



## **CHINA HAIDA LTD.**

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

**AND ITS SUBSIDIARIES**

**CONDENSED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2021**

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## Introduction

The global outbreak of COVID-19 has caused, among others, unprecedented business, economic, financial and social disruptions to many entities and individuals around the world. As per the Company's announcement on 7 December 2020, the Company's wholly-owned subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd ("Litai") has resumed part of its operations. On 26 February 2021, the Company made an announcement to further update shareholders of legal and enforcement proceedings against Litai based on a report issued by GFE Law Office, a law firm based in the People's Republic of China ("GFE Legal Report"). As the information contained in the GFE Legal Report is not complete, the Company has been in constant contact with the new management team of Litai formed by Mr Lai Shih-Wei, who leads several existing employees of Litai (which includes certain key management and finance personnel) (the "New Litai Management"). The New Litai Management reports directly to the Board of Directors in Singapore to obtain additional information and supporting documents surrounding legal proceedings against Litai as well as information for the preparation of the unaudited consolidated results for the Company and its subsidiary, Litai (collectively, the "Group") for the half year ended 31 December 2021 ("FY2021"). However, the New Litai Management was not able to fully provide the requested information as most of the information and supporting documents (especially those surrounding Litai's legal proceedings) are withheld by the former CEO, Mr Xu Youcai ("Mr Xu"). Mr Xu has not been responsive to queries and requests raised by the Company. The Company has on 3 August 2021 appointed FTI Consulting Pte Ltd ("FTI") as special auditors to investigate, among others, the circumstances surrounding the litigations and enforcement proceedings and the background of the lending and borrowing affairs by Mr Xu and his controlled entities.

Accordingly, the Company has been unable to obtain all relevant and pertinent information, documents and/or explanations from Litai to accurately complete and finalise the condensed financial statements of the Group for FY2021 ("FY2021 Financial Results") and to address the issues (such as limitation of scope, impairment assessment of the property, plant and equipment and right-of-use assets of the Group, litigation and claims and going-concern) raised in the Disclaimer of Opinion by the Independent Auditor, Crowe Horwath First Trust LLP, for the audit of the financial statements of the Group for the financial year ended 31 December 2020. Consequently, the Company is constrained to prepare and report the FY2021 Financial Results to the best of its knowledge using financial figures obtained from the New Litai Management. The Company is therefore unable to ascertain whether the figures provided by Litai's Team would be an accurate representation of Litai's financials due to information or supporting documents which have not been forthcoming from Mr Xu.

On 18 February 2022, the Singapore Exchange Securities Trading Limited (the "SGX-ST") issued a notification of delisting for the Company to delist from the Official List of the SGX-ST (the "Notification of Delisting"). While the Company appealed against the Notification of Delisting, such appeal was rejected by the SGX-ST on 23 February 2022. 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. For more information on the Notification of Delisting, shareholders may refer to the Company's SGXNET announcements dated 21 February 2022 and 23 February 2022.

**Shareholders and potential investors are advised to read or use the FY2021 Financial Results with caution, especially having regard to the limitations and qualifications outlined above.**

**A Condensed consolidated statement of profit or loss and other comprehensive income**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*(Amounts expressed in thousands of Chinese*
*Renminbi ("RMB") currency)*

These figures have not been audited

		THE GROUP		
		1 Jan 21 to 31 Dec 21 FY2021	1 Jan 20 to 31 Dec 20 FY2020	Variance Increase / (Decrease)
Note	RMB'000	RMB'000	%	
	<b>Revenue</b>	<b>8,168</b>	<b>30,668</b>	<b>(73.4)%</b>
	Cost of sales	(7,499)	(36,463)	(79.4)%
	<b>Gross profit/(loss)</b>	<b>669</b>	<b>(5,795)</b>	<b>(111.5)%</b>
	Gross profit/(loss) margin	8.2%	-18.9%	27.1 %
	Other operating income/(loss)	3,259	(3,251)	(200.2)%
	Selling and distribution expenses	(203)	(1,088)	(81.3)%
	Administrative expenses	(19,310)	(19,387)	(0.4)%
	<b>Loss from operations</b>	<b>(15,585)</b>	<b>(29,521)</b>	<b>(47.2)%</b>
	Finance costs	(543)	(764)	(28.9)%
	Write back of write down/(write down) in inventory to net realisable value	674	(9,401)	(107.2)%
	Provision for court's enforcement case	-	(15,810)	(100.0)%
	Write back/(allowance) for impairment loss on assets due to courts' enforcement cases	1,001	(51,799)	(101.9)%
	Allowance of impairment loss on financial asset, net	(2,889)	(74,124)	(96.1)%
	<b>Loss before taxation</b>	<b>(17,342)</b>	<b>(181,419)</b>	<b>(90.4)%</b>
	Taxation	-	-	N.M
	<b>Loss after taxation</b>	<b>(17,342)</b>	<b>(181,419)</b>	<b>(90.4)%</b>
	<b>Other comprehensive income/(loss):</b>			
	Currency translation differences	205	(28)	(832.1)%
	<b>Total comprehensive loss attributable to equity holders of the company</b>	<b>(17,137)</b>	<b>(181,447)</b>	<b>(90.6)%</b>

**Explanatory Notes**
**A(i) Loss before taxation**

The following items have been included in arriving at a loss before taxation:

		<b>THE GROUP</b>	
		<b>1 Jan 21 to 31 Dec 21 FY2021</b>	<b>1 Jan 20 to 31 Dec 20 FY2020</b>
		<b>RMB '000</b>	<b>RMB '000</b>
	Note		
Other Operating income/(loss):			
- Interest income on bank deposits		8	40
- Sales of scraps and raw materials	(1)	(143)	(3,592)
- Government grant/incentive	(2)	55	252
- Rental income	(3)	3,070	-
- Others		269	49
		<b>3,259</b>	<b>(3,251)</b>
Foreign exchange loss - net	(4)	(306)	(525)
Interest expenses	(5)	(543)	(764)
Write back of write down/(write down) in inventory to net realisable value	(6)	674	(9,401)
Write back/ (allowance) for impairment loss on assets due to courts' enforcement cases	(7)	1,001	(51,799)
Provision for courts' enforcement cases	(8)	-	(15,810)
Allowance of impairment loss on financial asset, net	(9)	(2,889)	(74,124)
Amortisation of lease prepayments	(10)	-	(300)
Depreciation of property, plant and equipment (PPE)	(10)	-	(4,499)
Loss on disposal of PPE		-	(181)
PPE written off		-	(30)

**Note**

- (1) In FY2020, sales of scrap and raw materials amounted to RMB 7.36 million and resulted in a loss of RMB 3.6 million as the sale of the raw materials and scrap by Litai to third parties was at an average discount of around 35%. In FY2021, sale of scrap and raw materials amounted to RMB 0.25 million and resulted in a loss of RMB 0.14 million as the sale by Litai to third parties was at an average discount of around 56%. The sale of scrap and raw materials enabled Litai to shore up its cash reserve in the form of bank drafts (银行承兑汇票).
- (2) This is related to the various employment credit incentive given by the Singapore government. FY2021 recorded lower amount of government grants of RMB55,000 as compared to RMB252,000 in FY2020 due to the lower amount of such incentives provided by the Singapore Government in FY2021 as compared with FY2020.
- (3) Litai leased part of its factory premise and certain of its plant and machinery making up of 4 production lines to 江阴明泰新型建筑装饰材料有限公司("Jiangyin Mingtai") and 江苏海瑞达新材料科技有限公司("Jiangsu Hairui") in March 2021 for rental income of RMB3.7 million per annum. There was no such lease in FY2020.
- (4) Foreign exchange loss – net decreased from RMB525,000 in FY2020 to RMB306,000 in FY2021. Foreign exchange loss – net was due mainly to the revaluation of foreign denominated trade receivables (denominated mainly in USD) as RMB strengthens against most currencies such as the USD, SGD and others in FY2021 as compared with FY2020.
- (5) Interest expense for FY2021 was lower as compared to FY2020. This was mainly due to lower average short-term bank loans balances in FY2021 as compared to FY2020. The interest expenses is accrued based on weighted average interest rate of 3.99% per annum which remained the same as the previous period.

(6) As at 31 December 2020, allowance for write down in inventory to net realizable value was RMB3.9 million. During FY2021, Litai sold some inventories and, accordingly, the Group reversed the write down in inventory to net realizable value by RMB674,000.

(7) Write back/(allowance) for impairment loss due to courts' enforcement cases:

	<b>The Group</b>	
	<b>FY2021 RMB'000</b>	<b>FY2020 RMB'000</b>
(i) Allowance for impairment loss on frozen bank accounts	1,001	(3,487)
(ii) Allowance for impairment loss on net realizable value of inventory	-	(3,710)
(i) Allowance for impairment loss on net book value of lease prepayment	-	(9,911)
(ii) Allowance for impairment loss on net book value of property, plant and equipment	-	(34,691)
Write back/(allowance) for Impairment loss	1,001	(51,799)

As at 31 December 2020, allowance for impairment loss on frozen bank accounts was RMB3.5 million. During FY2021, net decrease in frozen bank accounts balance was RMB1.0 million and, accordingly, the Group wrote back allowance for impairment loss on frozen bank accounts by the same amount.

(8) Provision for courts' enforcement cases:

	<b>The Group</b>	
	<b>FY2021 RMB'000</b>	<b>FY2020 RMB'000</b>
Provision for courts' enforcement cases*	-	15,810

(9) For FY2021, there was a net impairment loss on financial assets of approximately RMB2.9 million (FY2020: RMB74.1 million), as follows:

	<b>The Group</b>	
	<b>FY2021 RMB'000</b>	<b>FY2020 RMB'000</b>
Allowance during the financial period:		
- Trade receivables	-	(24,201)
- Due from related parties (trade)	-	(13,929)
- Advance payments to a related party (trade)	400	(26,555)
- Other receivables, deposits and prepayments	(3,289)	(9,560)
- Under ECL model	-	-
Write back during the financial period	-	121
	(2,889)	(74,124)

(10) There was no amortization of lease prepayments and depreciation of PPE in FY2021 as lease prepayments and PPE were fully provided for allowance for impairment loss due to courts' enforcement cases as at 31 December 2020.

**B Condensed statement of financial position**
**STATEMENTS OF FINANCIAL POSITION**
*(Amounts expressed in thousands of Chinese*
*Renminbi ("RMB") currency)*

	THE GROUP		THE COMPANY	
	As at	As at	As at	As at
	31Dec21	31Dec20	31Dec21	31Dec20
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
<b>Non-current assets</b>				
Property, plant and equipment	B(1)	-	-	-
Investment in a subsidiaries	B(2)	-	-	1,057
Lease prepayments	B(3)	-	-	-
<b>Current assets</b>				
Lease prepayments	B(3)	-	-	-
Inventories	B(4)	1,483	-	-
Trade and bills receivables	B(5)	10,889	34,245	-
Other receivables, deposits and prepayments	B(6)	5,316	2,423	77
Advance payments to a related party	B(7)	-	-	-
Due from subsidiary (non-trade)		-	-	70
Due from related parties (trade)	B(8)	-	-	-
Cash and bank balances	B(9)	1,660	1,247	3
<b>Total current assets</b>		<b>19,348</b>	<b>37,915</b>	<b>150</b>
<b>TOTAL ASSETS</b>		<b>19,348</b>	<b>37,915</b>	<b>1,207</b>
<b>Current liabilities</b>				
Trade payables	B(10)	8,573	12,537	-
Other payables and accruals	B(11)	8,664	5,652	1,899
Due to a subsidiary (non-trade)		-	-	4,264
Short-term bank loans	B(12)	11,429	11,429	-
Provisions		15,811	15,811	-
Contract liabilities		853	1,331	-
<b>TOTAL LIABILITIES</b>		<b>45,330</b>	<b>46,760</b>	<b>6,163</b>
<b>NET LIABILITIES</b>		<b>(25,982)</b>	<b>(8,845)</b>	<b>(4,956)</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	B(13)	140,543	140,543	140,543
Statutory reserve fund		23,367	23,367	-
Capital reserve		47,946	47,946	-
Currency translation reserve		559	354	5,379
Accumulated losses		(238,397)	(221,055)	(150,878)
<b>TOTAL EQUITY</b>		<b>(25,982)</b>	<b>(8,845)</b>	<b>(4,956)</b>

B(1) An analysis of property, plant and equipment (“PPE”) is as follows:

	<b>The Group</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Net book value of property, plant and equipment	34,691	34,691
Less: Allowance for impairment loss due to courts’ enforcement cases (a)	(34,691)	(34,691)
<b>Property, plant and equipment, net</b>	<b>-</b>	<b>-</b>

(a) Allowance for impairment loss due to courts’ enforcement cases

The Group has provided for allowance for impairment loss due to enforced courts’ cases based on the net book value of the PPE of RMB 34.7 million as at 31 December 2020 for reasons as announced in the FY2020 Financial Results. Please refer to FY2020 Financial Results announcement dated 31 March 2021 (paragraph 1(b)(i)(1)(b) for further information. As at 31 December 2021, the allowance for impairment loss of RMB34.7 million remained in books of the Group.

B(2) Investment in subsidiaries:

	<b>The Company</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Investment in unquoted equity shares in Litai, net (a)	-	-
Investment in unquoted equity shares in CHD Engineering Pte Ltd, at cost	963	-
Investment in unquoted equity shares in AAAAA Holdings Pte. Ltd., at costs	94	-
<b>Investment in a subsidiaries, net</b>	<b>1,057</b>	<b>-</b>

(a) Investment in unquoted equity shares in Litai, net of allowance for impairment in value

Allowance for impairment in value of investment in Litai has been fully provided, as follows:

	<b>The Company</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Investment in unquoted equity shares in Litai at end of year	118,448	122,500
Translation differences	-	(4,052)
	118,448	118,448
Less: Allowance for impairment of investment in subsidiary at end of the year	(118,448)	(118,448)
<b>Investment in Litai, net</b>	<b>-</b>	<b>-</b>

- B(3) The Group has provided for allowance for impairment loss due to enforced courts' cases based on the remaining lease prepayments of RMB 9.9 million as at 31 December 2020 for reasons as announced in the FY2020 Financial Results. Please refer to FY2020 Financial Results announcement dated 31 March 2021 (paragraph 1(b)(i)(3)) for further information. As at 31 December 2021, such allowance for impairment loss of RMB9.9 million remained in books of the Group, as follows:

	The Group	
	As at 31.12.2021 RMB'000	As at 31.12.2020 RMB'000
Lease prepayment	9,911	9,911
Less: Allowance for impairment loss due to courts' enforcement cases	(9,911)	(9,911)
<b>Lease prepayment, net</b>	<b>-</b>	<b>-</b>

- B(4) As at 31 December 2021, the inventory balance was RMB1.5 million as compared to Nil balance as at 31 December 2020. As announced previously on 16 April 2021, the Group incorporated Jiangyin Xinwan International Trade Limited ("Xinwan") in the PRC. As at 31 December 2021, Xinwan has secured sales orders for aluminium composite panels from third party customer of approximately RMB6 million and, accordingly, it has purchased raw materials and outsourced the manufacturing of the products to Litai. This gave rise to inventory balance of RMB1.5 million as at 31 December 2021.

An analysis of Inventory is as follows:

	The Group	
	As at 31.12.2021 RMB'000	As at 31.12.2020 RMB'000
Finished goods	2,818	1,943
Raw materials	4,361	4,427
Consumables	1,231	1,231
	<u>8,410</u>	<u>7,601</u>
Less:		
(i) Allowance for write down in inventory to net realizable value at end of year (a)	(3,217)	(3,891)
(ii) Allowance for impairment loss due to courts' enforcement cases at end of year	(3,710)	(3,710)
<b>Inventory, net</b>	<b><u>1,483</u></b>	<b><u>-</u></b>

- (a) In FY2021, there was a reversal in allowance for write down in inventory to net realizable value of RMB674,000 due to the sale of related inventories.
- (b) As previously announced in FY2020 Financial Results, the Company noted from certain courts' enforcement rulings that inventory has been seized by the courts for the enforcement applicant/s. Accordingly, allowance for impairment loss due to courts' enforcement cases, of amount up to the net realisable value of inventory of RMB 3.7 million, has been made as at 31 December 2020 and in books of the Group as at 31 December 2021.

\*See Explanatory Notes A(i) part (6) - Profit before taxation on page 4.



- B(5) Trade receivables and bills receivable as at 31 December 2021 was lower as compared to the balance as at 31 December 2020, attributed mainly to the lower sales and collections during FY2021. Despite the collections of trade receivables by New Litai Team in FY2021, the Group has not reversed any allowance for impairment of trade receivables on grounds of prudence.

An analysis of trade receivables balances is as follows:

	The Group	
	As at 31.12.2021	As at 31.12.2020
	RMB'000	RMB'000
Trade receivables (third parties), gross	67,997	86,535
Less: Allowance for impairment of trade receivables	(57,638)	(57,638)
	10,359	28,897
Bank drafts from trade receivables (third parties)	530	5,348
<b>Trade receivables (Third parties), net</b>	<b>10,889</b>	<b>34,245</b>

- B(6) An analysis of other receivables, deposits and prepayments is as follows:

	The Group	
	As at 31.12.2021	As at 31.12.2020
	RMB'000	RMB'000
Other receivables, deposits and prepayments, gross	18,165	11,983
Less: Allowance for impairment in other debtors during the period	(12,849)	(9,560)
<b>Other receivables, deposits and prepayments, net</b>	<b>5,316</b>	<b>2,423</b>

The increase in other receivables, deposits and prepayments (gross) from RMB12.0 million as at 31 December 2020 to RMB18.2 million as at 31 December 2021 was mainly due to the following reasons:

- (i) Litai made prepayment of RMB1.7 million to a supplier for the purchase of plastic protection packaging materials for its aluminium products in FY2021. This prepayment has been approved by Mr Xu prior to the establishment of the New Litai Management.
- (ii) The judicial funds deduction (“司法扣划”) by Sichuan Longquanyi District People’s Court increased from RMB7.5 million as at 31 December 2020 to RMB 12.8 million as at 31 December 2021 due to related court proceedings as announced previously by the Company, including on 8 April 2020, 15 April 2020, 22 April 2020, 20 May 2020, 17 June 2020, 20 July 2020, 24 July 2020, 26 February 2021 and 27 April 2021. On grounds of prudence, the Group made additional allowance for impairment in other debtors of RMB5.3 million due to the increase in judicial funds deduction by the same amount in FY2021.

The increase in other receivables, deposits and prepayments due to reasons stated in (i) and (ii) above has been offset by the refund of prepayments of RMB1.0 million and the billing of legal charges of RMB0.7 million by the legal counsel of Litai. Accordingly, the Group wrote back allowance for impairment loss of RMB1.7 million for the refund of prepayment by the legal counsel of Litai where full allowance for impairment loss has been made on the prepayment to the legal counsel for reasons as previously announced in FY2020 Financial Results.

\*See Explanatory Notes A(i) part (9) - Profit before taxation on page 4.

- B(7) An analysis of the balance of advance payments to a related party (trade), Jiangyin Haida Caitu Co., Ltd. ('Jiangyin Caitu'), is as follows:

	<b>The Group</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Advance payments to Jiangyin Caitu (trade), gross	51,730	52,130
Less: Allowance for impairment loss *	(51,730)	(52,130)
<b>Advance payments to Jiangyin Caitu (trade), net</b>	<b>-</b>	<b>-</b>

As at 31 December 2020, allowance for impairment had been provided fully on the outstanding balance due from Jiangyin Caitu of RMB52.1 million. Please refer to FY2020 Financial Results announcement. In FY2021, Litai received an amount of RMB400,000 from Jiangyin Caitu. Accordingly, the Group wrote back allowance for impairment in advance payments to Jiangyin Caitu of the same amount in FY2021.

\*See Explanatory Notes A(i) part (9) - Profit before taxation on page 4.

- B(8) As at 31 December 2021 and 31 December 2020, there was an outstanding amount of approximately RMB28.0 million mainly due from another related party, Jiangyin East-China Aluminium Technology Co., Ltd ("Jiangyin East-China"), attributed primarily to the provision of spray-painting services and sales of aluminium panels by Litai.

An analysis of due from related parties (trade) was as follows:

	<b>The Group</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Due from related parties (trade), gross	28,008	28,008
Less: Allowance for impairment loss *	(28,008)	(28,008)
<b>Due from related parties (trade), net</b>	<b>-</b>	<b>-</b>

The Group has provided fully for allowance for impairment loss on due from related parties (trade) as at 31 December 2021 and as at 31 December 2020 for reasons as announced in the FY2020 Financial Results.

- B(9) There was an decrease in cash and bank balances of approximately RMB0.6 million (before allowance for impairment loss) for the year ended 31 December 2021. This was due to cash used in operating activities of approximately RMB0.6 million.

An analysis of cash and bank balances is as follows:

	<b>The Group</b>	
	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Frozen bank account balances	2,486	3,487
Bank account balances	1,330	476
Cash on hand and bank draft	330	771
	4,116	4,734
Less: Allowance for Impairment loss due to courts' enforcement cases	(2,486)	(3,487)
<b>Available cash and bank balances</b>	<b>1,660</b>	<b>1,247</b>

Please see cashflow statement for more details.

As previously announced, certain bank accounts of Litai, had been frozen due to certain legal proceedings. The Company would provide further updates of the above matter as soon as any material information is or has become available.

B(10) There was a decrease in trade payables of approximately RMB3.9 million for the year ended 31 December 2021. This was due mainly to the payments to suppliers and the reduction in purchases in line with the substantial decrease in business activities.

As per our FY2020 Financial Results announcement on 31 March 2021, the Company noted, from GFE Legal Report, enforcement cases ruled in favour of the following trade suppliers:

	<u>Enforced amount (RMB)</u>
(i) PPG Paint(Tianjin) Co. Ltd	1.2 million
(ii) Taizhou Longxin Maozhan Co. Ltd 泰州市隆鑫毛毡有限公司 (“Taizhou”)	1.1 million
(iii) Henan Yulong Metal Products Co., Ltd 河南裕龙金属制品有限公司	0.3 million

Based on searches on tianyancha.com on 17 July 2021, the Company noted that Taizhou has applied to the People’s Court of Jiangyin City to place Litai under bankruptcy review on 27 May 2021. Taizhou successfully withdrawn this application to the People’s Court of Jiangyin City on 31 May 2021 following the immediate negotiations taken by the New Litai Team with Taizhou.

B(11) There was an increase in other payables and accruals of approximately RMB3.0 million for the year ended 31 December 2021. Due to the limited cash and bank balances as at 31 December 2021, this was a higher amount of outstanding payroll expenses and professional expenses as at 31 December 2021 as compared with 31 December 2020.

B(12) As at 31 December 2021 and 31 December 2020, the short-term bank loan was RMB11.4 million.

<b>THE GROUP</b>	
<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>
<b>Secured</b>	<b>Secured</b>
<b>RMB '000</b>	<b>RMB '000</b>
Amount repayable in one year or less, or on demand	11,429
11,429	11,429

#### Details of any collateral

As at 31 December 2021 and 31 December 2020, bank loans totaling RMB11.4 million were secured by leasehold building and land use rights with net carrying amounts of approximately RMB Nil balance net of allowance for impairment loss due to courts’ enforcement cases. The bank loans were also secured by the personal guarantee of the former Chief Executive Officer and an unrelated business associate. However, such personal guarantees had expired in September 2019. It is uncertain, as of the date of this announcement, whether the guarantees were renewed or extended. Interests on these bank loans was charged at interest rate of 3.99% per annum. (FY2020: 3.99% per annum).

The short-term bank loans of RMB4.4 million and RMB7.0 were also due for repayment and renewal on 26th November 2019 and 29th January 2020 respectively. As at the date of this announcement, to the best of our knowledge and information, Litai has neither repaid nor renewed both bank loans since their maturity dates.

As previously announced in FY2020 Financial Results, based on GFE Legal Report and the accompanying detail court rulings, the Company noted that the court has ruled in favour of Bank of China for borrowings by Litai. The Company noted, under enforcement case number (2020) 苏 0213 执 3925 号, that any proceeds from the sale (via auction or discounted sale) of the securities provided by Litai under pledge numbers 苏(2019)江阴不动产证明 No.0004319 and No.0004320 (legal rights to buildings), and No.0004321 (land-use rights) to be applied firstly to settle the bank loans with Bank of China. As information and documents of these pledges were held by Mr Xu Youcai, the Company does not have much information about them. The three pledges mentioned in this paragraph should be related to the above short-term bank loans. Nevertheless, while information about the assets pledged (as per the enforcement case above) were not available to the Company, the Company has, as at the date of this announcement and on grounds of prudence, provided for provision for enforced courts' cases based on the net book value of the PPE of RMB 34.7 million and the remaining lease prepayments of RMB 9.9 million as at 31 December 2020 and as at 31 December 2021.

**B(13) Share capital**

There was no change in the issued and paid-up share capital of the Company since the previous financial year ended 31 December 2020. The total number of issued shares excluding treasury shares and subsidiary holdings of the Company was 254,880,660 ordinary shares as at 31 December 2021 and 31 December 2020 respectively, as follows:

	<b>THE COMPANY</b>	
	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>
Total number of issued shares	254,880,660	254,880,660
Less: Treasury shares	-	-
Total number of shares excluding treasury shares	254,880,660	254,880,660

The Company has no outstanding convertibles, no treasury shares and no subsidiary holdings as at 31 December 2021 and 31 December 2020.

**C Condensed statement of cash flows**

**CONSOLIDATED CASH FLOW STATEMENT**

(Amounts expressed in thousands of Chinese Renminbi ("RMB")  
Currency)

**Cash flows from operating activities**

Loss before taxation	(17,342)	(181,419)
Adjustments for:		
Provision for courts' enforcement cases	-	15,810
(Write back)/allowance of impairment loss on financial asset due to courts enforcement cases	(1,001)	51,799
Allowance for impairment loss on financial assets, net	2,889	74,124
(Write back of write down)/write down in inventory to net realisable value	(674)	9,401
Amortisation of lease prepayment	-	300
Depreciation of PPE	-	4,499
Loss on disposal of PPE	-	181
Write off of PPE	-	30
Interest expense	543	764
Interest income	(8)	(40)
Unrealised translation gain	205	29

Operating loss before working capital changes

Inventories	(809)	21,902
Trade and bills receivables	23,356	28,241
Other receivables, deposits and prepayments	(6,182)	(7,809)
Trade payables, contract liabilities and other payables	(1,430)	(20,728)
Due from related parties (trade)	-	9
Advance payments to a related party (trade)	400	(980)

Cash used in operations

Interest paid	(543)	(764)
Interest received	8	40

Net cash used in operating activities

**Cash flows from investing activities**

Purchase of property, plant and equipment	-	(16)
Proceed from disposal of property, plant and equipment	-	367
Net generated from investing activities	-	351

**Cash flows from financing activities**

Repayment of short-term bank loans	-	(1,601)
Net cash used in financing activities	-	(1,601)

**Net decrease in cash and cash equivalents**

Cash and cash equivalents at beginning of year	1,247	10,623
Effect of exchange rate changes in cash and cash equivalents	-	(28)
Allowance for impairment loss due to courts' enforcement cases	1,001	(3,487)

**Cash and cash equivalents at end of year**

THE GROUP	
FY2021	FY2020
RMB'000	RMB'000
(17,342)	(181,419)
-	15,810
(1,001)	51,799
2,889	74,124
(674)	9,401
-	300
-	4,499
-	181
-	30
543	764
(8)	(40)
205	29
(15,388)	(24,522)
(809)	21,902
23,356	28,241
(6,182)	(7,809)
(1,430)	(20,728)
-	9
400	(980)
(53)	(3,887)
(543)	(764)
8	40
(588)	(4,611)
-	(16)
-	367
-	351
-	(1,601)
-	(1,601)
(588)	(5,861)
1,247	10,623
-	(28)
1,001	(3,487)
1,660	1,247

**D Condensed statement of changes in equity**
Attributable to equity holders of the Company

GROUP	Share capital	Statutory reserve fund	Capital reserve	Currency translation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1.1.2021</b>	<b>140,543</b>	<b>23,367</b>	<b>47,946</b>	<b>354</b>	<b>(221,055)</b>	<b>(8,845)</b>
Total comprehensive income/(loss) for the year	-	-	-	205	(17,342)	(17,137)
<b>Balance as at 31.12.2021</b>	<b>140,543</b>	<b>23,367</b>	<b>47,946</b>	<b>559</b>	<b>(238,397)</b>	<b>(25,982)</b>
<b>Balance as at 1.1.2020</b>	<b>140,543</b>	<b>23,367</b>	<b>47,946</b>	<b>382</b>	<b>(39,636)</b>	<b>172,602</b>
Total comprehensive loss for the year	-	-	-	(28)	(181,419)	(181,447)
<b>Balance as at 31.12.2020</b>	<b>140,543</b>	<b>23,367</b>	<b>47,946</b>	<b>354</b>	<b>(221,055)</b>	<b>(8,845)</b>

  

COMPANY	Share capital	Currency translation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1.1.2021</b>	<b>140,543</b>	<b>5,158</b>	<b>(148,393)</b>	<b>(2,692)</b>
Total comprehensive profit/(loss) for the year	-	221	(2,485)	(2,264)
<b>Balance as at 31.12.2021</b>	<b>140,543</b>	<b>5,379</b>	<b>(150,878)</b>	<b>(4,956)</b>
<b>Balance as at 1.1.2020</b>	<b>140,543</b>	<b>9,237</b>	<b>(25,481)</b>	<b>124,299</b>
Total comprehensive loss for the year	-	(4,079)	(122,912)	(126,991)
<b>Balance as at 31.12.2020</b>	<b>140,543</b>	<b>5,158</b>	<b>(148,393)</b>	<b>(2,692)</b>

## 1. GENERAL INFORMATION

China Haida Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company's registered office is 24 Raffles Place, #20-03 Clifford Centre, Singapore 048621. The address of the principal place of business of Litai is at 388 Qinfeng Lu, Huashi Town, Jiangyin City, Jiangsu Province, the People's Republic of China ("PRC") 214421. The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are the manufacturing and trading of aluminium panels and spray painting.

## 2. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2021, the Group and the Company are in net liabilities positions of RMB25,982,000 and RMB 4,956,000 (As at 31 December 2020: net liabilities positions of RMB8,845,000 and RMB2,692,000) respectively, and the Group incurred a net loss of RMB17,342,000 (31 December 2020: RMB181,419,000) and negative operating cash flows of RMB588,000 (31 December 2020: RMB 5,861,000) for the financial year ended 31 December 2021. This was largely due to the significant decline in revenue by 73% to RMB 8,168,000 during FY2021.

Further, the Litai defaulted on the repayment of secured bank loans of RMB 4,429,000 and RMB 7,000,000 which were due and payable on 26 November 2019 and 29 January 2020 respectively (See paragraph B(12) above).

Litai was also involved in various litigations and enforcement proceedings in the PRC.

The facts and circumstances above indicate the existence of material uncertainties that may cast significant doubts over the ability of the Group and the Company to continue as going concerns. Notwithstanding this, the accompanying financial statements have been prepared on a going concern basis on the following grounds:

- (i) On 15 February 2022, the Group has obtained financing of S\$300,000 (equivalent to RMB 1,413,000) loan from a lender to meet short term working capital requirements of the Group; and
- (ii) The Company's wholly-owned subsidiary in PRC, Xinwan International Trade Co., Ltd ("Xinwan"), continues to generate cashflow from its ongoing operations.

In the event the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the condensed statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to the condensed financial statements.



### 3 Basis of preparation

The condensed financial statements for the years ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.1. The condensed financial statements are presented in Reminbi ("RMB") and all values in the tables are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

The preparation of the condensed financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the condensed financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

#### 3.1 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform — Phase 2</i>	1 January 2021
Amendments to SFRS(I) 16: <i>Covid-19 -Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
- Amendments to SFRS(I)1 <i>First-time Adoption of FRS</i>	
- Amendments to SFRS(I) 9 <i>Financial Instruments</i>	
- Amendments to Illustrative Examples accompanying SFRS(I) 1-16 <i>Leases</i>	
- Amendments to SFRS(I) 1-41 <i>Agriculture</i>	
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
SFRS(I) 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined



The directors expect that the adoption of the other standards and interpretations above will have no material impact on the condensed financial statements in the year of initial application.

### 3.2 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

### 3.3 *Impairment of financial assets*

The Group applies impairment model in SFRS(I) 9 to measure the Expected Credit Losses (ECL) of the following categories of assets:

- Financial assets at amortised costs (including trade and other receivables, amount due from related parties (trade) and cash and cash equivalents)
- Contract assets (determined in accordance with SFRS(I) 15)
- Debt investments at FVOCI
- Intragroup financial guarantee contracts

As at the reporting date, the Group does not have other categories of financial assets except for financial assets at amortised costs.

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

#### *Simplified approach*

The Group applies simplified approach to all trade receivables, including amount due from related parties (trade). Impairment loss allowance is measured at life time ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument ('lifetime ECL'). The Group uses qualitative and quantitative information like geographical location, profile of customers and historical repayment trends to group debtors with similar characteristics for purposes of ECL assessment. The Group computes ECL using probability of default from external rating agencies and historical loss rates, where available and applicable.

### 3.3 *Impairment of financial assets (continued)*

#### *General approach*

The Group applies general approach on all other financial instruments and recognise a 12-month ECL on initial recognition. 12-months ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost and contract assets are deducted from the gross carrying amount of those asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### Definition of default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation in full, without recourse by the Group.

#### Write-off policy

The Group write off the gross carrying amount of a financial assets to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Group.

### 3.4 *Provisions*

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3.5 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the management responsible for allocating resources and assessing performance of the operating segments.

### 3.6 *Critical accounting estimates, assumptions and judgements*

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(i) Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Impairment of financial assets**

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's historical credit loss experience, existing market conditions as well as forward-looking information relating to industry, geographical locations, probability of default information from external credit rating agencies and macroeconomic factors.

**(b) Income tax**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses carried forward for which no deferred tax assets has been recognised due to uncertainty of its recovery. These losses relate to a subsidiary that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiary has neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets.

**(iii) Critical judgements in applying the entity's accounting policies**

The management is of the opinion that any instances of judgements, other than those arising from the estimates describe above, are not expected to have significant effect on the amounts recognised in the condensed financial statements.

**F Other information required by Listing Rule 7.2**

**1. A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company has no subsidiary holdings.

**3. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**4. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(i) Updates on the efforts taken to resolve each outstanding audit issues.**

**(ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

(a) In the latest audited financial statements of the Company for the financial year ended 31 December 2020, under the basis for Disclaimer of Opinion, the following significant matters were disclosed as follows: 1. Limitation of scope; 2. Litigations and claims; and 3. Going concern. With the new management in place, the Board will endeavour to resolve the abovementioned matters within the next twelve months. Efforts made by the Company towards resolution of these outstanding audit issues include: (i) procuring funding from potential investors to ensure the Company is able to continue operating as a going concern; (ii) putting in place new management; (iii) sourcing and procurement of new business and projects similar to the Group's existing business to increase revenue stream; and (iv) appointment of legal counsel in China to advise the Company on the enforcement awards and litigation claims involving Litai.

(b) As disclosed in the Introduction section, the Company has been unable to obtain all relevant and pertinent information, documents and/or explanations from Litai to accurately complete and finalise the FY2021 Financial Results and to address the issues (such as limitation of scope, impairment assessment of the property, plant and equipment and right-of-use assets of the Group, litigation and claims and going-concern) raised in the Disclaimer of Opinion by the Independent Auditor, Crowe Horwath First Trust LLP, for the audit of the financial statements of the Group for the financial year ended 31 December 2020. Consequently, the Company is constrained to prepare and report the FY2021 Financial Results to the best of its knowledge using financial figures obtained from the New Litai Management. The Company is therefore unable to ascertain whether the figures provided by the New Litai Management would be an accurate representation of Litai's financials due to information or supporting documents which have not been forthcoming from Mr Xu Youcai.

(c) The Company has on 3 August 2021 appointed FTI as special auditor to investigate, among others, the circumstances surrounding the litigations and enforcement proceedings and the background of the lending and borrowing affairs by Mr Xu and his controlled entities. As the Company has not been able to pay the initial retainer payment required by FTI, FTI has suspended its work on the Special Audit. Shareholders may refer to the Company's announcements dated 28 June 2021, 3 August 2021, 12 November 2021 and 26 November 2021 for more information.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted the new and revised SFRS(I)s, and interpretations of SFRS(I) ("SFRS(I) INTs") that are effective for the annual period beginning on 1 January 2021. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

6. **Earnings per ordinary share of the group for the current financial year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>THE GROUP</b>	
	<b>1 Jan 2021 to 31 Dec 2021</b>	<b>1 Jan 2020 to 31 Dec 2020</b>
Loss after taxation (RMB '000)	(17,342)	(181,419)
Weighted average number of ordinary shares on issue applicable to earnings	254,880,660	254,880,660
Loss per ordinary share (RMB cents)		
- Basic & Diluted	(6.8)	(71.2)

7. **Net asset value (for the Issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) **current financial year reported on; and**

(b) **Immediately preceding financial year.**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2020</b>	<b>As at 31 Dec 2021</b>	<b>As at 30 Dec 2020</b>
Net liabilities (RMB'000)	(25,982)	(8,845)	(4,956)	(2,692)
Net liabilities value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the respective periods (RMB cents)	(10.19)	(3.47)	(1.94)	(1.06)

Net asset value per ordinary share was calculated based on the 254,880,660 issued ordinary shares excluding treasury shares as at 31 December 2021 and 31 December 2020 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

(c) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **REVIEW OF PERFORMANCE**

##### **Consolidated Comprehensive Statement of Income (FY2021 vs FY2020)**

(i) **Revenue**

Compared to FY2020, the Group's total revenue for FY2021 fell approximately 73.2% or RMB22.4 million, from RMB30.6 million to RMB8.2 million attributed mainly to the fact that Litai has not fully resumed operations in FY2021 since the temporary suspension of factory in August 2020. In FY2021, in view of the various litigations and enforcement proceedings and coupled with the uncertainties arising from the COVID-19 pandemic, the New Litai Management took a more prudent approach in the gradual resumption of Litai's operations. The New Litai Management had taken additional time to reassess its business processes such as the sourcing and pricing of certain raw materials from existing and new suppliers, production planning, identifying and clearance of slow-moving inventory and controls of overheads.

The Group incorporated CHD Engineering and Trading Pte Ltd (“CHD”) in February 2021 and Jiangyin Xinwan International Trade Limited (“Xinwan”) in April 2021. In FY2021, CHD recorded revenue of RM1,617,000 while Xinwan recorded revenue of RMB6,237,000.

Litai recorded revenue of RMB314,000 in FY2021.

**(ii) Gross Profit**

The Group recorded gross profit of RMB669,000 in FY2021 as compared to gross loss of RMB5.8 million in FY2020. In FY2020, due to the poor business environment and COVID-19 lockdown in the PRC and overseas, gross profit turned negative.

Gross profit margin turned positive to 8.2% for FY2021 from negative gross margin -18.9% in FY2020. The positive gross margin in FY2021 is due to positive gross margin from sales contributed by CHD of 4.7% and Xinwan of 8.6%.

**(iii) Operating Expenses**

Total operating expenses decreased marginally by approximately 4.7% or RMB1.0 million from approximately RMB20.5 million in FY2020 to RMB19.5 million in FY2021.

With significantly lower revenue in FY2021, selling and distribution expenses decreased by approximately RMB0.9 million or 81.3%, from RMB1.1 million in FY2020 to RMB203,000 in FY2021. The bulk of selling and distribution expenses (such as salary related expenses, transportation expenses, etc.) have been included as administrative expenses in FY2021.

Administrative expenses decreased by approximately RMB0.1 million or 0.4%, from RMB10.3 million to RMB9.3 million. The slight decrease in administrative expenses is attributed mainly to the following reasons:

- (a) In FY2021, administrative expenses of the Company reduced by approximately RMB2.1 million as compared with FY2020. This is mainly due to the resignation of an executive director, Mr Guo Yun, in January 2020 and resignation of CFO, Ms Chan Lai Yoke, in September 2020, which resulted in lower payroll related expenses in FY2021. Also, there has been stricter control over professional expenses and general office expenses in FY2021 as compared with FY2020.
- (b) In FY2020, Litai wrote off RMB1.1 million of personal payroll taxes receivables for reasons as previously announced in FY2020 Financial Results on 31 March 2021. There was no such write off by Litai in FY2021.
- (c) In FY2020, Litai charges depreciation on fixed assets and amortisation of prepaid leases of RMB778,000 and RMB300,000 in FY2020. In FY2021, there was no such depreciation and amortisation as fixed assets and prepaid leases were fully provided for impairment as at 31 December 2020.

The above decrease in administrative expenses has been offset by the increase in the following administrative expenses:

- (a) Following the incorporation and operation of CHD and Xinwan in FY2021, administrative expenses totaled RMB0.9 million were incurred in FY2021;
- (b) Increase in Litai’s legal expenses by RMB0.3 million due to additional billings the legal counsel of Litai relating to the latter’s litigation cases.
- (c) The basic salary expenses of Litai’s production and sales team had been classified as administrative expenses in FY2021, resulting in the net increase in administrative salary expenses by RMB2.6 million in FY2021.
- (d) In FY2021, Litai recorded factory cleaning and clearing charges of RMB0.9 million in preparation of certain factory premise and equipment for lease. Please see explanatory note A(i) (3).

**(iv) Other Operating Income/(Loss)**

Please see explanatory note A(i) (1) to (3).

**(v) Finance Costs**

Interest expense for FY2021 was lower as compared to FY2020. This was mainly due to lower average short-term bank loans balances in FY2021 as compared to FY2020. The weighted average interest rate of 3.99% per annum remained the same as the previous period.

Please see explanatory note A(i) (5).

**(vi) Write back of write down/(write down) in inventory to net realisable value**

Please see explanatory note A(i) (6).

**(vii) Write back/(allowance) for impairment loss on assets due to courts’ enforcement cases**

Please see explanatory note A(i) (7).



**(viii) Allowance of impairment loss on financial assets, net**

The Group has adopted SFRS(I) 9 on impairment of financial assets since FY2018. Please see explanatory note A(i) (8).

**(ix) Income Tax**

As there was a loss from operation, no provision for taxation was made during the FY2021.

**(x) Net Loss After Taxation**

Due to lower sales, the Group recorded a net loss of approximately RMB17.3 million in FY2021 as compared to a net loss of approximately RMB181.4 million in FY2020.

**Consolidated Balance Sheet (31 December 2021 versus 31 December 2020)**

Total current assets decreased by approximately 49.0%, or RMB18.6 million, from RMB37.9 million as at 31 December 2020 to RMB19.3 million as at 31 December 2021. This was primarily due to the following factors:

- i) increase in inventories of approximately RMB1.5 million.
- ii) decrease in trade debtors and bills receivables of approximately RMB23.4 million due to collections from trade receivables and lower sales in FY2021.
- iii) increase in cash and bank balances of approximately RMB0.4 million attributed to reasons provided in Part C below.
- iv) increase in other receivable, deposit and prepayments of approximately RMB2.9 million attributed to reasons provided in paragraph B(6) above.

Total current liabilities amounted to RMB45.3 million as at 31 December 2021, representing an increase of approximately RMB1.5 million or 3.2% as compared to RMB46.8 million as at 31 December 2020. This was primarily due to the following factors:

- i) decrease in trade payables by RMB3.9 million attributed to the payments to suppliers and less purchases.
- ii) increase in other payables and accruals by RMB3.0 million.
- iii) increase in contract liabilities by RMB0.5 million.

The Group's net liabilities position was RMB26.0 million as at 31 December 2021 as compared to the net liabilities of RMB8.8 million as at 31 December 2020. The net liabilities position was mainly due to trade payables of RMB8.6 million, other payables and accruals of RMB8.6 million, provision for courts' enforcement cases of RMB15.8 million, and short-term bank loans of RMB11.4 million that are maturing within 12 months from 31 December 2021. This factor indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, the management of the Company believes that the use of the going concern assumption in the preparation and presentation of the unaudited full year financial statements for the financial year ended 31 December 2021 of the Company is appropriate after taking into consideration the following factors: (i) obtaining new loans from investor(s) to finance the operating expenses of the Company; and (ii) operating cash flow from the Company's subsidiary, Xinwan.

**Consolidated Cash Flow Statement**

Cash and bank balances as at 31 December 2021 was approximately RMB1.7 million, an increase of approximately RMB0.4 million as compared to the cash and bank balances of RMB1.3 million as at 31 December 2020. The increase was due to the write back of allowance for impairment loss on frozen bank accounts due to courts' enforcement cases of approximately RMB1.0 million which was partially offset by net cash used in operating activities of approximately RMB0.6 million in FY2021.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

With the reconstitution of the Board and Board Committees during the year, the Board is cognizant of the imperative need to revitalize the Group's business. The Board and the management will strive to turnaround the Company with sustainable businesses so as to propel the Group onto growth platform for better prospects for all the shareholders.

As announced on 16 April 2021, the Company incorporated a new subsidiary, Xinwan, in the PRC to continue engaging in trading of aluminium products. Over the next 12 months, the Group will endeavour to grow this new trading subsidiary's sales volume to increase revenue stream. In addition, Litai has also resumed part of its operations, which includes collection of trade debts and other administrative activities. The Company has also recently streamlined its operations in China and has reduced the number of Litai's employees.

As disclosed in the Introduction section of this announcement, the Company had received a Notification of Delisting on 18 February 2022, and the Company's subsequent appeal against such Notification of Delisting was rejected by the SGX-ST on 23 February 2022. 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, and to provide updates via SGXNET on the status of its exit offer proposal. For more information, please refer to the Company's SGXNET announcements dated 21 February 2022 and 23 February 2022.

The Company is reaching out to its controlling shareholder(s) and to request that the controlling shareholder(s) provide a reasonable exit to shareholders. The Company will provide updates and details on material developments, if any, as and when appropriate.

**11. Dividend**

**(a) Current Financial Year Reported On**

Any dividend declared for the current financial year reported on?

None

**(b) Corresponding year of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding year of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the year ended 31 December 2021 due to the net loss for the FY2021 and also to enable the Company to conserve cash for working capital purposes.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions ("IPTs") at the most recent annual general meeting held on 29 June 2021.



**14. Segmented revenue and results for business segments or geographical segments (of the group), with comparative information for the corresponding year of the immediately preceding financial year.**

Our revenue and results are primarily derived from the manufacture and sale of aluminium composite panels, including interior and exterior composite panels (ACP) and aluminium single panels (ASP). Accordingly, no segmental analysis is provided.

The following table shows the distribution of the Group's revenue by geographical location of customers, whereas all of the Group's segment assets are based on the location of the assets.

**BY GEOGRAPHICAL SEGMENTS**

The Group's geographical segmentation is based on the country of origin of our customers and not the destination of shipment

	<b>THE GROUP</b>	
	<b>1 Jan 2021 to 31 Dec 2021 FY2021 RMB'000</b>	<b>1 Jan 2020 to 31 Dec 2020 FY2020 RMB'000</b>
<b>Revenue</b>		
PRC	6,551	24,677
Singapore	1,617	-
Overseas	-	5,991
Total	8,168	30,668
	<b>As at 31 Dec 2021 RMB'000</b>	<b>As at 31 Dec 2020 RMB'000</b>
<b>Total Assets</b>		
PRC	26,342	39,549
Singapore	1,914	738
Less: Inter-segment elimination	(8,908)	(2,372)
Total	19,348	37,915

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Disruption to the operations of the Group in China due to lockdowns imposed by authorities in certain parts of China to combat COVID-19 and the uncertainty caused by the Group's impending legal suits which the Company has announced on 26 February 2021 were the main contributing factors to the decline in performance of the Group in FY2021.

**16. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual.**

Not applicable, as the negative assurance confirmation is not required for announcement on full year results.

**17. A breakdown of sales**

	THE GROUP		
	FY2021	FY2020	Increase / (decrease)
	RMB'000	RMB'000	%
	Unaudited	Unaudited	
(a) Sales reported for first half year	1,286	23,298	(94.5)%
(b) Operating loss after tax before deducting minority interests reported for the first half year	(6,967)	(60,040)	(88.4)%
(c) Sales reported for second half year	6,882	7,370	(6.6)%
(d) Operating loss after tax before deducting minority interests reported for second half year	(10,375)	(121,379)	(91.5)%

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2021	FY2020
	RMB'000	RMB'000
Dividends paid:		
- interim dividend	-	-
- final dividend in relation to previous financial year	-	-

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there are no persons occupying managerial positions who are relatives of a director or chief executive officer or substantial shareholder of the Company.

**20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

For reasons disclosed in the Introduction section of this announcement, the Company is unable to procure undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**By Order of the Board**
**1 March 2022**