



**DAPAI INTERNATIONAL HOLDINGS CO. LTD.**  
(the "Company")  
Company Registration No.: 41211

---

**RESPONSE TO SGX-ST'S QUERIES ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015**

---

The Board of Directors of Dapai International Holdings Co. Ltd. (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the subject matter above, and wishes to provide its response as follows:-

**Query:**

1. The Company disclosed on page 25 of the Annual Report an Interested Person Transaction ("IPT") of "597,000" with "Ms Chen Yi, daughter of Mr Chen Xizhong ... which the Group had leased its Anhui facility to".

Please provide further disclosure on the following:

- a) The currency of the IPT;
- b) Whether any independent valuation was done for the rental;
- c) Details of the size of the facility rented and the basis how the rental was determined; and
- d) Please provide the AC's views on whether this was conducted on normal commercial terms and to provide the basis for their views.

**Company's response:**

- 1a) The currency of the IPT is in Singapore Dollar ("S\$") equivalent, which is translated from the rental income of RMB2.7 million at the exchange rate of S\$1/ RMB4.596.
- 1b) No independent valuation was done for the rental.
- 1c) The facility rented out includes ancillary office cum dormitory and factory space with an aggregate built-in area of approximately 14,293 square meters at an annual rental of RMB2.7 million.
- 1d) Rental payable under the Lease Agreement was derived after a local commercial property agent's research taking reference from another nearby factory, with built-in area of 1,315 square meters, being leased out for RMB0.2 million per annum, which worked out to be approximately RMB132.0 per square meter, per annum. Based on the above rental per square meter, per annum, the Management believes that it was successful in negotiating for a higher rental per square meter of RMB192.0, per annum. Based on the rental rate negotiated by the management, the AC and the BOD is of the opinion that it is conducted on normal commercial terms.

For further details, please refer to the Company's announcement on SGXNet dated 2 June 2014 entitled "Lease of factory premises in Benbu City, Anhui Province, PRC".

**Query:**

2. On page 53 of the Annual Report, we note there were no audit fees paid to “other auditors”. In addition, it was disclosed on page 61 that in relation to all the subsidiaries, these were only audited by Moore Stephens LLP, Singapore “for the purposes of consolidation of the Group”.

Please provide further disclosure on the following:

- a) Disclose if any of the significant overseas subsidiaries were audited;
- b) If the subsidiaries were audited, please disclose who the auditors were;
- c) Provide details the auditors for each of its significant subsidiaries and the basis how this is a suitable auditing firm as required under Rule 715(2) of the listing manual.

**Company’s response:**

- 2a) All the significant overseas subsidiaries were audited.
- 2b) The auditors for the subsidiaries are Moore Stephens LLP.
- 2c) Moore Stephens LLP is registered with Accounting and Corporate Regulatory Authority (“ACRA”) and thus fulfils the requirements imposed by Rule 712(2) of the Listing Manual. The Board together with the Audit Committee had reviewed the scope and results of the audit carried out by Moore Stephens LLP (the “Auditors”), including the cost effectiveness of the audit and the independence and objectivity of the Auditors. The Board and the Audit Committee are satisfied that the Company has complied with Listing Rule 715(2) on the audit of its significant overseas subsidiaries.

**BY ORDER OF THE BOARD**

Chen Xizhong  
Executive Chairman

27 April 2016