



**CHINA HAIDA LTD.**

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

24 Raffles Place #20-03 Clifford Centre Singapore 048621

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**NOTIFICATION OF DELISTING**

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The Board of Directors (the "**Board**") of China Haida Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 18 February 2022 received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") a notification of delisting from the Official List of the SGX-ST (the "**Notification of Delisting**").

In the Notification of Delisting, the SGX-ST noted the following:

1. A Notice of Compliance ("**NOC**") dated 28 June 2021 was issued by SGX RegCo to the Company, requiring the Company to appoint a suitable independent Special Auditor, acceptable to the SGX-ST, by 12 July 2021. The Company was informed that pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX RegCo shall be deemed a contravention of the Listing Rules. The scope of Special Audit shall cover the following:
  - (i) To investigate the circumstances surrounding the litigations and enforcement proceedings and the background of the lending and borrowing affairs by Mr Xu Youcai and his controlled entities which led to the court ordering the freezing of the Company's bank accounts;
  - (ii) Circumstances surrounding the payments to/on behalf of related parties involving Mr Xu Youcai and his associates and to review the circumstances and recoverability of trade receivables due from related parties involving Mr Xu Youcai and his associates and the circumstances surrounding the litigations and enforcement proceedings against them;
  - (iii) the veracity of the Group's gross balance due from trade receivables of RMB86,535,000 as at 31 December 2020;
  - (iv) Existence and completeness of bank balances, inventories and trade and other payables and impairment charge of RMB9,560,000 made in relation to other receivables and deposits;
  - (v) The state of affairs of Jiangyin Litai's operation status in PRC and the extent of its operations; and
  - (vi) To review the adequacy and effectiveness of the Group's internal controls in safeguarding the Group's assets as well as addressing the material risks in the Group.
2. The Company announced its appointment of the Special Auditor on 2 August 2021. However, on 27 August 2021, the Company announced that it was served with a statutory demand from Mr Lee Kiang Leng Stanley ("**Mr Lee**"), the cousin of Mr Soh Yeow Hwa who was an Executive Director of the Company at that point in time and an existing non-executive director of the Company, seeking payment of a sum amounting to S\$515,079.05 which was owing from the Company pursuant to a loan agreement dated 28 February 2021. Subsequently, the Company

announced on 30 September 2021 that it has entered into a confidential settlement agreement (the "**Settlement Agreement**") with Mr Lee and the settlement terms were disclosed subsequently on 5 October 2021 in response to the SGX-ST's query. On 12 November 2021, the Company announced that "due to the urgency required and short timeline given to satisfy its obligations under the Settlement Agreement, the Company had to utilize funds previously allocated for payment of the initial retainer fee (the "**Initial Retainer**") required by the Special Auditor as part of its payments towards satisfaction of the Company's obligations under the Settlement Agreement". The Company subsequently updated on 26 November 2021 that the Company had pushed back payment of the Initial Retainer and so the Special Auditor could not proceed on the Special Audit pending payment of the Initial Retainer.

3. In response to the SGX-ST's query on 25 January 2022, six months after the issuance of the NOC, seeking an update on the status of the Special Audit and the status of the Company's compliance with the NOC, the Company announced on 28 January 2022 that it is in the final stages of negotiating with prospective lenders to obtain loan facilities for its working capital requirements, including the funding for the Initial Retainer fees. The Company provided a timeline showing that the Company expected to obtain the loan on or around 5 February 2022 and make payment of the Initial Retainer to the Special Auditors on or around 12 February 2022.
4. Till date, seven months after the deadline of 12 July 2021, the Company has not made any further announcements on the receipt of the loan, payment to the Special Auditors and that the Special Audit had commenced. As the Company has not complied with the NOC and has been unable to fulfill their own timeline set out for the payment and the Special Audit had not commenced to-date, the Company will be delisted. The SGX-ST has considered that it has given sufficient time for the Company to obtain the loan and to make payment of the Initial Retainer to the Special Auditors. As stated in the NOC and in the SGX-ST's reminder to the Company on 25 January 2022, the failure to comply with the NOC is a contravention of Listing Rule 1405(4).
5. In addition, Listing Rule 1304(1) states that if the trading of the listed securities of an issuer is suspended under Listing Rule 1303(3), it must submit a proposal (or proposals) to the SGX-ST with a view to resuming trading in its securities ("**resumption proposals**") within 12 months of the date of suspension. If no resumption proposals are received to enable trading to resume within 12 months of the date of suspension, the SGX-ST may remove the issuer from the Official List. The deadline for the Company to submit a trading resumption proposal had expired on 9 October 2021 pursuant to Listing Rule 1304, taking into account a 6-month extension granted on 28 May 2021. The Company did not submit any resumption proposal with a view to resume trading nor submit any application for a further extension of time to meet the requirements under Listing Rule 1304.
6. Having regard to the above failures and breaches, the SGX-ST informed that the Company will be delisted pursuant to Listing Rule 1305(1).

Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders. As such, the Company is required to inform the SGX-ST of its exit offer proposal as soon as practicable and no later than one (1) month from the date of the Notification of Delisting. The Company is also required to provide updates via SGXNET on the status of its exit offer proposal.

Trading in the Company's securities has been suspended since 9 April 2020 (the "**Trading Suspension**"). The Trading Suspension shall remain in effect until completion of the exit offer, following which the Company will be delisted.

In the Notification of Delisting, the SGX-ST noted further that the Company's former directors, Mr Xu Youcai, Ms Zhao Guiying and Mr Wang Liangfa failed to extend the necessary cooperation to the Exchange when the Board reached out to the trio in relation to queries raised by the SGX-ST for, *inter alia*, circumstances surrounding the litigations and enforcement proceedings and the background of the lending and borrowing affairs by Mr Xu Youcai and his controlled entities which led to the court ordering

the freezing of the Company's bank accounts. The SGX-ST reserves the right to take enforcement action as they deem fit.

In light of the foregoing, the Company will be assessing the possibility of a reasonable exit offer to the Company's shareholders and will provide updates and details on material developments, if any, as and when appropriate.

The Company also wishes to inform shareholders that it has today submitted an appeal to the SGX-ST in response to the Notification of Delisting (the "**Appeal**"). The Company will provide the necessary updates to shareholders via SGXNET, as and when there are any material developments in relation to the Appeal.

**BY ORDER OF THE BOARD**

21 February 2022