



**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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**ENTRY INTO A JOINT VENTURE AGREEMENT**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of China Haida Ltd. (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary in Singapore, CHD Engineering and Trading Pte. Ltd. (“**CHD**”) had, on 24 May 2021, entered into a joint venture agreement (the “**JVA**”) with K-United Builder Pte. Ltd. (“**KUB**”, and collectively with CHD, the “**Parties**” and each a “**Party**”). Under the JVA, the Parties intend to collaborate and leverage on each party’s resources and undertake, *inter alia*, to supply and install aluminium products for 1 commercial project in Malaysia and 2 residential projects in Singapore (collectively, the “**Projects**”) (the “**Joint Venture**”). The business activities to be conducted under the JV are in the ordinary course of the Group’s core business relating to the manufacture, sale and installation of aluminium products.

**2. JOINT VENTURE**

**2.1 INFORMATION ON THE JOINT VENTURE PARTNER**

KUB was incorporated on 22 January 2010 in Singapore as an exempt private company and is in the business of Building Contracting and General Contractors (Building Construction including Major Upgrading Works). KUB is responsible for the planning and oversight of all the building works and the carrying out of the building, civil engineering, mechanical and electrical engineering works to meet the various clients’ needs and requirements.

KUB is spearheaded by its Director and Shareholder, Mr Keoy Beng Leong (“**Mr Keoy**”). Mr Keoy graduated with Bachelor of Engineering Degree (Civil) from National University of Singapore in 1989. He has a wealth of experience in managing, planning, co-ordinating and overseeing projects in various construction companies over the years, in particular, Feng Ming Construction Pte Ltd, Swee Hong Limited, and Loh & Loh Construction (Private) Limited.

KUB’s past notable projects include the erection of 2 units of 3-storey intermediate terrace house, additions and alterations of a single storey factory at Tuas, subcontractor for part 6-storey and part 20-storey mixed development which comprises hospital, hotel & medical clinics at Race Course Road, civil works for carboxylate project on Jurong Island, and subcontractor for the expansion of CTE/TPE/SLE interchange for Land Transport Authority (LTA) works. KUB has the requisite technical expertise and experience demonstrated from its past projects to collaborate with CHD to jointly perform the works required for the Projects.

## **2.2 SALIENT TERMS OF THE JVA**

### **2.2.1 Projects Details**

#### **Project 1: Commercial building in State of Johor, Malaysia**

The nominated sub-contractor shall provide aluminium cladding and roof work for the erection of a commercial building on Lot 2325, Mukim Tanjung Kupang, Gelang Patah, Iskandar Puteri, Johor. The scope of work for this project is to design, supply, test and install proprietary aluminium standing-seam type roofing system, supporting sub-structure, coated aluminium perforated over-cladding (the “**Aluminium Cladding Products**”) for the commercial building. The contract value awarded will be S\$1.68 million. Commencement of the works for this Project shall be on 2 August 2021 and the completion date shall be 1 December 2022.

#### **Projects 2 and 3: Proposed erection of 3 terrace houses in Singapore, and proposed erection of 2 semi-detached houses in Singapore**

The nominated sub-contractor shall provide aluminium cladding and roof work for the erection of 3 terrace houses at 5 Lorong Salleh and 2 semi-detached houses at 42 and 42A Jalan Kechubong, Singapore. The scope of work for these projects is to design, supply, test and install the Aluminium Cladding Products for the 5 houses. The contract value awarded will be S\$0.75 million in aggregate for both Project 2 and 3. Commencement of the works for these Projects shall be on 25 May 2021 and the completion date shall be 30 September 2022.

### **2.2.2 Responsibilities of the Parties**

#### CHD's main responsibilities:

- (a) Secure the letters of awards for each of the Projects in favour of CHD to undertake the supply and installation works thereat with regards to the Aluminium Cladding Products for each of the Projects;
- (b) Design the Aluminium Cladding Products specifications and ensure the said products will meet the respective local regulatory requirements for each of the Projects;
- (c) Procure the fabrication, manufacture and/or supply of the specified Aluminium Cladding Products at competitive factory prices; and
- (d) Make the necessary logistics arrangements so that the Aluminium Cladding Products are transported to the respective site for each of the Projects on time for installation by KUB.

#### KUB's main responsibilities:

- (a) Provide the required labour to inspect and install the Aluminium Cladding Products procured by CHD on site at the abovementioned locations for the Projects respectively;
- (b) Conduct the necessary tests and checks to ensure the Aluminium Cladding Products supplied are installed safely to the requisite authority requirements and do the necessary handover to the respective clients for each of the Projects upon the completion of all installation works; and
- (c) Offer one (1) year installation warranty and provide the necessary labour to repair or replace any defective part or component in the works undertaken by KUB and resolve any functional issues thereof at each of the Projects respectively.

Any and all net profits (revenue less the attributable costs of procured products and labour and other related costs and expenses for the undertaking of the supply and installation of the abovementioned works for the Projects by the Parties) accruing to the Joint Venture shall be

distributed equally between the Parties. Each Party shall share 50% of the net profits generated from the Projects, excluding the costs for any rectification works to be undertaken by KUB arising from or in connection with any defects attributable to its installation works at any of the Projects, which costs shall be borne by KUB only.

### **2.2.3 Term**

The term of the Joint Venture shall commence as of the date of the JVA and shall be terminated and dissolved upon the earliest occurrence of: (i) completion of all the Projects and receipt of all sums due to the Joint Venture; or (ii) the unanimous agreement of the Parties to terminate the JVA in accordance with the JVA.

## **3. RATIONALE FOR THE JOINT VENTURE**

The Board is of the view that the proposed Joint Venture would be in the best interest of the Company as the proposed Joint Venture is in line with the Group's strategic plans to expand its aluminium products to Singapore and the South-East Asia region in order to diversify its geographical concentration risk in the People's Republic of China. In addition, the Projects would enable the Company to generate additional income sources which will aid the Group in its turnaround business plans to revitalise its existing aluminium products business.

## **4. FINANCIAL EFFECTS OF THE JOINT VENTURE**

The proposed Joint Venture will be funded through the Company's internal resources which will be strengthened by the fund-raising activities which the Company intends to undertake in due course. The Company will make announcements on the fund-raising activities as and when there are material developments and progress.

The proposed Joint Venture is not expected to have any material impact on the net tangible assets of the Group for the financial year ending 31 December 2021. The Company is cautiously optimistic that the proposed Joint Venture is expected to contribute to the earnings of the Group for the financial year ending 31 December 2021.

## **5. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS**

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Joint Venture, other than through their respective shareholdings in the Company.

**By Order of the Board**

Soh Yeow Hwa  
25 May 2021