



CHINA HAIDA LTD.

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

24 Raffles Place #20-03 Clifford Centre Singapore 048621

APPOINTMENT OF SPECIAL AUDITOR PURSUANT TO THE NOTICE OF COMPLIANCE ISSUED BY SGX REGCO

Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Previous Announcement (as defined below) unless otherwise defined.

1. The Board of Directors (the "**Board**") of China Haida Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 28 June 2021 (the "**Previous Announcement**") relating to the appointment of a special auditor, and the Notice of Compliance ("**Notice**") issued by the Singapore Exchange Regulation ("**SGX RegCo**") dated 28 June 2021.
2. The Board wishes to inform that in consultation with SGX RegCo, the Board has today appointed FTI Consulting Pte. Ltd. as the special auditors ("**Special Auditor**") to:
 - a. investigate the circumstances surrounding the litigations and enforcement proceedings and the background of the lending and borrowing affairs by Mr Xu Youcai ("**Mr Xu**") and his controlled entities which led to the court ordering the freezing of the Company's bank accounts, as well as any other circumstances which led to the freezing of the Company's bank accounts and another Company's bank account being subject to a pledge or other restrictions;
 - b. investigate the circumstances surrounding the payments to/on behalf of related parties involving Mr Xu and his associates and to review the circumstances and recoverability of trade receivables due from related parties involving Mr Xu and his associates and the circumstances surrounding the litigations and enforcement proceedings against them;
 - c. investigate the state of affairs of Jiangyin Litai's operation status in PRC and the extent of its operations;
 - d. investigate the veracity of the Group's gross balance due from trade receivables of RMB 86,535,000 as at 31 December 2020 and to quantify the financial impact on the Group for the amounts that are mismatched;
 - e. investigate the existence and completeness of bank balances, inventories and trade and other payables and impairment charge of RMB 9,560,000 made in relation to other receivables and deposits;
 - f. review the adequacy and effectiveness of the Group's internal controls in safeguarding the Group's assets including existing controls surrounding the Group providing financial assistance or acting as guarantor for entities outside the Group (if preliminary review suggests that there are unauthorised loans or unauthorized guarantee given by the Group), as well as addressing the material risks in the Group; and

- g. based on observations of the Special Auditor from the work scopes in items (a) to (f) above, identify potential contravention of applicable rules, regulations and laws in Singapore and the involvement of culpable parties.

(collectively referred to as the “**Special Audit**”)

- 3. In carrying out the Special Audit, the Special Auditor has been engaged to, *inter alia*, provide digital forensic and electronic discovery services, during which, the Special Auditor will:
 - a. take receipt of and forensically image around 3 to 5 individuals’ identified relevant devices and shared-drives, accounting system server and email server for the purposes of data retention in a forensically sound manner, including using industry standard tools and processes by the Special Auditor’s forensic professionals, documentation (chain of custody forms, forensic imaging sheets, and photographs of the devices), validation, duplication of the forensic images generated for redundancy purposes, and validation of the duplicates. If required, the Special Auditor will assist with any additional forensic analysis.
 - b. perform a targeted review of around 5,000 electronic documents extracted from the identified relevant devices including email and other user files based on a list of keyword search terms relevant to their scope of work for the Special Audit set out in paragraph 2 above. The Special Auditor may, however, refine the keyword search terms to streamline their review efforts during the course of their review.
- 4. During the course of the Special Audit, the Special Auditor will keep SGX RegCo informed of any new information on significant events and/or transactions material to the Company. The Special Auditor will also provide weekly updates to SGX RegCo or whenever there is a material finding.
- 5. The Company will make further announcement(s) on any material updates in relation to the Special Audit, including key findings of the Special Auditor to update shareholders of the Company, as and when appropriate.

BY ORDER OF THE BOARD

3 August 2021