



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-ST QUERIES

Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Previous Announcement (as defined below) unless otherwise defined.

The Board of Directors (the "**Board**") of China Haida Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to make the following responses to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 27 May 2021 in relation to the joint venture agreement entered between the Company's wholly owned subsidiary in Singapore, CHD Engineering and Trading Pte. Ltd. ("**CHD**") and K-United Builder Pte. Ltd. ("**KUB**", and collectively with CHD, the "**Parties**" and each a "**Party**") dated 24 May 2021 (the "**JVA**") released on 25 May 2021 (the "**Previous Announcement**"). The queries from the SGX-ST and the Company's responses are set out below.

Query 1:

Please explain how was the Company introduced to KUB and elaborate the relationship of the introducer and Mr Keoy Beng Leong.

Company's Response:

The Company was introduced to Mr Keoy Beng Leong ("**Mr Keoy**") of KUB by Ms Loh Yew Hwee ("**Ms Loh**"), the business development manager of the Company. Ms Loh has known Mr Keoy from her extensive experience of more than 20 years working in the similar industry as Mr Keoy. No introducer fee will be paid to Ms Loh for her role as the introducer.

Query 2:

Regarding Project 1: Commercial building in State of Johor, Malaysia:-

- (a) Please clarify when will the contract be awarded, who will be the party to award the sub-contract and whether the sub-contract will be awarded to the CHD directly.

Company's Response:

The Company anticipates that the contract and the letter of intent will be awarded directly to CHD in mid-August 2021 by the Malaysian developer of the commercial building.

- (b) Please elaborate on the CHD's role in Project 1 on the provision of aluminium cladding and roof work.

Company's Response:

CHD shall be responsible for securing the contract, as well as for procuring and supplying of the main materials for the aluminium cladding and roof work, whereas, KUB shall be

responsible for all the installation works with the ancillary materials and providing the installation warranty.

- (c) Please explain if CHD and KUB require a permit to be a sub-contractor in Malaysia and whether the permit has already been obtained. Otherwise, to disclose timeline in obtaining the permit.

Company's Response:

There is no requirement for any permits to be obtained by CHD and KUB to carry out the works required within their scope under Project 1. All permits to construct and develop Project 1 will be the responsibility of the developer or main contractor who will obtain such necessary permits from the local authority in State of Johor, Malaysia, Majlis Bandaraya Iskandar Puteri ("MBIP").

- (d) Please clarify if the contract of S\$1.68 million has been awarded to CHD and KUB yet? Please provide a breakdown of how much of the of S\$1.68 million contract value will be sub-contracted out to the Joint Venture.

Company's Response:

Please refer to the Company's response to Query 2(a) above. Out of the S\$1.68 million contract value awarded to the Joint Venture, an estimated sum of S\$504,000 of the contract value will be sub-contracted out to the Joint Venture partner, KUB for the installation works.

Query 3:

Regarding Project 2 and 3: Proposed erection of 3 terrace houses in Singapore, and proposed erection of 2 semi-detached houses in Singapore:-

- (a) Please explain how will the amount of S\$0.75 million contract be shared between CHD and KUB. What will be the respective roles of CHD and KUB given the small value of only S\$0.75 million for the coverage of 5 houses and whether it is expected to result in further losses to the Company by taking up these projects.

Company's Response:

Out of the S\$0.75 million contract value, an amount of approximately S\$225,000 will be sub-contracted out to the Joint Venture partner, KUB for the installation works.

The Company has assessed that the value of S\$750,000 for Project 2 and 3 is a commercially viable contract price for the projects' works and as such the Company does not expect to suffer any losses from undertaking Project 2 and Project 3.

Query 4:

Please elaborate on the steps on how will CHD secure the letters of awards and from whom will the letter of awards be secured. Please also explain if CHD has a permit from BCA in performing the construction job?

Company's Response:

As mentioned in the Company's response to Query 1 above, CHD will secure the letters of award through Ms Loh, our business development manager, who is experienced in this industry.

It shall be CHD's responsibility to secure the letters of awards while KUB, as a partner to the joint venture, shall be responsible for obtaining the necessary licence and to carry out the installation works.

Query 5:

Please explain if the costs incurred from supply of aluminum and the cost of labour for the Projects would be borne by CHD and KUB in the proportion of 50-50 as well? Please disclose the proportion of the estimated costs of the sub-contracted projects.

Company's Response:

Any and all net profits (revenue less all the costs incurred from supply of aluminum and the cost of labour and other costs) accruing to the Joint Venture shall be distributed in the proportion of 50-50% equally between the Parties.

The estimated costs comprised preliminaries, supply of labour and supply of materials and other costs. Supply of labour and supply of materials constitute the 2 largest components of the estimated costs. However, due to considerations of commercial and trade sensitivities, the Company is of opinion that the exact proportions should not be disclosed as public information. The Company will forward such information to SGX-ST separately.

Query 6:

Please explain the timeline for the Projects expected to be fulfilled and the completion date. Please disclose what will be payment terms and how will the Company be able to finance the cost of the Projects prior to collection of revenue from the main contractor.

Company's Response:

- (a) Project 1 – The expected commencement of the works shall be in August 2021 and the targeted completion date shall be by end December 2022.
- (b) Project 2 and Project 3 – The commencement of the works was on 25 May 2021 and the targeted completion date shall be by 30 September 2022.

The payment terms and financing arrangement for the Projects are as follows:

For the abovementioned Projects, there are understandings with the respective developers that a 10% deposit of the contract value shall be provided upon the execution of the respective contracts. The sum of the deposits shall be sufficient to finance the initial start-up costs of the Projects. The progressive claims based on work done and costs incurred will be submitted to the respective developers for certification. The progressive billings according to percentage of work done will be due and payable 14 days after approval of the claims submitted. The progressive billings will be paid out after netting off the 10% deposit which would have been disbursed upon the execution of the respective contracts.

BY ORDER OF THE BOARD

31 May 2021