUERY ON GROUP'S FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The Board of Directors of CHINA HAIDA LTD. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to provide the following response to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in their email dated 11 August 2016 in respect of the Company's unaudited financial statements and dividend announcement for the half year ended 30 June 2016:

Query:

1. In the "Unaudited Financial Statements and Dividend Announcement for the Half Year Ended 30 June 2016" (the "**Announcement**") announced by the Company, the Company announced that "As at 30 June 2016, there was an advance payment to a related party, Jiangyin Haida Group., Ltd, of approximately RMB37.1 million for the purchase of raw materials. (31 December 2015: RMB28.1 million)".

Please provide further disclosure on the following:

- a. How is Jiangyin Haida Group., Ltd related to the Company;
- b. Why is the Company required to extend such a significant amount for advance payment to the related party;
- c. Please provide aging of this amount; and
- d. Please disclose if this amount is recoverable.

Company's response:

- a. Our Non-Executive Chairman, Ms Zhao Guiying and her son, Mr Xu Yu, own in aggregate 57.0% of the share capital in Jiangyin Haida Group., Ltd.
- b. Jiangyin Litai Decorative Materials Co.,Ltd.('Litai'), the wholly own-subsiidiary of the Company, in its ordinary business, purchases coated aluminium coils and aluminium sheets from Jiangyin Haida Group., Ltd for the manufacture of its aluminium panel products. Jiangyin Haida Group., Ltd has been able to provide Litai with quality products on a timely basis and the close working relationship fostered over the years has ensured timely delivery of products, which satisfies Litai's strict quality requirements. Further, as the aluminium coils and aluminium sheets are stored in Jiangyin Haida Group., Ltd's premises, there is no need for Litai to expand additional resources for its storage and handling. Advance payment is periodically made to Jiangyin Haida Group., Ltd as and when Litai needs to order aluminium coils and aluminium sheets for the manufacture of its aluminium panel products.

- c. As at 30 June 2016, the advance to Jiangyin Haida Group., Ltd for the purchase of raw materials was approximately RMB37.1 million of which RMB11.5 million of raw materials were received by the Company in July 2016. The balance RMB25.6 million of raw materials would be scheduled to be received in late August and or early September 2016.
- d. The raw materials would be received according to the schedule as mentioned in item c above.

By Order of the Board

Guo Yun
Executive Director
15 August 2016