



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 THE GROUP'S FINANCIAL RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2014

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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") in their email dated 12 August 2014 in respect of the Company's financial results announcement for the financial period ended 30 June 2014:

- a. **Revenue for the period ended 30 June 2014 increased approximately 3.8% to RMB 191,363,000 compared to the period ended 30 June 2013. However, we note that trade and bills receivables have increased by about 39.6% from RMB 87,887,000 as at 30 June 2013 to RMB 122,678,000 as at 30 June 2014. Please explain the reason(s) for the increase in trade and other receivables and whether the Company foresees any issue on the collection of these receivables.**

Company's Response:

The increase in trade and bills receivables were in part due to the higher sales recorded for the period ended 30 June 2014 (3.8% as compared to the same period last year) and also to the brought forward of the proportionately higher outstanding balance of trade and bills receivables as at 1 January 2014. The Group achieved higher sales during the last two quarters of 2013 as compared to the sales recorded for the first six months of 2013. With the higher sales recorded in the second half of 2013, higher outstanding balances of trade and bills receivables were recorded correspondingly and this had contributed to the higher closing balances as at 30 June 2014 as compared to 30 June 2013.

Management has assessed the recoverability and do not foresee any issue on collection of the receivables.

- b. **It is stated in Paragraph 1(a) Note A(5) that a specific allowance of doubtful trade debts of RMB 6.5 million was recorded for certain trade debtors who had not fulfilled their obligations to repay their debts according to their agreed repayment scheme with Litai. Please disclose whether this amount has been recovered.**

Company's Response:

This amount of RMB6.5 million was a specific allowance for doubtful debts made in the financial period ended 30 June 2013. The amount has not been recovered.

By Order of the Board

Guo Yun
Executive Director
14 August 2014