



CHINA HAIDA LTD.

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

24 Raffles Place #20-03 Clifford Centre Singapore 048621

UPDATE ON SPECIAL AUDIT

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

1. The Board of Directors (the "**Board**") of China Haida Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 28 June 2021 and 3 August 2021 (collectively, the "**Previous Announcements**") relating to the appointment of a Special Auditor, and Notice issued by the SGX RegCo dated 28 June 2021.
2. The Company wishes to update shareholders that as at the date of this announcement, the work which has been carried out by the Special Auditor are preliminary in nature and includes conducting initial discussions with the new management team of the Company's subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd ("**Litai**") (the "**New Litai Management**"). The New Litai Management was formed by Mr Lai Shih-Wei, who leads several existing employees of Litai (which includes certain key management and finance personnel). The Special Auditor had also coordinated with and obtained some documents from the New Litai Management to commence limited work in connection with the Special Audit.
3. The Board has taken active steps to address the concerns of SGX Regco as well as to comply with the requirements set out in the Notice, including commencement of the Special Audit. However, the Company was served with a statutory demand on 27 August by solicitors acting for Mr Lee Kiang Leng Stanley ("**Mr Lee**") (the "**Statutory Demand**"). In connection with the Statutory Demand, the Company subsequently entered into a settlement agreement with Mr Lee on 30 September 2021 (the "**Settlement Agreement**"). Due to the urgency required and short timeline given to satisfy its obligations under the Settlement Agreement, the Company had to utilise funds previously allocated for payment of the initial retainer fee required by the Special Auditor (the "**Initial Retainer**") as part of its payment towards satisfaction of the Company's obligations under Settlement Agreement. For more information on the Statutory Demand and Settlement Agreement, please refer to the Company's announcements dated 27 August 2021, 5 September 2021, 30 September 2021 and 5 October 2021.
4. In light of the aforesaid, the Company had to push back payment of the Initial Retainer and the Special Auditor indicated that they will temporarily halt work on the Special Audit pending payment of the Initial Retainer. Nevertheless, the Company has been in constant discussions with the Special Auditor and earmarked part of its operational cashflows for partial payment of the Initial Retainer. Due to the applicable currency controls, it may take some time for funds from the Company's subsidiaries in China to reach the Company, and the Company expects to receive such funds on or around the end of December 2021. At the same time, the Company has actively been exploring various options, including but not limited to obtaining loans from prospective investor(s), to improve its cashflow position and fund operational expenses such as the Special Audit and ongoing listing compliance costs.
5. The Board wishes to reassure Shareholders that the Company remains committed to addressing all concerns of SGX Regco as well as to comply with the requirements set out in the Notice, including completion of the Special Audit.

6. The Company will make further announcement(s) on any material updates in relation to the Special Audit, including key findings of the Special Auditor to update shareholders of the Company, as and when appropriate.

BY ORDER OF THE BOARD

12 November 2021