

QINGMEI GROUP HOLDINGS LIMITED

清美集團控股有限公司

(Incorporated in the Cayman Islands with registration number CT-230192)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE RESIGNATION AND APPOINTMENT OF EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“ANNOUNCEMENT”)

In response to the queries raised by the SGX-ST in its email dated 26 May 2014, the Board of Directors of QingMei Group Holdings Limited (the “Company”) would like to provide the following explanation in relation to the Announcement dated 15 May 2014:-

Query 1:

1. We refer to the Company’s announcement of 15 May 2014 on the appointment of Mr. Su Shu Biao as the new Executive Chairman and Chief Executive Officer of the Company. It was disclosed that Mr Su Shu Biao, the existing Executive Director who is also in charge of finances of the Company has been appointed as the new Executive Chairman and Chief Executive Officer of the Company in place of Mr. Su Qingyuan, with effect from 16 May 2014.
 - (i) Please advise whether the Company will be/has already appointed a new head of finance in view that Mr. Su Shu Biao who is in charge of finances will be redesignated as the new Executive Chairman and Chief Executive Officer of the Company.

Company’s Response:

As disclosed in the “APPOINTMENT OF FINANCIAL CONTROLLER” announcement dated 30 April 2014, Mr. Lai Ming Tak (“Mr. Lai”) has been newly appointed as Financial Controller of the Company with effect from 1 May 2014 in place of the ex-Chief Financial Officer, Mr. Jackson Tso Sze Wai, who had resigned with effect from 20 May 2014. In light of (1) Mr. Lai’s working experience, qualifications and date of joining the Company, (2) the resignation of Mr. Su Qingyuan as Chairman and Chief Executive Officer (“CEO”) of the Company with effect from 16 May 2014, the Audit Committee after much deliberation, agreed as an interim action, to allow Mr. Su Shu Biao to be responsible for the finances of the Company during the next 3 months with the assistance from Mr. Lai. The above arrangement is aimed to allow Mr. Lai sufficient time to familiarize with the entire finance function of the Group. The Board will review his performance within the next few months.

Query 2:

- (ii) To provide opinion from the Audit Committee of the Company whether they are of the view the arrangement of Mr Su Shu Biao to spearhead the Company and concurrently be in charge of finances of the Company is appropriate. To also provide Audit Committee's views on whether the Company has sufficient oversight and experience in the finance and accounting function.

Company's Response:

The Audit Committee holds the view that Mr. Su Shu Biao should not have duo roles of both the Company's CEO as well as in charge of financial matters. However, the Audit Committee is satisfied with the last 3 years internal control reviews performed by Wong Lam Leung & Kwok C.P.A. Limited, Hong Kong, as well as the joint audit carried out between BDO Limited, Hong Kong & BDO LLP, Singapore. The professionalism carried out by Mr. Su Shu Biao in the past has been above satisfactory with respect to his ability to carry out his financial responsibility shoulders by his appointment as an Executive Director, and the Audit Committee is of the view that his new appointment as the new CEO of the Company shall be carried out without any contingent conflict of interest between the 2 roles.

In addition, the Audit Committee opined that, with the assistance of the new Financial Controller, whom the Audit Committee has reviewed and considered his appointment suitable and timely to assist Mr. Su Shu Biao during this transition period will be of great value to Mr. Su Shu Biao by providing the necessary 'check & balance' mechanism within the top management.

Submitted by Mr. Su Shu Biao, Executive Chairman and Chief Executive Officer, on 28 May 2014 to the SGX-ST