

**FURTHER UPDATES TO RIGHTS ISSUE**

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**1. INTRODUCTION**

- 1.1 The board of directors (“**Board**”) of China Haida Ltd. (“**Company**”) refers to the announcements made by the Company on 28 June 2019 (“**Rights Issue Announcement**”), 3 July 2019, 6 August 2019 and 18 November 2019 relating to the Rights Issue, the announcement dated 22 November 2019 in relation to updates to the Rights Issue (“**First Update Announcement**”) and the announcement dated 16 December 2019 in relation to further updates to the Rights Issue (“**Second Update Announcement**”).
- 1.2 Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Rights Issue Announcement.

**2. REVISIONS OF PRINCIPAL TERMS OF THE RIGHTS ISSUE**

- 2.1 Further to the Second Update Announcement, the Company and the Investor have agreed to revise the principal terms of the Rights Issue. The revised principal terms of the Rights Issue are set out below.

**2.2 Basis of Provisional Allotment**

The Rights Issue is proposed to be made on a renounceable underwritten basis to all Entitled Shareholders, on the basis on seven (7) Rights Shares for every one (1) existing Share held by the Entitled Shareholders as at the Books Closure Date, instead of eight (8) Rights Shares for every one (1) existing Share.

**2.3 Underwritten Rights Issue**

The Rights Issue (excluding the Renounced Entitlements (as defined below)) (“**Underwritten Rights Shares**”) has been underwritten by the Investor at the Issue Price on the terms and subject to the conditions of the Restated Deed of Subscription (as defined below).

No consideration whatsoever shall be payable by the Company to the Investor for underwriting up to 950,455,800 Rights Shares of the Rights Issue, provided that the Company shall have the right to scale down the same for purposes of maintaining the requisite free float of the Company in compliance with Rule 723 of the Listing Manual.

**3. ENTRY INTO RESTATED DEEDS OF RENUNCIATION AND RESTATED DEED OF SUBSCRIPTION**

- 3.1 To take into account the revisions of the principal terms of the Rights Issue stated in paragraph 2 above, China Delta and the China Delta Shareholders, LSW, the Forbury Shareholder and Forbury have separately given restated deeds of Renunciation (“**Restated Deeds of Renunciation**”) in favour of the Investor, the Company and CIMB, pursuant to which:
- (a) China Delta and each China Delta Shareholder have jointly and severally, and unconditionally and irrevocably, undertaken to the Investor, the Company and CIMB that, *inter alia*:

- (i) China Delta shall renounce, assign and transfer in favour of the Investor its entire pro-rata entitlement of 520,979,900 Rights Shares in respect of all the Existing China Delta Shares. No consideration whatsoever shall be payable by the Investor to China Delta for the aforesaid renunciation;
  - (ii) China Delta shall not, on or before the Books Closure Date, sell, transfer or otherwise dispose of or encumber the Existing China Delta Shares (or any interest therein); and
  - (iii) each China Delta Shareholder shall not, on or before the Books Closure Date, sell, transfer or otherwise dispose of or encumber any shares in China Delta (or any interest therein);
- (b) LSW has unconditionally and irrevocably, undertaken to the Investor, the Company and CIMB that, *inter alia*:
- (i) LSW shall renounce, assign and transfer in favour of the Investor his entire pro-rata entitlement of 211,655,780 Rights Shares in respect of all the Existing LSW Shares. No consideration whatsoever shall be payable by the Investor to LSW for the aforesaid renunciation; and
  - (ii) LSW shall not, on or before the Books Closure Date, sell, transfer or otherwise dispose of or encumber the Existing LSW Shares (or any interest therein); and
- (c) Forbury and the Forbury Shareholder have jointly and severally, and unconditionally and irrevocably, undertaken to the Investor, the Company and CIMB that, *inter alia*:
- (i) Forbury shall renounce, assign and transfer in favour of the Investor its entire pro-rata entitlement of 101,073,140 Rights Shares in respect of all the Existing Forbury Shares. No consideration whatsoever shall be payable by the Investor to Forbury for the aforesaid renunciation;
  - (ii) Forbury shall not, on or before the Books Closure Date, sell, transfer or otherwise dispose of or encumber the Existing Forbury Shares (or any interest therein); and
  - (iii) the Forbury Shareholder shall not, on or before the Books Closure Date, sell, transfer or otherwise dispose of or encumber any shares in Forbury (or any interest therein).

**3.2** To take into account the revisions of the principal terms of the Rights Issue stated in paragraph 2 above, the Investor has also executed a restated deed of subscription ("**Restated Deed of Subscription**") in favour of China Delta, LSW, Forbury, the Company and CIMB (each, a "**Beneficiary**"), pursuant to which:

- (a) the Investor has unconditionally and irrevocably undertaken to each Beneficiary, *inter alia*, that he shall, no later than the Closing Date, and in accordance with the terms and conditions of the Rights Issue, subscribe and pay for in full at the Issue Price, the entire pro-rata entitlement of 833,708,820 Rights Shares renounced by China Delta, LSW and Forbury in his favour (the aggregate of such Rights Shares which China Delta, LSW and Forbury are entitled to being "**Renounced Entitlements**"); and
- (b) the Investor has unconditionally and irrevocably undertaken to the Company that he shall underwrite up to 950,455,800 Rights Shares (being the number of Rights Shares other than the Renounced Entitlements) no later than the Closing Date at the Issue Price, provided that the Company shall have the right to scale down the same for purposes of maintaining the requisite free float of the Company in compliance with Rule 723 of the Listing Manual.

### 3.3 Resultant Shareholdings pursuant to the Restated Deeds of Renunciation and the Restated Deed of Subscription

Pursuant to the Restated Deeds of Renunciation and the Restated Deed of Subscription and immediately following the completion of the Rights Issue, the shareholding of the substantial Shareholders and the Investor will be as follows:

Name	Assuming the Investor subscribes and pays for in full, the Renounced Entitlements in accordance with the Restated Deed of Subscription and public shareholders fully subscribe for the Rights Issue		Assuming the Investor subscribes and pays for in full, the Renounced Entitlements and the Underwritten Rights Shares in accordance with the Restated Deed of Subscription <sup>(2)</sup>	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
China Delta	74,425,700	3.7	74,425,700	3.7
LSW	30,236,540	1.5	30,236,540	1.5
Forbury	14,439,020	0.7	14,439,020	0.7
Others	1,086,235,200	53.3	135,779,400	6.7
Investor	833,708,820	40.9	1,784,164,620	87.5
<i>Aggregate</i>	<i>2,039,045,280</i>	<i>100.0</i>	<i>2,039,045,280</i>	<i>100.0</i>

#### Notes:

- (1) Based on the enlarged share capital of 2,039,045,280 Shares and rounded to the nearest one decimal place. Any discrepancies in the percentages listed and the totals thereof are due to rounding.
- (2) Assuming full subscription of the Renounced Entitlements and Underwritten Rights Shares without scale down.

### 4. USE OF PROCEEDS

The Company believes that the Rights Issue will strengthen the Group's financial position by enlarging the Group's capital base and enhancing its financial flexibility. The Rights Issue will also provide Shareholders with an opportunity to maintain their equity participation in the Company.

The Company currently intends to utilise the net proceeds from the Rights Issue ("**Net Proceeds**") for general working capital purposes (including new business opportunities which may materialize subsequent to its strategic review of its core business).

The Net Proceeds (after deducting estimated expenses of approximately S\$0.3 million) is expected to be approximately S\$3.3 million.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities and/or used for any other purpose on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full year financial results announcement(s) and in the Company's annual report(s), until such time the Net Proceeds have been fully utilised. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

The Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in its announcements and annual reports.

## 5. CONDITIONS FOR THE RIGHTS ISSUE

The Rights Issue is subject to, *inter alia*, the following:

- (a) the in-principle approval of the SGX-ST for the listing of and quotation for the Rights Shares on the SGX-ST;
- (b) the SIC having granted the Whitewash Waiver and such waiver not having been withdrawn or revoked up to the date of completion of the Rights Issue;
- (c) the approval of the Shareholders for the Rights Issue at the EGM to be convened (including the approval for the transfer of controlling interest in the Company to the Investor upon completion of the Rights Issue);
- (d) the Whitewash Resolution being approved by the Independent Shareholders at the EGM; and
- (e) the lodgment, by the Company, of the Offer Information Statement, together with all other accompanying documents (if applicable) in respect of the Rights Issue, with the Authority.

The Company will be applying to the SGX-ST to seek its in-principle approval for the listing of and quotation for the Rights Shares on the SGX-ST.

## 6. OTHER TERMS OF THE RIGHTS ISSUE REMAIN UNCHANGED

6.1 Save for the abovementioned updates in this announcement, the terms of the Rights Issue as set out in the Rights Issue Announcement (as supplemented by the First Update Announcement and the Second Update Announcement) remain unchanged in all other respects.

6.2 For the avoidance of doubt, there is no change to the Issue Price of S\$0.002 for each Rights Share.

The Issue Price represents:

- (a) a discount of approximately 80.0% to the closing price of S\$0.01 per Share on the SGX-ST on 16 December 2019 (being the last market day on which the Shares were traded on the SGX-ST immediately prior to the release of this announcement) ("**Last Traded Price**"); and
- (b) a discount of approximately 33.3% to the theoretical ex-rights price ("**TERP**")<sup>1</sup> of approximately S\$0.003 per Share based on the Last Traded Price.

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<sup>1</sup> TERP of each Share is calculated based on the following formula, assuming completion of the Rights Issue:

$$\text{TERP} = \frac{\text{Market capitalisation of the Company based on the Last Traded Price} + \text{gross proceeds from the Rights Issue}}{\text{Number of Shares after completion of the Rights Issue}}$$

## **7. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares as there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax, legal or other professional adviser(s) immediately.

**BY ORDER OF THE BOARD**  
CHINA HAIDA LTD.

Guo Yun  
Executive Director  
17 December 2019