



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

UNAUDITED FIRST QUARTER
FINANCIAL STATEMENTS
AND DIVIDEND ANNOUNCEMENT

FOR THE PERIOD ENDED 31 MARCH 2016



**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY
(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	First Quarter		
	2016	2015	%
	RMB'000	RMB'000	Change
	Unaudited	Unaudited	
Revenue	36,669	63,801	(42.5)
Cost of sales	<u>(27,604)</u>	<u>(50,771)</u>	(45.6)
Gross profit	9,065	13,030	(30.4)
Other operating income	750	858	(12.6)
Selling and distribution expenses	(881)	(850)	3.6
Administrative expenses	(6,478)	(7,459)	(13.2)
Finance costs	<u>(2,053)</u>	<u>(3,188)</u>	(35.6)
Profit before taxation	403	2,391	(83.1)
Income tax expense	<u>-</u>	<u>(331)</u>	NM
Profit attributable to shareholders	403	2,060	(80.4)
Other comprehensive income	<u>-</u>	<u>-</u>	-
Total comprehensive income attributable to shareholders	<u>403</u>	<u>2,060</u>	(80.4)
Gross profit margin	24.7%	20.4%	
Profit before tax margin	1.1%	3.7%	
Profit after tax margin	1.1%	3.2%	
Basic EPS (RMB cents)	0.04	0.21	
Fully diluted EPS (RMB cents)	0.04	0.21	

NM: Not Meaningful



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Notes to statement of comprehensive income:

	First Quarter		
	2016	2015	%
	RMB'000	RMB'000	Change
	Unaudited	Unaudited	
(a) Income statement includes the following:			
Amortisation of land use rights	149	149	-
Amortisation of intangible assets	7	7	-
Depreciation of property, plant and equipment	3,328	3,449	(3.5)
Depreciation of investment property	423	423	NM
Interest expenses	2,053	3,188	(35.6)
Exchange gain	(58)	(376)	(84.6)
(b) Other operating income comprises:			
Interest income	5	55	(90.9)
Rental lease income	686	686	NM
Other sundry income	59	117	(49.6)



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016**

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	As at 31 March 2016 RMB '000 Unaudited	As at 31 December 2015 RMB '000 Audited	As at 31 March 2016 RMB '000 Unaudited	As at 31 December 2015 RMB '000 Audited
Non-Current assets				
Land use rights	25,569	25,718	-	-
Intangible assets	52	59	-	-
Property, plant and equipment	155,855	159,183	-	-
Investment property	29,898	30,321	-	-
Investment in subsidiaries	-	-	100,509	100,506
	211,374	215,281	100,509	100,506
Current assets				
Inventories	53,933	65,636	-	-
Trade receivables	43,784	45,590	-	-
Prepayments and other receivables	21,844	18,438	152	-
Advances to third party	22,000	-	-	-
Cash and bank balances	14,109	6,161	51	153
	155,670	135,825	203	153
Less: Current Liabilities				
Trade and bills payables	7,689	10,066	-	-
Accrued liabilities and other payables	9,629	6,256	4,564	3,456
Loans from a director	3,813	3,813	3,813	3,813
Interest-bearing bank borrowings	204,164	189,341	-	-
Income tax payables	-	284	-	-
	225,295	209,760	8,377	7,269
Net current liabilities	(69,625)	(73,935)	(8,174)	(7,116)
Net assets	141,749	141,346	92,335	93,390
Share capital and reserves				
Share capital	5,042	5,042	5,042	5,042
Share premium	475,527	475,527	475,527	475,527
Merger reserve	65,939	65,939	65,939	65,939
Statutory reserves	166,883	166,883	-	-
Accumulated losses	(571,642)	(572,045)	(454,173)	(453,118)
Total equity	141,749	141,346	92,335	93,390



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 March 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Interest bearing bank borrowings	204,164	-	189,341	-

Amount repayable after one year

Not applicable.

Details of any collateral

Certain Group's assets were pledged against bills payable and bank loans of the Group. The aggregate carrying amount were:

	As at 31 March 2016 RMB '000	As at 31 December 2015 RMB '000
Land Use Right	15,006	15,097
Property, Plant and Equipment	95,200	97,019



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016**

- 1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	First Quarter	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flows from operating activities		
Profit before taxation	403	2,391
Adjustments for:		
Depreciation of property, plant and equipment	3,328	3,449
Depreciation of investment property	423	423
Amortization of land use rights	149	149
Amortization of intangible assets	7	7
Interest income	(5)	(55)
Interest expenses	2,053	3,188
Operating profits before working capital changes	6,358	9,552
Decrease/ (increase) in inventories	11,703	(3,507)
Decrease/ (increase) in trade receivables	1,806	(7,516)
(Increase)/ decrease in prepayments and other receivables	(3,406)	5,747
(Decrease)/ increase in trade and bills payables	(2,377)	26,051
(Increase)/ decrease in accrued liabilities and other payables	3,373	(693)
Net cash generated from operations	17,457	29,634
Income taxes	(284)	(655)
Net cash generated from operating activities	17,173	28,979
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(89)
Interest received	5	55
Net cash generated from/ (used in) investing activities	5	(34)
Cash flows from financing activities		
Proceeds from bank borrowings	90,074	19,000
Repayment of bank borrowings	(75,251)	(57,510)
Advances to third party	(22,000)	-
Increase in bank deposits pledged	-	(6,656)
Receipt/ (repayment) of loans from a director	-	(5,331)
Interest expenses	(2,053)	(3,188)
Net cash used in financing activities	(9,230)	(53,685)
Net increase/ (decrease) in cash and cash equivalents	7,948	(24,740)
Cash and cash equivalents at beginning of the period	6,161	33,820
Cash and cash equivalents at end of the period	14,109	9,080
Cash and bank balances at end of the period	14,109	18,836
Less: fixed deposits pledged	-	(9,756)
Cash and cash equivalents at end of the period	14,109	9,080



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016**

1(d)(i) A statement (for the Group and Company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Group						
At 1 January 2015 (Audited)	5,042	475,527	65,939	166,883	(576,902)	136,489
Total comprehensive income for the year	-	-	-	-	4,857	4,857
At 31 December 2015 (Audited)	5,042	475,527	65,939	166,883	(572,045)	141,346
Total comprehensive income for the period	-	-	-	-	403	403
At 31 March 2016 (Unaudited)	5,042	475,527	65,939	166,883	(571,642)	141,749

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Company						
At 1 January 2015 (Audited)	5,042	475,527	65,939	-	(448,687)	97,821
Total comprehensive income for the year	-	-	-	-	(4,431)	(4,431)
At 31 December 2015 (Audited)	5,042	475,527	65,939	-	(453,118)	93,390
Total comprehensive income for the period	-	-	-	-	(1,055)	(1,055)
At 31 March 2016 (Unaudited)	5,042	475,527	65,939	-	(454,173)	92,335



- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes to the issued and paid-up share capital of the Company since the end of the previous period reported on, up to 31 March 2016.

Details of the issued and paid-up share capital of the Company are as follows:

	As at 31 March 2016	As at 31 March 2015
Number of shares	992,250,000	992,250,000
Issued and paid up capital (S\$)	992,250	992,250

There were no outstanding convertibles or treasury shares held as at 31 March 2016 and 31 March 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 March 2016	As at 31 December 2015
Total number of issued shares	992,250,000	992,250,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.



2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	First Quarter 2016	2015
Basic earning per share (RMB cents)	0.04	0.21
Weighted average number of ordinary shares ('000)	992,250	992,250

The basic earnings per share has been calculated based on net profit attributable to shareholders divided by the weighted average number of ordinary shares of 992,250,000 for the first quarter ended 31 March 2016 and 31 March 2015.

There is no difference between the basic and diluted earnings per share.



7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group	
	As at 31 March 2016 Unaudited	As at 31 December 2015 Audited
Net assets value per share based on existing issued capital as at the respective period (RMB cents)	14.29	14.24
Number of ordinary shares in issue at the end of financial period/year ('000)	992,250	992,250

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Commentary on Financial Results

Revenue, Cost of Sales and Gross Profit

For the first quarter ended 31 March 2016 ("1Q 16"), the Group recorded revenue of RMB36.7 million, a decrease of RMB27.1 million or 42.5%, from RMB63.8 million for the first quarter ended 31 March 2015 ("1Q 15"). The backpack segment formed almost the entire revenue for the first quarter of the financial year ending 31 December 2016 ("FY 2016"), with insignificant contributions from the luggage segment as the Group continues to focus on backpacks segment.

Volume for backpacks decreased by approximately 0.4 million units or 21.1% from 1.9 million units to 1.5 millions units. This was due largely to the continued slow down in domestic consumption of local branded products.

Comparing 1Q 16 and 1Q 15, the average selling price ("ASP") for backpacks had also decreased by RMB8.4 or 24.9% from RMB33.8 in 1Q 15 to RMB25.4 in 1Q 16 as compared to the corresponding period.

Cost of sales during the period 1Q 16 had decreased by RMB23.2 million or 45.6%, as a result of the decrease in volume of the total number of units sold during the period.

The Group was able to generate a gross profit amounting to RMB9.1 million in 1Q 16, as compared to RMB13.1 million in 1Q 15. In 1Q 16, the gross profit margin for the backpacks segment had increased from 20.4% to 24.7%. This increase in gross profit margin was due to the slightly lower costs of raw materials used in the product mix sold



in 1Q 16, and certain costs savings in utilising the stock pile of raw materials since FY 2015.

Other operating income

The marginal decrease in other operating income of RMB0.1 million for 1Q 16 was due to the lower interest income earned on the deposits with the banks and also a decline in other sundry income during the period under review.

Operating expenses

(a) Administrative expenses

Our administrative expenses had decreased by approximately RMB1.0 million, from RMB7.5 million in 1Q 15 to RMB6.5 million in 1Q 16. This was due mainly to a decrease in:

- salaries and related expenses of RMB0.7 million;
- traveling and business expenses of RMB0.2 million; and
- others of RMB0.1 million.

The reduction was due largely to the Group's continued efforts to improve its efficiency by reorganizing its administrative activities.

(b) Finance costs

Our finance costs decreased by RMB1.1 million from RMB3.2 million in 1Q 15 to RMB2.1 million in 1Q 16. The decrease in 1Q 16 interest expense was due mainly to the lower interest rates being charged during the period as compared to the corresponding period in 1Q 15.

In addition, the average outstanding bank borrowings for 1Q 16 was lower than that of 1Q 15, and this also contributed to the overall decrease in interest expenses .

(c) Income tax expense

No income tax expenses were accrued for the period under review as the profitable entity has certain unutilised deferred tax benefits to offset against the current tax expenses.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Commentary on Financial Position

Non-current assets

Our non-current assets comprised mainly land use rights, intangible assets, property, plant and equipment and investment property.



Land use rights amounted to RMB25.6 million and RMB25.7 million as at 31 March 2016 and 31 December 2015, respectively. They comprised mainly the land use rights for Dapai (China) Bags Co., Ltd, Dapai (China) Co., Ltd and Dapai Anhui Co. Ltd ("Dapai Anhui"). The decrease was due mainly to the amortization of the land use rights during the financial period.

Net book value of property, plant and equipment amounted to RMB155.9 million and RMB159.2 million as at 31 March 2016 and 31 December 2015, respectively. Property, plant and equipment comprised mainly buildings, plant and machinery, furniture, fixtures, office equipment and motor vehicles. The decrease was due mainly to the depreciation charged during the financial period, amounting to RMB3.3 million.

The net book value of investment property amounted to RMB29.9 million and RMB30.3 million as at 31 March 2016 and 31 December 2015, respectively. The decrease was due to the depreciation charged during the financial period.

Current Assets

Our current assets comprised mainly inventories, trade receivables, prepayments and other receivables and cash and bank balances.

The decrease in inventories was due mainly to the Group utilizing the previously built up raw materials and work-in-progress in FY 15, which had been converted to finished goods as at 31 March 2016. In-addition, lesser purchases of raw materials were made in 1Q 16, thus contributing the overall decline in inventory levels.

Trade receivables amounted to RMB43.8 million and RMB45.6 million as at 31 March 2016 and 31 December 2015, respectively. The lower trade receivables as at 31 March 2016 was due to receipts, coupled with the contraction in sales during the 1Q 16 period, thus, lesser revenue and trade receivables were recognized. Based on the aging of the trade receivables, 28.4% (FY 15: 36.9%) are 30 days past due and not provided for.

These receivables relates to mainly to three debtors whom had been appointed distributors for our Group for at least 2 years and have had very good repayment records. They had previously requested for an extension of credit period, and had committed to settle all over due debts by FY 2015. However, due to certain financial difficulties and also slower receipts on their end, these debtors were unable to fulfil their commitment to settle all outstanding debts as at year end FY 15.

The Group had reached an agreement with these debtors to repay the debts over instalment period, ranging from nine months to twelve months in FY 2016 and all debts are to be settled by the expiry of the instalment agreement. As at date of this report, the instalments from these debtors had been collected. Therefore, the management is of the opinion that no additional provision for doubtful debts is required for these debtors.

Prepayments and other receivables amounted to RMB21.8 million and RMB18.4 million as at 31 March 2016 and 31 December 2015, respectively. The increase of RMB3.4 million during the period was due mainly to an increase in deposits, amounting



to RMB6.7 million, placed with suppliers for the purchase of raw materials for the production in the upcoming financial quarters in FY 2016, partially offset by the utilisation of VAT recoverable during the period of RMB3.3 million.

Advances to third party relates to a short term bridging loan, for operational cashflow and working capital purposes, amounting to RMB22.0 million, advanced to a supplier of the Group. This particular supplier has worked with the Group for several years and is of reliable and creditable financial standing. This advance is unsecured and for a period of 3 months beginning 14 March 2016 to 13 June 2016, with an interest rate of 6.96% per annum (which is higher than the average interest rates of approximately 6.0%, which the Group is currently servicing for its bank borrowings). This amount, together with the interest income will be collected on or before 13 June 2016.

Notwithstanding the advance made to the third party, the Board is of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group's positive cash flows generated from our operating activities, together with the credit facilities available to us and our existing cash and cash equivalents, the working capital available to us as at 31 March 2016, is sufficient for our present requirements and for the next 12 months.

Current Liabilities

Our current liabilities comprised mainly trade and bills payables, accrued liabilities and other payables, amount due to director, interest-bearing bank borrowings and income tax payables.

Trade and bills payables amounted to RMB7.7 million and RMB10.1 million as at 31 March 2016 and 31 December 2015, respectively. The decrease was due mainly to the Group making payments to suppliers and to clear the bills payables.

Accrued liabilities and other payables amounted to RMB9.6 million and RMB6.3 million as at 31 March 2016 and 31 December 2015, respectively. Accrued liabilities and other payables comprised mainly accrued liabilities (mainly accrued wages, insurance and staff welfare), other payables and advance payments from customers (mainly deposits received from overseas customers). The increase was due to receipts of customers' deposits, coupled with a marginal increase in accrued liabilities.

The loans from a director was due to advances given to the Company for making payments for operating activities at the listed holding entity level.

Interest-bearing bank borrowings amounted to RMB204.2 million and RMB189.3 million as at 31 March 2016 and 31 December 2015, respectively. The increase was due mainly to the additional borrowings during the financial period.

The reduction of income tax payables was due largely to the payment of last year's income tax payables during 1Q 16.

Commentary on Cash Flow

Cash and cash equivalents amounted to RMB14.1 million and RMB9.1 million as at 31



March 2016 and 31 March 2015, respectively.

For 1Q 16, net cash generated from operating activities amounted to approximately RMB17.5 million.

The net cash used in financing activities was mainly due to the advance to third party of RMB22.0 million and interest expenses of RMB2.1 million during the period. However, net receipts from additional bank borrowings, amounting to approximately RMB14.8 million, partially offset the overall net cash used in financing activities for the period.

As a result, the net increase in cash and cash equivalents for 1Q 16 amounted to approximately RMB7.9 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 26 February 2016.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As seen in the 1Q 16 financial performance, the Group continued to face the challenge of demand contraction and overall sales had not picked up as consumers continue to choose from more renowned international brands, when compared to domestic brands.

The Group will continue to work closely with our distributors, to its best endeavours, to market the right product mix so as to continue to turn in a positive financial performance and cashflow position.

As at 31 March 2016, the Group had been maintaining and renewing its short term borrowings to manage its negative working capital position. As at the date of this announcement, the management and the Executive Chairman, are not aware of any adverse circumstances that might cause the financial institutions to withdraw credit facilities granted to the Group. The Group still has unutilised credit facilities amounting to approximately RMB59.8 million with its principal bankers. Therefore, the Group believes that it will be able to meet its short term obligations and to continue to operate as a going concern.

With reference to the Company's announcements from February to April 2016, the Company had made an application to the SGX-ST for the listing and quotation of the placement shares, and also announced that it had entered into a Memorandum of Understanding ("MOU") with the controlling shareholder of Smart Traffic Co., Ltd ("Smart Traffic"), in relation to the proposed acquisition by the Company of a substantial interest in Smart Traffic held by the controlling shareholder in connection with the potential reverse takeover of the Company, and the transfer of listing of and



quotation for the shares from the SGX-ST Main Board to the SGX-ST Catalist ("Proposed Acquisition").

Pursuant to the MOU, the parties will negotiate in good faith the terms and conditions of the definitive agreements with the view to executing the same by no later than 31 March 2016 (or such date as may be agreed by the parties). Subsequently, on 1 April 2016, the Company announced that an extension of time till a further date, mutually agreeable by all parties, to enter into definitive agreement(s) in relation to the Proposed Acquisition.

On 5 April 2016, SGX- ST also approved the Company's application for extension of time till 5 September 2016 to meet the requirements of listing rule 1314 for exit from the Watch-list based on the financial entry criteria.

The Company completed the placement of 198,450,000 new ordinary shares on 22 April 2016. The net proceeds of approximately S\$1.5 million will be applied for the purpose of the Proposed Acquisition and related due diligence purposes.

Save as previously disclosed, no material development that may have a significant impact on the financial position of the Group has occurred since the last update.

The Company will make further announcement(s) to update shareholders as and when appropriate.

In the meantime, shareholders of the Company and potential investors should exercise caution when trading in the shares, and where in doubt as to the action they should take, they should consult their financial, tax, legal or other professional advisers.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended or declared for the quarter ended 31 March 2016.



PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

15. **A breakdown of sales.**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

17. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Chen Yi	S\$147,000*	NIL

* Ms Chen Yi, daughter of Mr. Chen Xizhong (our Company's Executive Chairman, Director and controlling shareholder), has 45% of the shareholding interest in Anhui Sanda Textile Technology Co. Ltd, which the Group had leased its Anhui facility to. The aggregate amount of lease rental collected by the Group this financial period had been rounded up to the nearest thousand.

Loan from a director, Mr. Chen Xizhong, amounting to RMB3.9 million was still outstanding as at 31 March 2016. The loan is unsecured, interest-free, and it is for



the benefit of the Group's operational cashflow. The loan is repayable within 6 months of any notice of demand for repayment from the lender.

The Audit Committee of the Company is of the view that the transaction which is interest free and other than that is on normal commercial terms, is not prejudicial to the interests of the Company and its minority shareholders.

18. Utilisation of the Placement Proceeds

The following table sets out the breakdown of the use of proceeds from the placement as at date of the announcement:

Purpose of Proceeds (\$'000)	Amount allocated	Amount utilised	Balance	% used
(1) Due Diligence for the Proposed Acquisition	305,500	-	305,500	0%
(2) Costs and expenses (including professional fees) to be incurred for the Proposed Acquisition	1,222,100	-	1,222,100	0%
(3) Listing expenses	60,000	-	60,000	0%
	<u>1,587,600</u>	<u>-</u>	<u>1,587,600</u>	<u>0%</u>

19. Negative Assurance

Statement Pursuant to SGX Listing Rule 705(5) of the Listing Manual

We, Chen Xizhong and Chua Meng Hing, being two of the directors of Dapai International Holdings Co. Ltd. (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chen Xizhong
Executive Chairman

Chua Meng Hing
Independent Director

13 May 2016

BY ORDER OF THE BOARD

Chen Xizhong
Executive Chairman

13 May 2016