



**CHINA HAIDA LTD.**

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

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**FREEZING OF CERTAIN BANK ACCOUNTS OF THE SUBSIDIARY AND PRC'S INTERIM COURT ORDER INVOLVING THE SUBSIDIARY**

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The board of directors (the “**Board**”) of China Haida Ltd. (the “**Company**”) wishes to announce that the Company was recently informed by its external auditors (“**Auditors**”) that they had received a “qualified” bank confirmation from each of the Jiangyin Huaxi Sub-Branch of Bank of Communications (“**BCHX**”) and the Jiangyin Huashi Sub-Branch of Agricultural Bank of China (“**ABOCHS**”) in connection with their audit of the financial statements of the Company’s wholly-owned subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd (“**Jiangyin Litai**”) for the financial year ended 31 December 2019. BCHX had indicated in its confirmation reply that two current accounts (in RMB and USD) have each been frozen for a period of 12 months with effect from 10 March 2020 and 18 March 2020 respectively although the balances of these two current accounts as of the two effective dates were not specifically stated in the confirmation. As a reference and indication, the balances of these two accounts as at 31 December 2019 were RMB753,725.60 and USD3,001.54 respectively. On the other hand, the confirmation reply from ABOCHS indicates that a general deposit account with a balance of RMB913,255.57 as of 31 December 2019 was subject to a pledge or other restrictions albeit particulars of which was not provided.

The Company is astounded to learn of the above and had concomitantly attempted to enquire of the finance team of Jiangyin Litai the reason(s) and the circumstances leading to the freezing of the two accounts maintained with BCHX and the restriction in use of the general deposit balance maintained with ABOCHS. Unfortunately, ever since the outbreak of COVID-19 in China, the team has yet to fully resume work and its responses have been slow and intermittent.

To date, following the preliminary enquiry with the finance team of Jiangyin Litai, the Company has only been given a copy of an interim court order (“**ICO**”) dated 28 November 2019 issued by the Sichuan Longquanyi District People’s Court which is seemingly relevant to or connected with the freezing of the BCHX bank accounts mentioned above. The ICO was apparently made pursuant to an application filed by one Zhang Kun (the “**Applicant**”) against twelve respondents (collectively, “**Respondents**”) for the purpose of preserving or freezing the assets of the Respondents up to a sum of RMB 14 million, and was awarded in favour of the Applicant. It appears that the application was made in connection with a pending legal dispute over some lending/ borrowing affairs between the Applicant and the Respondents. Mr Xu Youcai (the CEO of the Company) and some of his controlled entities as well as Jiangyin Litai are parties amongst the Respondents. As the content of the ICO is scanty and does not provide details of the main or substantive legal dispute, the Company is still trying to ascertain, *inter alia*, what had transpired; under what circumstances and in what manner Jiangyin Litai is involved in the apparent legal dispute; and how much of Jiangyin Litai’s assets are subject to preservation or restrictions (and the period thereof) pursuant to the ICO. In this regard, the Company is in the process of engaging legal and other professionals for assistance.

In the meantime, the Company is also working closely with its Auditors to ascertain whether any other bank accounts of Jiangyin Litai have been frozen, preserved or otherwise subject to restrictions in use. In this respect, the Auditors advised that, for the purpose of their audit, they had circularised confirmation requests to all banks (9 in total) with which Jiangyin Litai has a relationship. As of the date of this announcement, 4 banks had replied, of which only the confirmations from BCHX and ABOCHS

would warrant special attention. The Auditors are still following up on the pending confirmation replies from the remaining banks.

The Company will provide further updates of the above matters as soon as any material information is available. Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares of the Company.

By Order of the Board

Soh Beng Keng  
Lead Independent Director  
8 April 2020