

China Haida Ltd. (the “Company”)

- Company’s Responses to the Shareholders’ Questions for FY2019 Annual General Meeting held on 29 June 2020

S/ No.	Questions	Responses
1	<ul style="list-style-type: none"> <li>- Is Xu still uncontactable?</li> <li>- Is Xu still fit to be a director?</li> <li>- Is Xu acting in the interests of the Company?</li> <li>- Did the Company hire investigators or find other ways to locate Xu?</li> <li>- Why did NC still recommend Xu to be re-elected even when he is uncontactable?</li> <li>- Can the Company get help from SGX?</li> </ul>	<ul style="list-style-type: none"> <li>✓ Xu is still uncontactable to date.</li> <li>✓ As announced by the Company on 22/4/2020, the Company had sought legal advice and assistance from Chinese legal counsel. Updates of some legal and enforcement proceedings (albeit without the substantive details) faced by Jiangyin Litai were announced on 20/5/2020 and 17/6/2020. The Company believes that it has done what is appropriate and necessary in the circumstances especially in view of the travel restrictions brought about by COVID-19.</li> <li>✓ NC is unable to conclude on whether Mr Xu was/is acting in the interests of the Company or fit to be director as it has not an opportunity to speak, inquire and clarify with him directly.</li> <li>✓ As to why the NC recommended Mr Xu for re-election at this AGM, please refer to the Company’s Announcement dated 24/6/2020 on NC’s basis for such the recommendation. For the benefit of all shareholders, I shall read the Company’s response set out in that Announcement. <i>“The Nominating Committee (NC)’s recommendation for Mr Xu’s election at the forthcoming AGM of the Company was made pursuant to the new Rule 720(5) of the SGX-ST Mainboard Listing Rules. Rule 720(5) stipulates that “An issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years.” As Mr Xu has never been subject to any rotation, retirement, re-appointment or re-election for past years, the Company Secretary has advised the NC that Mr Xu should be submitted for re-election or reappointment at the forthcoming AGM in compliance with Rule 720(5).</i></li> </ul> <p><i>Concomitant to Rule 720(5), the Company would also have to comply with Rule 720(6) in providing the prescribed information (including questions (a) to (k) specified therein) as set out in Appendix 7.4.1 that is required of the candidate that is proposed for re-appointment or re-election. However, as Mr Xu was/ is still uncontactable, it is simply impossible and inappropriate for the Company to</i></p>

		<p><i>address questions (a) to (k) as the answers to which would only be known to Mr Xu himself. Hence, the Company was also constrained to comply with Rule 720(6) by providing such prescribed information that is within its knowledge, possession and belief. Having regard also to the principle of caveat emptor within the disclosure-based regime, such constraints and other pertinent information have been duly disclosed in the FY2019 Annual Report to assist shareholders in making their most appropriate decision in such unfortunate circumstances.</i></p> <p><i>In arriving at such a peculiarly difficult decision, the NC was also cognisant that as of the latest practicable date more than 50% of the Company's shares were in the hands of public. Should these "public" shareholders feel disgruntled at the current state of disclosure pertaining to Mr Xu, they are at liberty to exercise their right to vote against the proposed resolution of re-electing Mr Xu as a director of the Company."</i></p>
2	<ul style="list-style-type: none"> <li>- GY's reason for resignation (health reasons) – real or excuse?</li> <li>- Whether GY was aware of the lending/borrowing dispute and Sichuan court order prior to his resignation? Was he eschewing his duties and responsibilities as a director?</li> <li>- Was GY suffering from serious illness?</li> <li>- Why was GY's remuneration higher than Xu's?</li> <li>- Was GY the "main/real" boss?</li> <li>- How to justify GY's "fat remuneration" given that the Group has been incurring 3 years' consecutive losses and now under SGX watchlist, and he allegedly "ran away" when "the shit hits the fan"?</li> </ul>	<ul style="list-style-type: none"> <li>✓ For completeness and transparency, we shall read in <i>verbatim</i> what Mr Guo had stated in his resignation letter dated 15/1/2020, "<i>Over the last 6 months, I had been exerting myself on the rights issue exercise (which was nonetheless not approved by the SGX) and this has taken a toll on my health. A recent hospital check-up has set off alarm bells; I was advised by my doctor to seriously consider taking a long break from work, or risk suffering from a stroke and/or triggering other more complicated medical conditions. In addition to my health issues, I will be spending more quality time with my family in Australia, especially with my new-born grandson.</i>"</li> <li>✓ The NC/AC took Mr Guo's explanations and reasons for resignation <b>in good faith</b>.</li> <li>✓ While the shareholder's speculation of the events and scenarios may sound plausible, we are unable to ascertain whether that is the true and accurate account of the events and/or the "real" reason of Mr Guo's resignation as of to date, for the reasons detailed in the Company's Annual Report and various announcements since April 2020. In any event, even if Mr Guo had not been acting in good faith or had chosen to lie to the Board about the true reason(s) for his resignation, it would be beyond the NC or Board to determine his state of mind at the material times.</li> </ul>

		<ul style="list-style-type: none"> <li>✓ To the best of our knowledge, Mr Xu is the founder of the Group, and Mr Guo was an externally hired senior person since the IPO days of the Company.</li>   <li>✓ As stated in the Annual Report, Mr Xu had been closely assisted by Mr Guo in discharging the former's duties. Mr Guo had been responsible for legal and financial matters, investor relations, formulating and implementing the Group's business policies and expansion plans. In particular, Mr Guo had been playing a pivotal role in facilitating key communications (including the pertinent laws and regulations in Singapore concerning the Group) as well as the working relationships between the key management personnel of the subsidiary and of the Company.</li>   <li>✓ As also disclosed in the Annual Report, Mr Guo's remuneration is generally governed by a written Service Agreement with the Company. The salient terms of his remuneration package include: <ul style="list-style-type: none"> <li>○ Basis salary of S\$15,000 per month</li> <li>○ Rental allowance of S\$4,500 per month</li> <li>○ Variable discretionary bonus</li> <li>○ Reimbursement of travelling, hotel, entertainment and other expenses reasonably incurred by him in the reasonable performance of his duties as an Executive Director</li> <li>○ Use of a private vehicle purchased by the Company (which is to be registered in his name but held in trust for the Company)</li> <li>○ Reimbursement of all running costs relating to the vehicle</li> <li>○ Payment of his regular monthly domestic expenses (such as telephone bills, broadband access, cable TV for his home as and when incurred)</li> <li>○ Payment of all medical expenses (including dental expenses capped at S\$300 per year) and for medical insurance policy during his course of employment.</li> <li>○ Payment of travelling costs of home passage for his spouse twice a year and son once a year respectively. Such home passage benefit is to be consumed on a calendar year basis.</li> </ul> </li> </ul> <p>In addition, he was paid an annual remuneration of RMB500k by Jiangyin Litai for FY2019.</p>
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3	<ul style="list-style-type: none"> <li>- How is the Board going to function with only one Singapore director and three uncontactable PRC directors (Xu, Zhao and Wang)?</li> <li>- Can the Company seek SGX's help?</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Company is looking for a suitable candidate to be appointed as independent director so as to comply with the requirements of the Companies Act (Cap 50) and the SGX-ST Mainboard Listing Rules.</li> <li>✓ The Singapore team is also looking to visit the PRC subsidiary's premises and inquire of the appropriate personnel (including the CEO) when the COVID-19 pandemic has subsided, for it is still not safe to travel during this pandemic period, coupled with the travel restrictions to China.</li> <li>✓ The Company may also consult or seek guidance from the SGX. We thank the shareholder for his or her invaluable suggestion.</li> </ul>
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