



**HAIDA**  
QUALITY CHOICE • MODERN IMAGE

**Sustainability  
Report  
2020**

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# 1 About this Report

China Haida Ltd. (“China Haida” or the “Company”, and together with the Company’s sole and wholly-owned subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd. (“Litai”), the “Group”) is pleased to present the sustainability report covering the Group’s sustainability efforts in the financial year ended 31 December 2020 (“FY2020”). This report is set out on a “comply or explain” basis in accordance with Listing Rule 711B and Practice Note 7.6 Sustainability Reporting Guide of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

As a leading manufacturer of aluminium panels in the People’s Republic of China (the “PRC”), the Group is aware that our operations may have an impact on the environment and society. Hence, the Group is striving to ensure its business operations are conducted in a sustainable and responsible manner.

## Reporting Period and Scope

This sustainability report provides an overview of the Group’s sustainability performance as well as its strategies and practices, while highlighting the economic, environmental, and social impact of the Company’s activities and developments. Further information on corporate governance, which is part of our sustainability, can be found under the section of “Corporate Governance” on pages 11 to 35 of the Group’s FY2020 Annual Report.

This sustainability report covers the group for FY2020 from 1 January 2020 to 31 December 2020.

## Reporting Process

In each reporting cycle, the Group’s Sustainability Reporting Committee (the “SR Committee”) reviews the content of the report to determine its relevance to our business as well as to ensure that the current and emerging material issues of significance pertaining to sustainability and the interests of our stakeholders are addressed. The current SR Committee has reviewed the sustainability report prepared by the previous SR Committee and is of the view that the material Environmental, Social and Governance (“ESG”) factors identified in the previous sustainability report (for the financial year ended 31 December 2019) remain relevant. Accordingly, the current SR Committee has recommended to the Board of Directors (“Board”) to retain the material ESG factors in this report.

## GRI Guidelines

We would like to inform our stakeholders that we are benchmarking our sustainability efforts in accordance with the Global Reporting Initiative (“GRI”) Standards. The GRI Sustainability Reporting Guidelines provide a globally recognised framework for companies to measure and communicate their environmental, economic, social and governance performance. We have prepared our report in accordance with the GRI Standards - Core Option.

## Feedback

We appreciate and value feedback from our stakeholders as it gives us the opportunity to continually improve our sustainability policies, processes and performance. Kindly address all feedback to the SR Committee at [john@haida.com.sg](mailto:john@haida.com.sg). Your feedback is of importance to us so that we can improve on our future reporting.

## 2 Directors' Statement

This year marks the publication of China Haida's sustainability report for FY2020. At China Haida, we recognise the importance of creating long-term value for our stakeholders and believe that it can be achieved through sustainable business practices and our commitment to be a responsible corporate citizen.

The Board strives to align the Group's policies and practices with internationally recognised standards in the Environmental, Social and Governance ("ESG") themes, thus allowing us to achieve a balance between financial results, social engagement and environmental initiatives whilst ensuring the strategic growth of the Group.

The Group established an SR Committee under the guidance of the Board and conducted a formal materiality assessment to better manage non-financial risks such as environmental compliance, employment, employee health and safety and corporate governance. The SR Committee have identified four of the highest ranked material factors for reporting. The SR Committee reports directly to the Board, which has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of these factors.

With the publication of the annual sustainability report, we would therefore like to reinforce our support and management of these newly prioritised matters through active engagement with senior management who will lead the Group's sustainability efforts.

Moving forward, we urge our stakeholders to share our commitment to sustainability and work towards a common goal of improving the economic, environmental and social well-being of the communities we operate in.

### **MATERIAL DEVELOPMENTS OF THE COMPANY'S SUBSIDIARY, LITAI**

The Board wish to highlight that as at the date of this report, there have been material developments to the operations of Litai and related announcements have been made since 8 April 2020. The material developments are summarised below.

- (1) Litai was named as co-defendent or defendent under the various legal suits and courts' enforcement proceedings. The Company's Chinese legal counsel, Han Kun Law Office, has taken the position that Mr Xu Youcai ("Mr Xu"), a former executive director and chief executive officer (office vacated on 9 June 2021), is *prima facie* causing Litai to be entangled in most of the legal suits and enforcement proceedings.
- (2) Due to the various courts' enforcement cases,
  - (i) all bank accounts of Litai, totaled RMB3,487,000 as at 31 December 2020, were frozen and fully provided for impairment losses;
  - (ii) the following classes of assets have been named in the various courts orders as assets seized by the courts and made available to the respective enforcement applicants: (a) inventory with net realizable value of RMB 3,710,000 as at 31 December 2020, (ii) lease prepayments with net book value of RMB9,911,000 as at 31 December 2020 and (iii) property, plant and equipment with net book value of RMB34,691,000 as at 31 December 2020. On grounds of prudence, the Group has provided fully impairment losses on inventory, lease prepayments and property, plant and equipment based on their net realisable value or net book value as at 31 December 2020 even though it may not be necessarily that all the assets listed in (2) (ii) above are placed under PRC courts enforcement proceedings; and
  - (iii) the Group made provision for courts' enforcement cases of RMB15,810,000.
- (3) Based on the individual search conducted by the Company's Chinese legal counsel on Mr Xu, in addition to being named as a co-respondent/co-defendant (as previously disclosed), Mr Xu has also been named as the sole respondent/defendant in several enforcement cases.

- (4) Both Mr Xu and Litai are also subject to several Consumption Restriction Orders (“CRO”) issued by the competent courts in China. A pre-condition to making such CROs is where the judgement debtor has failed to fulfil or satisfy his/her or its payment obligations within the period specified in an effective legal instrument (such as a court judgement or an enforcement order). Where a CRO is made against a judgment debtor that is an entity, the legal representative, principal, persons directly responsible for debt settlement, or effective controller of that entity will also be subject to the same restrictions on consumption as stipulated in the CRO.
- (5) As at 31 December 2020, the Group is in net liability position of RMB 8.8 million.
- (6) On 28 June 2021, the Company received a Notice of Compliance from the Singapore Exchange Regulation (the “SGX RegCo”) regarding, *inter alia*, certain irregularities in connection with Litai (the “NoC”). The NoC requires the Company to appoint a suitable independent special auditor acceptable to SGX RegCo. Please refer to the Company’s announcement dated 28 June 2021 for more information.

Mr Xu and the former non-executive chairman, Ms Zhao Guiyin (office vacated on 9 June 2021) remain uncontactable to date.

31 July 2021

Executive Director  
Soh Yeow Hwa

### 3 Overview of the Group

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai’s operation, please refer to the Directors’ Statement on pages 2 and 3 of this report.**

#### Corporate Profile for FY2020

China Haida Ltd. (the “Company”), a Singapore investment holding company, was listed on the Mainboard of the SGX-ST since 24 November 2004. Our wholly-owned subsidiary in China, Jiangyin Litai Ornamental Materials Co., Ltd (formerly known as Jiangyin Litai Decorative Materials Co., Ltd) (“Litai” and collectively, the “Group”), is a leading manufacturer of aluminium panels in the PRC. Litai was established in 1997 by our founder and former Chief Executive Officer (“CEO”), Mr Xu Youcai, and is based in Jiangyin City, Jiangsu Province in the PRC. Litai is capable of manufacturing a wide range of aluminium panels for various applications in the building and construction industries.

Litai produces a wide range of Aluminium Composite Panels (“ACP”) and Aluminium Single Panels (“ASP”) which are sold under the renowned “Haida” brand, locally and abroad. We have successfully developed ACP of different colour surfaces and various finishes, which are suitable for interior and exterior uses. ASP, which are single solid sheets of metal, are also suitable for both interior and exterior applications in the construction of commercial, industrial and residential buildings as well as in infrastructure projects.

The Company incorporated CHD Engineering and Trading Pte. Ltd. (“CHD”), AAAAA Holdings Pte Ltd (“5A”) and Jiangyin Xinwan International Trade Limited (“Xinwan”) in the first half of 2021 to engage in the trading of aluminium and metal products.

Our strengths lie in our established and reputable track record for quality products and innovation that have won many awards and world-class certifications. We are constantly engaged in the design and development of new and innovative aluminium panels as well as improving our existing range of aluminium panels with a view to enhance our competitiveness and provide better products to our customers. Our aluminium panels were sold through an extensive and established network in more than 25 major provinces and cities in China. In addition, we also have an extensive overseas export network in more than 20 countries including North and South America, Asia Pacific and Europe.

#### Vision

China Haida strives to be considered as the leading manufacturer of aluminium panels.

#### Mission

China Haida enhances the strength and trust in our brand name through safe and reliable products.

#### Corporate Strength

Over the years, to achieve our vision and mission, we have developed and will continue to enhance our strength.

- **A good track record and reputation in the industry**

We have established a good track record and reputation in the industry by consistently delivering quality products and providing quality support services to our customers. We have been involved in many high-profile projects including, amongst others, the construction of the following.



Beijing Diaoyutai State Guesthouse (北京钓鱼台国宾馆)



Beijing International Airport (北京国际机场)



Dubai Gulf Commercial Buildings (迪拜海湾商业大厦)



Four-season Garden Hotel of Nantong City (南通市四季花园酒店)



New York Walls Project (美国纽约华尔街项目)



Ukraine Projects (乌克兰项目)



110 Command Centre of Jiangyin City (江阴市 110 控制中心)



Anshan Jingzi Street Square (辽宁省鞍山市景子街广场)



Army Security College, CPLA (陆军安全学院)



Audit Office of Jilin Province (吉林省审计局)



Changchun Railway Station (长春火车站)



Jiaozhou Municipal Government Building of Shandong Province (山东省胶州市政府大楼)

- **An extensive sales network and strong marketing team**

We have an extensive and established sales network in more than 25 major provinces and cities in the PRC. We also have an extensive overseas export network in various countries including United Arab Emirates, India, Japan, Vietnam, Sri Lanka, Israel, Turkey, Kazakhstan, Russia, USA, Brazil, and Peru. In view of our extensive sales network and strong marketing team, we are well positioned to sell our products to a wide domestic and international market.

In addition, the Company has in 2021 put in place a project team to source for new business acquisitions and seek strategic alliance and collaboration with local companies to take on projects in Singapore and around the region closer to home. We have identified and narrowed down to several parties and will be engaging these potential parties in active discussions. The Company has incorporated CHD, 5A and Xinwan in the first half of 2021 to engage in the trading of aluminium and metal products, with the aim to increase revenue stream.

On 24 May 2021, CHD entered into a joint venture agreement with K-United Builder Pte. Ltd. to collaborate and leverage on each party's resources to supply and install aluminium products for 1 commercial project in Malaysia and 2 residential projects in Singapore. These projects are expected to contribute to the Group's earnings going forward. The business activities to be conducted under the joint venture are in the ordinary course of the Group's core business relating to the manufacture, sale and installation of aluminium products.

- **Investment in Research and Development (R&D) to improve our products**

We are continuously seeking to improve the range and quality of our products. We have established working relationships with research institutes to research on and develop technology relating to Aluminium Composite Panels, Aluminium Single Panels and other related products.

- **An experienced management team**

We have an experienced management team comprising of Mr Soh Yeow Hwa (Executive Director of the Company), Mr Lai Shih-Wei (General Manager for greater China region), Mr Wang Zaiquan (Sales & Marketing Manager), Mr Gong Guohong (Chief Production Officer), Mr Xu Gang (Chief Engineering Officer) and Mr Chen Wei (Department Head for Administration). Information of the management team can found at pages 8 and 9 of the Group's FY2020 Annual Report.

## **Goals and Achievements**

The Group aims to continuously seek to widen the range and improve quality of our products and establish new working relationships with research institutes to research on and develop new technology to keep up with the changing needs and demands of our customers.



Our subsidiary, Litai, has attained several certifications such as the following:



ISO 9001 Quality Management System renewed in 2018.



OHSAS18001 Occupational Health And Safety Management System Certificate in 2018



ISO 14001 Environment Management System in 2018.

Litai received new Certificate for Quality Management System issued on 6 Feb 2018 and valid till 5 Feb 2021.

Litai has also received new Certificate for Environmental Management System issued on 6 Feb 2018 and valid till 5 Feb 2021.

As at the date of this report, Litai has not yet engaged Shanghai Certification Center of Quality Technology for the renewal of the Certificate for Quality Management System and Certificate for Environmental Management System due to the material developments as detailed in pages 2 and 3 of this report.

### **Membership of Associations**

Aspiring to widen our exposure to industry standards and collaborate within and beyond the industry to improve on current sustainable practices, Litai has taken active participation in China Building Decoration Materials Association - Aluminium-plastic Composite Branch (中国建筑装饰材料铝塑复合分会) and Shanghai Decoration and Curtain Wall Association (上海装饰装修幕墙协会).

## 4 Sustainability Approach

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai's operation, please refer to the Directors' Statement on pages 2 and 3.**

### Our Approach

The Group's strategic approach has transformed across the years, from a classical economic-based strategy to a sustainability-oriented approach. This approach encompasses balancing holistic goals of economic, environmental and social perspectives with our commitment to actively engage stakeholders throughout the value-delivery process; our sustainability approach extends beyond meeting stakeholder requirements to enhancing stakeholder participation in our chain of sustainable value creation.

Recognising key challenges and risks involved in sustainable development under the backdrop of our competitive industry, we have established a SR Committee to balance our sustainable goals with our dedication to delivering quality products and services to our stakeholders.

### Committee Structure

The SR Committee was previously headed by the Executive Director, Mr Guo Yun (who resigned on 15 January 2020),. The current SR Committee is now headed by the Executive Director, Mr Soh Yeow Hwa and other members of the management, including senior management from critical business functions, such as finance, operations, human resources and procurement under its subsidiary The focus of the SR Committee lies in the areas of formulating, implementing and reviewing the Group's sustainable policies and practices, sustainability development programs and initiatives. Periodical reviews are made to ensure the effective implementation and engagement of the Group as a whole and in line with the Group's strategic developments.

## 5 Identifying Material ESG Factors

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai's operation, please refer to the Directors' Statement on pages 2 and 3 of this report.**

A robust process was undertaken to identify and prioritise the Group's material Environment, Social and Governance ("ESG") issues. The Group had previously engaged a team of external sustainability consultants to assist the Group's SR Committee in identifying and prioritizing issues that are most material and relevant to the Group and its stakeholders. These issues are then linked to the overall strategy management and corporate social responsibility. The ESG Materiality Assessment was performed where each ESG factor in the GRI ESG universe was thereafter ranked by the SR Committee members according to the influence on stakeholders' decisions and significance of environmental and social impacts. Subsequently, a reporting plan on the identified GRI factors has been established based on the aggregated assessment results.

The SR Committee has identified the following material ESG factors for FY2020:

- GRI 201 – Economic Performance
- GRI 307 – Environmental Compliance
- GRI 401 – Employment

## Material ESG Factor Summary

Focus	Impact to Stakeholders	FY2020 Performance	Commitments & Targets
Economic Performance	Financial performance is one of the key factors which affects our investors' and shareholders' confidence level.	<ul style="list-style-type: none"> <li>Substantial decline in turnover during FY2020 due mainly to shut down of production plant of Litai during COVID-19 lockdown in the PRC, followed by the temporary suspension of factory in August 2020. In addition, export sales had been badly affected by the COVID-19 pandemic.</li> <li>Litai was named as co-defendent or defendent under the various legal suits and courts' enforcement proceedings.</li> <li>Due to lower sales, negative gross margin, allowance for impairment loss on financial assets, impairment losses on pledged assets due to courts' enforcement cases, provision for courts' enforcement cases and write down in inventory to net realizable value, the Group recorded a net loss of approximately RMB181.4 million in FY2020.</li> <li>As at 31 December 2020, the Group is in net liability position of RMB 8.8 million.</li> </ul>	<ul style="list-style-type: none"> <li>The Group has incorporated CHD Engineering Pte Ltd ("CHD") in Singapore in February 2021 for the trading of the aluminium products in Singapore and the ASEAN region.</li> <li>The Group has incorporated Jiangyin Xinwan International Trade Limited in the PRC in April 2021 for the trading of aluminium products in the PRC and outside China.</li> <li>The Group will keep strengthening its financial performances.</li> <li>Strive to reduce current administration and operating expenses</li> </ul>
Environmental Compliance	Non-compliance with the People Republic of China (the "PRC")'s and local government's environmental rules and regulations will result in fines and disciplinary actions.	<ul style="list-style-type: none"> <li>Full compliance with the PRC's and local government's environmental rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Maintain full compliance with PRC's and local government's environmental rules and regulations</li> </ul>

<p>Employment</p>	<p>Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain and develop local talents under the direct hire of the Group's offices and operations.</p>	<ul style="list-style-type: none"> <li>• Same salary and benefit structure in accordance with local regulations and requirements and regardless of gender and domicile.</li> <li>• Sustainable attrition rate</li> <li>• No major change in key management personnel</li> <li>• Training courses and programs relevant to individual's job scope are sponsored by the Group</li> <li>• Internal transfer opportunities for staff to unleash their potentials in posts that may be more suitable for them</li> </ul>	<ul style="list-style-type: none"> <li>• Review employee benefits and improve on talent retention</li> <li>• Internal and external training courses relevant to the job scopes of staff</li> <li>• Introduce and promote work life balance.</li> </ul>
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## 6 Stakeholder Engagement

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai's operation, please refer to the Directors' Statement on pages 2 and 3 of this report.**

A great collaboration with stakeholders supports us in addressing sustainability challenges. We continue to promote ongoing communication and active engagement with our stakeholders. We incorporate their feedback into our planning and actions where appropriate and relevant to our businesses. Their feedback has helped us strengthening the relevance of our reporting and approach to managing China Haida's material issues.

In identifying the key groups of stakeholders, we assessed the level of significance of the stakeholders' interests in sustainability issues, the potential impact and influence of these stakeholders on the Group's businesses and operations.

The following five key stakeholder groups have been identified:

- i. Our Employees
- ii. Our Customers
- iii. Our Shareholders and Investors
- iv. Our Business Partners
- v. Our Community

The potential impact and significance of these stakeholders on the Group's businesses and operations, key issues of each stakeholder and our ways of engaging each of them are summarised below:

## Stakeholder Engagement Summary

Stakeholder	Impact and Significance	Key Issues	Engagement Platforms
Employees	Our employees are part of our human capital whose competencies and well-being are fundamental to the Group's operational effectiveness.	<ul style="list-style-type: none"> <li>• Talent retention and attraction</li> <li>• Employee safety and well-being</li> <li>• Training and development opportunities</li> <li>• Efforts to promote work-life balance</li> <li>• Remuneration and benefits</li> <li>• Employee welfare and well-being</li> <li>• Employee volunteerism</li> </ul>	<ul style="list-style-type: none"> <li>• Regular staff dialogue sessions</li> <li>• Training programs and courses</li> <li>• Safety briefings and courses</li> <li>• Festival celebrations and gifts as token of appreciation</li> </ul>
Customers and End Customers	Maximising our customers' satisfaction, understanding our customers' needs and expectations and building long lasting relationships with our customers are of great importance to us in improving our economic performance.	<ul style="list-style-type: none"> <li>• Customer satisfaction and experience</li> <li>• Quality products and services</li> <li>• Environmental conservation</li> <li>• Communication</li> <li>• Full compliance with the PRC's and local government's environmental rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Regular site visits to customers' business premises</li> <li>• Face-to-face meetings</li> <li>• Customer satisfaction survey</li> </ul>
Shareholders and Investors	Shareholders and Investors play an important role in the financing, operations, governance and growth aspects of a business.	<ul style="list-style-type: none"> <li>• Financial stability</li> <li>• Long-term growth plans</li> <li>• Market diversification</li> <li>• Risk management</li> <li>• Corporate governance</li> <li>• Sustainability efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Haida' company website</li> <li>• Half-yearly financial results announcements</li> <li>• Annual reports</li> <li>• Annual General Meeting</li> <li>• Extraordinary General Meeting, where necessary</li> </ul>
Business Partners	Close partnership with suppliers and subcontractors in our value chain helps us to ensure that all our operations are carried out in line with industry leading practices and sustainability efforts.	<ul style="list-style-type: none"> <li>• Quality assurance</li> <li>• Certifications</li> <li>• Supply chain management</li> <li>• Occupational health and safety practices</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier's Code of Conduct</li> <li>• Regular supplier visits / meetings</li> <li>• Annual performance evaluation</li> <li>• Safety briefings and courses</li> </ul>
Community	Being a responsible corporate citizen to the society, environment and the people around us is important as it can attract positive publicity, help to attract and retain good employees, and improve relationship with customers and their communities.	<ul style="list-style-type: none"> <li>• Doing our part as a responsible corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteering and charitable events</li> </ul>



## 7 Business Performance and Economic Aspects

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai's operation, please refer to the Directors' Statement on pages 2 and 3 of this report.**

### Financial Overview

The Group's revenue for FY2020 fell approximately 85.2% or RMB177.1 million, from RMB207.8 million in FY2019 to RMB30.7 million attributed mainly to the shut down of production plant of Litai during COVID-19 lockdown in the PRC, followed by the temporary suspension of the plant in August 2020. In addition, export sales had been badly affected by the COVID-19 pandemic. The Group's revenue for FY2020 included revenue of RMB0.2 million from the trading of aluminium products by the Company that commenced in December 2020 as part of its efforts to increase revenue streams.

Due to lower sales, gross loss, allowance for impairment loss on financial assets, impairment loss on assets due to courts' enforcement cases, provision for courts' enforcement cases and write down in inventory to net realizable value, the Group recorded a net loss of approximately RMB181.4 million in FY2020 as compared to a net loss of approximately RMB50.8 million in FY2019.

### Commitment to Sustainable Operations

Product innovation and development has been the key to our success and we remained committed to investing time and resources to research and develop new products. We have added new panels of varied types, colours, features to enhance our existing range to cater to customers' demands and specifications. In addition, we have developed and launched the fireproof aluminium panels in 2018. We will continuously strive to ensure that the high-quality standards of our 'Haida' aluminium panels are maintained.

We are committed to improve and enhance our production processes and more efficient utilisation of resources. The Group is always committed to nurturing and developing its employees through skills training as it recognises that people are the key to the success of a sustainable operation.

The Group's net liabilities position was RMB 8.8 million as at 31 December 2020 compared to the net assets of RMB 172.6 million as at 31 December 2019.

### Business Outlook and COVID-19

The Group's focus in the near term will be to steer the Group out of its current difficult position by building growth platforms for a sustainable future. As the first step forward, the Company had, on 21 January 2021, reconstituted the Board and Board Committees with the appointment of Mr Zhu Peng as independent director and re-designation of Mr Soh Yeow Hwa from independent director to executive director. As such, the Board is strengthened. The Board is cognizant of the imperative need to revitalize the Group's business and will strive to turnaround the Company with sustainable businesses.

The Company have since put in place a project team to source for new business acquisitions and seek strategic alliance and collaboration with local companies to take on projects in Singapore and around the region closer to home. We have identified and narrowed down to several parties and will be engaging these potential parties in active discussions. The Company has incorporated CHD, 5A and Xinwan in the first half of 2021 to engage in the trading of aluminium and metal products, with the aim to increase revenue stream.

On 24 May 2021, CHD entered into a joint venture agreement with K-United Builder Pte. Ltd. to collaborate and leverage on each party's resources to supply and install aluminium products for 1 commercial project in Malaysia and 2 residential projects in Singapore. These projects are expected to contribute to the Group's earnings going forward. The business activities to be conducted under the joint venture are in the ordinary course of the Group's core business relating to the manufacture, sale and installation of aluminium products.

In addition, Litai has also resumed part of its operations, which includes sourcing for new orders, collection of trade debts and other administrative activities.

As previously disclosed by the Company, legal and enforcement proceedings relating to Litai have been discovered and the Company has engaged GFE Law Office, a law firm in China to, among others, evaluate the facts of each case to determine whether it is advisable to challenge the enforcement awards against Litai, so as to determine the impact of such litigation claims to the Company's financials. The Company will make updates as and when appropriate on the litigation claims and legal proceedings.

COVID-19 will have an adverse impact on the Group's operations and trading results, the extent of which will depend on how long the outbreak lasts. Should the situation persist for a protracted period, the risk to the Group could include lower revenue and gross margins affected by travel restrictions and lock down measures, delay or default in payment by customers affecting operating cash flows, and fall in value of financial and non-financial assets. Group has to focus on survival to resume its operations and will continue to manage its operating costs, improve and innovate to improve quality of panels and look into areas of automation of more processes to increase productivity and efficiency.

As disclosed above, the Company had received a NoC from SGX RegCo on 28 June 2021 regarding, *inter alia*, certain irregularities in connection with Litai. Pursuant to the NoC, the Company is taking active steps to address the concerns of SGX Regco as well as to comply with the requirements set out in the NoC, including the appointment of a suitable independent special auditor acceptable to SGX RegCo. Please refer to the Company's announcement dated 28 June 2021 for more information

Meanwhile, we will remain vigilant on internal cost control, cash collection, cash management and will continue to safeguard the assets of the Group. The Group will continue to strive to be responsible to our shareholder and be operationally ready to meet the many challenges and opportunities in the future.

## Direct Economic Value Distributed

It is of utmost importance to create wealth for our stakeholders, to the best of our abilities. Hence, we strive to drive operational and financial improvements constantly.

The following table provides a summary of economic value distributed in FY2020 based on GRI's disclosure categories:

FY2020	RMB'000
Operating costs (COGS)	36,463
Employees compensation and benefits	17,632
Payment to government	2,169
<b>Total Economic Value Distributed</b>	<b>56,264</b>

## Defined Benefit Plan, Obligations and Other Retirement Plans

The Group makes monthly contributions to the employees' compulsory saving / retirement plans, as mandated by the local government in different jurisdictions. The fund is a social security system that tackles our employees' financial concerns regarding healthcare, home ownership, family protection and asset enhancement. We view this scheme as a good opportunity to reward our employees and relieve them from the burden of personal finances. Contribution rates for employers vary depending on the country jurisdiction. As our companies are set up in Singapore and the PRC, we follow different schemes and their corresponding employer's contribution rates:

- Singapore – Central Provident Fund (“CPF”)
- The PR – Five social insurance and one housing fund (“五险一金”)

## Financial Assistance Received from Government

The Group has obtained a total of RMB252,000 of government subsidies from Jiangyin treasury payment centre for promoting its export businesses overseas (江阴市财政国库集中支付中心 - 国际贸易补贴款) and employment credit incentive given by the Singapore government in FY2020.

## 8 Environment Management

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai's operation, please refer to the Directors' Statement on pages 2 and 3 of this report.**

The Group recognises that its business activities form an integral part of the environment and thus is committed to conserving and protecting the environment in which we operate. We strive to be a good corporate citizen by continually improving our environmental performance.

Our environment efforts are focused on maximising materials utilisation, reducing energy consumption, minimising wastes, which at the same time also has positive impact on our cost management. Other than our operational efforts to minimise environmental impacts, we actively encourage our employees through casual dialogues and publications in our notice board to protect the environment by saving energy and reduce wastes through the bit petty thing from daily life.

### Usage of Materials

The Group purchases a wide range of raw materials from its suppliers, with aluminium alloy being the main raw material for manufacturing ACP and ASP. Our suppliers are assessed and selected by the procurement team based on the quality of materials supplied, length of business relationship with the Group as well as their pricing, qualification, reliability and punctuality of delivery. The Group did not encounter any difficulties in sourcing for raw materials to meet its production requirements.

Furthermore, we choose environment-friendly paints for spraying all our products. We always emphasize on the design optimisation to maximize the material utilisation and reduce wastage. All the production scraps are sold to qualified vendors for disposal.

### Environmental Compliance

Litai, where our production facilities locate, has been certified ISO 14001 Environmental Management System since March 2007. We continuously monitor and comply with the environmental requirement set forth by the local government as it is getting tighten over the past decade as a result of Chinese government's initiatives to fight against pollutions.

Litai has renewed and received the Certificate for Environmental Management System which complied with requirements of ISO14001 on 6 Feb 2018, the certificate is valid for a period of 3 years till 5 Feb 2021. As at the date of this report, Litai has not yet engaged Shanghai Certification Center of Quality Technology for the renewal of the Certificate for Environmental Management System due to the material developments as detailed in pages 2 and 3 of this report.

## 9 Social Responsibilities

**The Board wish to highlight that as at the date of this report, there have been material developments to Litai's operation, please refer to the Directors' Statement on pages 2 and 3 of this report.**

### Our People, Our Strength

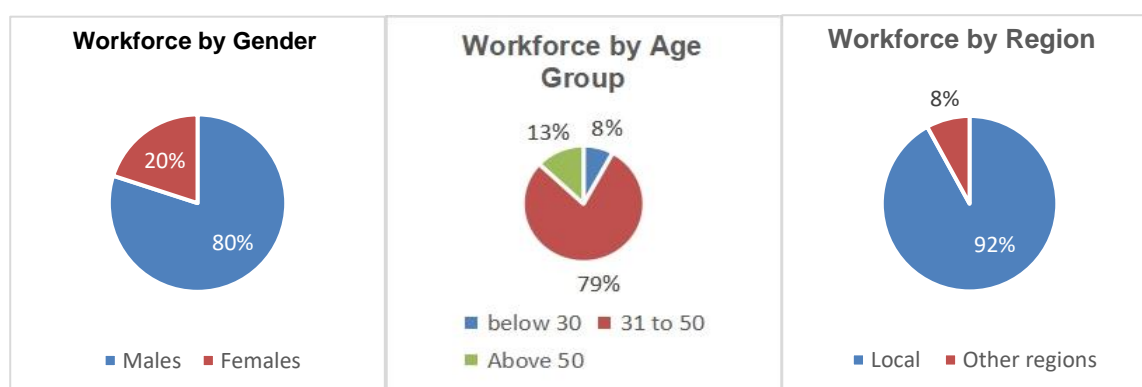
The Group recognises that our strength lies in our people. We firmly believe in the importance of talent development to the sustainable growth of the Group. Every year, we continue to dedicate time and resources to develop our people, to ensure that our talent will continue to be engaged, encouraged and empowered to soar together towards our common goal.

As part of our commitment to developing talent, we strive to create an inclusive workplace where each individual is valued and recognised for his or her contribution. We recognise the importance of diversity in strengthening our core values of teamwork, communication and creativity, and in forming a competent and united workforce. We provide equal opportunities to all employees regardless of gender and domicile without discrimination.

As of 31 December 2020, we have a total of 282 full-time employees. The outbreak of the COVID-19 pandemic in early 2020 has resulted in the lockdown of Jiangyin City on several occasions which led to the shutdown of production plant of Litai. Subsequently, the production plant was suspended for several months from August 2020. As a result, production activities and operations were adversely impacted and halted for several months in FY2020, which resulted in the huge slump in the Group's FY2020 revenue by approximately 85.2%. In addition, the already dire situation was exacerbated by the various litigation claims and courts' enforcement rulings against Litai. These factors have contributed to the employees' turnover rate of approximately 15%.

We value the importance of diversity and embrace a mixture of genders, age groups and regions. We have a gender ratio of 80% males to 20% females. On one hand, due to the industry characteristics and work nature, our frontline is male dominated. On the other hand, our supporting functions at back offices, such as finance and human resource, are well gender-balanced.

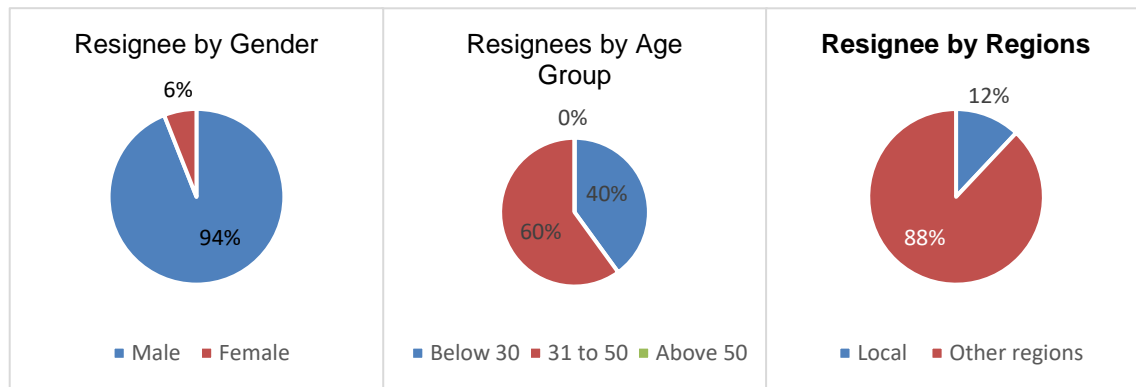
Our main workforce aged between 30 and 50 years old while the management are experienced staff aged above 50 years old. Besides hiring from our local region, we also reach out extensively to talent and manpower beyond our local region (Jiangyin City, Jiangsu Province); 8% of our employees come from other regions / provinces of the PRC.



## New Hires and Resignations

We have 50 staff who left us on their own accords and there were 1 new hire in FY2020. 94% of the resignees were males while 6% were females. The resignees were mostly labour- intensive frontline workers. As at 31 December 2020, our key management team remained stable and unchanged.

Two-thirds of resignees came from the age group between 31 and 50 years old and more than half of the resignees were from other regions in the PRC. During the exit interviews we conducted with every each resignee to better understand their thoughts and reasons for leaving, we learned that the main cause is that after having worked away from hometown for many years and gained certain level of financial stability, staff from other regions in the PRC tend to return to their hometown to settle down with their family. We understand and respect their decisions and meanwhile, we also want to reflect what we can do to better integrate our staff from other regions in the PRC into Jiangyin City and even make it possible and viable for them to settle down in Jiangyin.



Aiming to maintain a strong and stable workforce and a low attrition rate, we firmly commit to providing our employees with more development opportunities to ensure a sustainable operations model. We also aim to continuously refine our hiring strategy and improve on the workplace culture, with the aim of engaging, retaining and grooming our talent.

## Benefits and Welfare

With our people being our assets, we believe in valuing and recognising our people's achievements through rewards and competitive remunerations. Each of our employees is entitled to a set of attractive benefits including but not limited to:

Item	Benefits	Descriptions
1	Five social insurance and one housing fund (“五险一金”)	Employees are entitled to five social insurances and one housing fund contributed by the Group according to the labour law in PRC as follows: (a) Endowment insurance; (b) Occupational insurance; (c) Medical insurance; (d) Unemployment insurance; (e) Maternity insurance; and (f) Housing Provident Funds.
2	Medical benefits and health screenings	Employees are reimbursed for medical consultations. We also arrange annual health screenings for our employees to ensure that our employees are in the best of health.
3	Disability and Life Insurance	All our employees are covered under insurance for work-related injuries. This accords them with some financial protection in the event of incidents arising under working circumstances. Our life insurance also provides financial support and risk coverage to intermediate families in the event the employee suffers from critical illness or permanent disability.
4	Year-end performance bonus	Employees are entitled to year-end performance bonuses depending on the performance of the Group and individual upon appraisal.
5	Free staff meal	Employees on duty are entitled to free meals provided by the Company.
6	Festival celebrations and gifts	We organise company events annually to celebrate and recognise the efforts of our employees. Embracing diversity and to honour our rich heritage and culture, we celebrate important festivals as a company and often provide festive gifts to our employees. Festivals we celebrate include: International Women's Day, Spring Festival, and also Mid-autumn Festival.



The Group is periodically reviewing and enhancing our resource policies and practices to provide a fair and safe workplace for our employees. In line with our Group's core values of teamwork, we strive to promote a safe and conducive workplace for our people to perform efficiently and effectively.

## Parental Leave

With the goal of revitalising population growth and with the formal phasing out of the four-decade old one-child policy in recent years, the Chinese government's family planning policy has also shifted to one that is more pro-family. In support of the government's pro-family legislations, the Group adopts welfare practices and strives to build a family-friendly workplace culture. As part of the enhancements of the family planning policy, female and male staff are entitled to 90 and 15 days of maternity and paternity leave respectively. The Group will continually work towards building a pro-parent workplace through enhancing our company welfare practices and culture.

## Community Activities

China Haida recognizes the importance of actively supporting our communities and contribute back to the society. For many years, we have been supporting schools through scholarships and cash donations. We firmly believe in sponsoring initiatives that promotes education, sports, environment and conservation. In the past, China Haida had been giving out scholarships to students of Huashi Senior High School (中国江苏省江阴市华士高级中学) to fulfil their education's dreams.



## Labour Union's Work

The purpose of the labour union is to provide financial reliefs to our employees in the Group, organise activities such as commendation ceremony and medical check-up. Every year, while the majority funding comes from the Group, our employees contribute a very small portion of their salary on a voluntary basis.





## **GRI Content Index**

<b>Category</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page Reference and Remarks</b>
GRI 102: General Disclosures	102-1 *	Name of the organization	Annual Report FY2020, Page 1
	102-2 *	Activities, brands, products, and services	Annual Report FY2020, Page 2
	102-3 *	Location of headquarters	Annual Report FY2020, Page 1
	102-4 *	Location of operations	Annual Report FY2020, Page 1
	102-5 *	Ownership and legal form	Annual Report FY2020, Page 1
	102-6 *	Markets served	An extensive sales network and strong marketing team (Page 6)
	102-7 *	Scale of the organization	Our People, Our Strength (Page 19)
	102-8 *	Information on employees and other workers	Our People, Our Strength (Page 19)
	102-9 *	Supply chain	Usage of Materials (Page 18)
	102-10 *	Significant changes to the organization and its supply chain	None
	102-11 *	Precautionary Principle or approach	Sustainability Approach (Page 9)
	102-12 *	External initiatives	Community Activities (Page 22)
	102-13 *	Membership of associations	Membership of Associations (Page 8)
GRI 102: Strategy	102-14 *	Statement from senior decision-maker	Board Statement (Page 2)
GRI 102: Ethics and Integrity	102-16 *	Values, principles, standards, and norms of behaviour	Vision, Mission and Corporate Strength (Page 4 to 6)
GRI 102: Governance	102-18 *	Governance structure	Committee Structure (Page 9)
GRI 102: Stakeholder Engagement	102-40 *	List of stakeholder groups	Stakeholder Engagement (Page 11 to 12)
	102-41 *	Collective bargaining agreements	None
	102-42 *	Identifying and selecting stakeholders	Stakeholder Engagement (Page 13 to 14)

Category	Disclosure	Description	Page Reference and Remarks
	102-43 *	Approach to stakeholder engagement	Stakeholder Engagement (Page 13 to 14)
	102-44 *	Key topics and concerns raised	Stakeholder Engagement (Page 13 to 14)
GRI 102: Reporting Practice	102-45 *	Entities included in the consolidated financial statements	China Haida Ltd. Jiangyin Litai Decorative Materials Co., Ltd.
	102-46 *	Defining report content and topic Boundaries	Identifying Material ESG Factors (Page 10)
	102-47 *	List of material topics	Identifying Material ESG Factors (Page 10)
	102-48 *	Restatements of information	No changes, same as first SR report.
	102-49 *	Changes in reporting	No changes, same as first SR report
	102-50 *	Reporting period	1.1.2020 to 31.12.2020 (Page 1)
	102-51 *	Date of most recent report	31 December 2020
	102-52 *	Reporting cycle	Reporting Period and Scope (Page 1)
	102-53 *	Contact point for questions regarding the report	Feedback (Page 1)
	102-54 *	Claims of reporting in accordance with the GRI Standards	Core options (33 items)
	102-55 *	GRI content index	GRI Content Index (Page 23 to 25)
	102-56 *	External Assurance	None

<b>Category</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page Reference and Remarks</b>
GRI 201: Economic Performance	DMA	Disclosure of Management Approach	Business Performance and Economic Aspects (Page 15)
	201-1	Direct economic value generated and distributed	Direct Economic Value Distributed (Page 17)
	201-2	Financial implications and other risks and opportunities due to climate change	None
	201-3	Defined benefit plan obligations and other retirement plans	Defined Benefit Plan Obligations and Other Retirement Plans (Page 17)
	201-4	Financial assistance received from government	Financial Assistance Received from Government (Page 17)
GRI 307: Environmental Compliance	DMA	Disclosure of Management Approach	Environment Management (Page 18)
	307-1	Non-compliance with environmental laws and regulations	Zero non-compliance incident
GRI 401: Employment	DMA	Disclosure of Management Approach	Our People, Our Strength (Page 19)
	401-1	New employee hires and employee turnover	New Hires and Resignations (Page 20)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits and Welfare (Page 21)
	401-3	Parental leave	Parental Leave (Page 22)