



**CHINA HAIDA LTD.**

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

24 Raffles Place #20-03 Clifford Centre Singapore 048621

**Response to SGX Queries**

*Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the 7 December Announcement (as defined below).*

The Board of Directors of China Haida Ltd (the "**Company**") refers to the announcements released on 13 August 2020, 23 November 2020, 7 December 2020 (the "**7 December Announcement**") in relation to the updates on the operation of the Company's wholly-owned subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd (the "**Subsidiary**").

The Board of Directors of the Company would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the 7 December Announcement on 8 December 2020.

No.	SGX Queries	Responses
1	<p>Please disclose the identity of the Chinese legal counsel firm, its reputation and track record, its terms of reference and how the Company was introduced to the legal counsel firm. In order for investors to make an assessment of the quality of legal advice and due diligence carried out, please also disclose the date of engagement, the period of the work done and the legal fees paid to the counsel for the review work mentioned in the Company's announcement on 7 December 2020. To also disclose the identity of the legal counsel who performed the work, his designation, qualification and track record.</p>	<p>The Company had appointed Shanghai Veritas Law Corporation ("<b>SVLC</b>") to assist the Company in reviewing the status of the Subsidiary on 30 November 2020. As part of the agreed scope of work, SVLC was required to speak to the local management of the Subsidiary and to review the following documents prior to confirming their views on whether the Subsidiary had resumed its operations:</p> <ul style="list-style-type: none"> <li>(i) tax invoices;</li> <li>(ii) goods delivery notes;</li> <li>(iii) employees log book;</li> <li>(iv) trade receivables movement report; and</li> <li>(v) monthly tax filing.</li> </ul> <p>SVLC had accepted the scope of work set out above, visited the site, spoken to the management of the Subsidiary, collected above-mentioned documents and reviewed documents from legal perspective. The engagement team was led by Ms He Lijuan.</p> <p>SVLC is a boutique full service Chinese law corporation that was founded in 2007 and focus on serving overseas clients. Ms He Lijuan, the managing partner and founder of SVLC has more than 20 years of legal experience. Her current main areas of work are capital markets, overseas investment, mergers and acquisition, banking and finance,</p>

No.	SGX Queries	Responses
		<p>corporate day-to-day legal services, and large-scale litigation, arbitration and other legal matters.</p> <p>Prior to founding SVLC in 2007, Ms He Lijuan has worked in Singapore for nearly 10 years as a PRC legal advisor to several leading law firms in Singapore, providing Chinese legal services as a foreign lawyer in Singapore. Before immigrating to Singapore, Ms He Lijuan worked in the Legal Affairs Bureau of Heilongjiang Provincial Press and Publication Bureau/ Copyright Office and the Intermediate People's Court of Harbin City, Heilongjiang Province.</p> <p>Ms He Lijuan has served as a legal advisor to the Minhang District Government, a member of the Minhang District Lawyers Working Committee, a Commercial Director of the Shanghai Singapore Business Association, a member of the Executive Committee, and a director of the Shanghai Minhang District Labor Employment Promotion Association. Ms He Lijuan has also won the honor of 'Top Ten Lawyers in Minhang District of Shanghai'.</p> <p>The Company had decided to appoint SVLC based on the recommendation from Mr Soh Yeow Hwa ("<b>Mr Soh</b>"), who is one of the independent directors of the Company. Mr Soh had previously worked with Ms He Lijuan and her team, on his other engagements.</p> <p>Further information about SVLC and Ms He Lijuan can be found on SVLC's website and can be accessed via the following link: <a href="http://en.shveritas.com/">http://en.shveritas.com/</a>.</p> <p>The Company engaged SVLC on 30 November 2020 and Mr Sunding and Ms Jiangling conducted a site visit. Following the conclusion of the site visit, SVLC issued its findings to the Company on 6 December 2020.</p> <p>The Company is of the view that the professional fees paid to SVLC is a matter of commercial sensitivity and as such, it does not wish to disclose the professional fees paid.</p>
2	<p>Please explain why the Company had to engage a Chinese legal counsel to ascertain the operation status and what work did the legal counsel undertake to provide their confirmation. How was the local management involved in this verification work and what arrangements were highlighted to them to facilitate the work by the Chinese legal counsel? Please explain how the Chinese legal counsel independently</p>	<p>The Company had decided to engage a Chinese legal counsel to ascertain the operation status of the Subsidiary as it wanted to ensure that there was an independent form of verification.</p> <p>Under the previously management structure, the local management of the Subsidiary will report to the Chief Executive Officer who will in turn report to the Board. In light of the fact that the Chief Executive Officer is absent and has chosen not to respond to the Board, it is of the view that it would be prudent to review information provided by the local management team of the Subsidiary. Further to this, the Board is unable to verify the information provided to it</p>

No.	SGX Queries	Responses
	<p>verified and accessed to the subsidiary's premises which allowed him to perform the sighting as mentioned.</p>	<p>as members of the Board are unable to conduct a physical site visit due to the prevailing COVID-19 travel restrictions.</p> <p>In light of the foregoing, the Board had decided to engage SVLC to review the information provided to the Board. This is a temporary measure. The Board is looking to put in place a new senior management team to manage the operations of the Subsidiary and report to the Board.</p> <p>To facilitate the review process, the Board had instructed the local management of the Subsidiary to provide SVLC with the necessary documents for the review as well as to permit SVLC to enter the premises of the Subsidiary to undertake the necessary inspections and to conduct interview with the local management team of the Subsidiary.</p> <p>In addition to reviewing the documents mentioned in the Company's response to Question 1, SLVC had also independently verified the authenticity of the sales invoices via the Value Added Tax Invoice Verification online platform operated by the State Taxation Administration of the People's Republic of China.</p>
3	<p>Please provide the directors' confirmation whether Jiangyin Litai has resumed operations and that the directors are of the view that China Haida does not fall under the definition of a cash company under Listing Rule 1018.</p>	<p>The Subsidiary has invoiced approximately RMB 10 million in 2HY2020 up to November 2020. This income was generated from the operations of the Subsidiary after it had partially resumed its operations.</p> <p>The Board is of the view that the Company is not a cash company and it has arrived at this basis after considering the fact that the Subsidiary has resumed partial operations and has generated income. The Board also notes that SVLC had confirmed its view that the Subsidiary had resumed operations based their review of documents that indicated that there were transactions. As with every other company that has been affected by COVID-19, the Board will be conducting a review of the Subsidiary's operations and the Subsidiary will require some time to recover.</p>
4	<p>Please disclose the identities of the new customers (including their legal names in Chinese) which Jiangyin Litai has entered into sales contract with, and identities of existing customers which Jiangyin Litai had delivered goods to during this period.</p>	<p>As the Board is of the view that the identities of the customers are confidential information, the Company will be disclosing this information separately in an email to the SGX.</p>
5	<p>Please provide further details on specifically which business and geographic segments have resumed operations and</p>	<p>The Group has only one operating segment which is the manufacturing and trading of aluminum products. In this regard, the Board refers to its response to Query 3 above</p>

No.	SGX Queries	Responses
	<p>disclose what is the current capacity utilization rate as a result of the partial opening and how significant are these current operations. Please ensure that this is a meaningful amount of operations that is sufficient to justify that the partial resumption of its operations is able to support the Company's ability to operate as a going concern and to prove that the Company is not a cash company.</p>	<p>and confirms that the Subsidiary has resumed operations and it is anticipated that it will generate cashflow.</p> <p>The Company is also in the midst of finalising on a S\$500,000.00 credit facility with a lender. The lender is the cousin of Mr Soh but is not considered an associate as defined in the Listing Rules. The loan will be on commercial terms and Mr Soh has abstained in the negotiations on the terms of the credit facility and the decision-making process.</p>

**By Order of the Board**

Tang Chun Meng  
Independent Director  
10 December 2020