

DAPAI INTERNATIONAL HOLDINGS CO. LTD.

(Company Registration No. 41211)

(Incorporated in Bermuda)

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| (1) | PLACEMENT |
| (2) | MEMORANDUM OF UNDERSTANDING |
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(A) PLACEMENT

The Board of Directors of Dapai International Holdings Co. Ltd. ("**Company**") and together with its subsidiaries, "**Group**") wishes to announce that it has on 16 February 2016, entered into placement agreements (collectively, the "**Placement Agreements**") with the persons named in the section below (together, "**Placees**"), pursuant to which the Placees will subscribe for, and the Company will allot and issue to the Placees, an aggregate of 198,450,000 new ordinary shares (each a "**Placement Share**") in the capital of the Company ("**Proposed Placement**").

The issue price of each Placement Share is S\$0.0080 ("**Issue Price**"), with the aggregate placement consideration amounting to S\$1,587,600.00.

Issue Price

The Issue Price represents a discount of approximately 6.8% to the volume weighted average price of S\$0.0086 for trades done on the shares of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 10 February 2016, being the last full trading day on which trades in the Company's shares were recorded before a trading halt was imposed on 12 February 2016 prior to the signing of the Placement Agreements.

The Issue Price was arrived at following arm's length negotiations between the Company and the Placees.

Exemption

The Proposed Placement is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

The Placement Shares will only be issued to the Placees and will not be issued to any of the persons listed in Rule 812(1)(a) to (d) of the SGX-ST Listing Manual and will be in compliance with Rule 812.

Authority for Issue of Shares

The Placement Shares will be issued pursuant to the general share issue mandate approved by shareholders of the Company ("**Shareholders**") at the Company's annual general meeting held on 29 April 2015 ("**General Mandate**"). As such, no circular will be issued by the Company in connection with the Proposed Placement. As at 29 April 2015, the Company had 992,250,000 shares in issue. The Company has not issued any new shares from the date of the aforesaid annual general meeting to the date of this announcement.

The Placement Shares represent 20.00% of the existing issued shares of the Company as at the date of this announcement, and approximately 16.67% of the enlarged issued share capital of the Company immediately on completion of the Proposed Placement.

Conditions Precedent

Completion of the Proposed Placement is conditional upon:

- (a) the approval of the SGX-ST for the listing of and quotation for the Placement Shares being obtained, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Placees;
- (b) an extension of time to exit for the Company to exit the watch-list under which it was placed on 5 March 2014 pursuant to Rule 1311 of the Listing Manual being granted by the SGX-ST to the Company on terms reasonably acceptable to the Company and the Placees;
- (c) due diligence investigations by the Placees on the Group, and by the Company on the Placees, if required by such parties, being satisfactory;
- (d) the transactions contemplated in the Placement Agreements not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreements by any legislative, executive or regulatory body or authority of Singapore which is applicable to either the Company or the Placees; and
- (c) the representations, warranties and undertakings by the Company and the Placees remaining true and correct in all material respects and each of them having performed all of its/his obligations under the Placement Agreements to be performed on or before completion.

If any of the conditions is not satisfied on or before 31 March 2016, the Proposed Placement will not proceed.

Placees

In accordance with Rule 810(2) of the SGX-ST Listing Manual, as no placement agent has been appointed for the Proposed Placement, the identity of the Placees, details on how the Placees were identified and the rationale for placing to the Placees are set out in the following paragraphs.

The Placement Shares are allocated amongst the following Placees:

<u>Name</u>	<u>Number of Placement Shares</u>	<u>Placement Shares as a percentage of the existing share capital of the Company (%)</u>	<u>Placement Shares as a percentage of the enlarged share capital of the Company (%)</u>
Ms. Jittima Udayachalerm	39,690,000	4.00	3.33
Ms. Phakaraphan Sunanthanet	39,690,000	4.00	3.33
Mr. Thanaphat Cheeprommanee	39,690,000	4.00	3.33
Mrs. Wasana Waiprib	39,690,000	4.00	3.33
Mr. Yuthana Phnumaphorn	39,690,000	4.00	3.33
Total	198,450,000	20.00	16.67

The Placees are separate private investors who are not related to each other and are not persons restricted under Rule 812(1) of the SGX-ST Listing Manual. The Placees are also holding their Placement Shares for their own benefit and not in trust or as a nominee. The Placees were introduced to the Company by a business associate of the Company, and are subscribing for the Placement Shares for investment purposes. None of the Placees have any intention of influencing management of, or exercising control over, the Company. As such, none of the Placees are intending to acquire additional shares in the Company such that his shareholding in the Company will reach 15% or more of the enlarged issued and paid-up share capital of the Company at any time.

No commissions or fees whatsoever are payable by the Company to any person for such introduction.

Rationale and Use of Proceeds

The Directors are of the opinion that after taking into consideration the present bank facilities, the working capital of the Group is sufficient to meet its present requirements. Notwithstanding the above, the Company has decided to undertake the Proposed Placement as explained below.

The Company is undertaking the Proposed Placement to raise funds for undertaking the Proposed Transaction (as defined below) and the placement proceeds shall be applied solely for the purposes of paying for the costs and expenses (including professional fees) to be incurred in connection with the Proposed Transaction. Assuming completion, the net proceeds from the Proposed Placement, after deducting expenses of approximately S\$60,000.00, will be approximately S\$1,527,600.00.

Ranking

The Placement Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the then existing issued shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Placement.

Moratorium

There is no moratorium imposed on the Placement Shares.

Financial Effects

As at the date of this announcement, the issued and paid-up share capital of the Company is S\$992,250.00, comprising 992,250,000 shares. On completion, the issued and paid-up share capital will increase to approximately S\$2,579,850.00 comprising 1,190,700,000 shares.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014:

- (a) assuming the Proposed Placement was completed on 1 January 2014 with all the Placement Shares being in issue during the period, the net profit per share of the Group after adjusting for the Placement Shares will decrease from S\$0.0020 to S\$0.0017; and
- (b) assuming the Proposed Placement was completed on 31 December 2014, the net asset value per share of the Group after adjusting for the Placement Shares and the net proceeds of the Proposed Placement will decrease from S\$0.029 to S\$0.026.

The above computations are purely for illustrative purposes only and do not reflect the actual financial results and position of the Group after completion of the Proposed Placement.

Additional Listing Application

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Mainboard of the SGX-ST. The Company will make the necessary announcement in due course upon obtaining the approval in-principle from the SGX-ST.

(B) MEMORANDUM OF UNDERSTANDING

The Company also wishes to announce that it has today entered into a memorandum of understanding ("**MOU**") with Ms. Pornpan Sirivongse Na Ayudhya ("**SM Controlling Shareholder**"), 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 SM Controlling Shareholder in connection with the potential reverse takeover of the Company ("**Proposed Acquisition**") and the transfer of listing of and quotation for the Shares from the SGX-ST Main Board to the SGX-ST Catalist (collectively "**Proposed Transaction**")

Smart Traffic

Smart Traffic is a system integrator in Thailand providing solutions based on contactless smart card, and provides a wide range of cutting-edge software solutions and integrated hardware components for toll revenue collection systems, parking revenue collection and management systems, pre-paid cash card systems, reward and loyalty management systems, access control systems, and traffic management systems to both private enterprises and government agencies. Amongst others, its clients include the Department of Highway, Expressway Authority of Thailand, Central Group, Siam Paragon, Emporium Shopping Complex, The Mall Group, and Major Cineplex Group.

Rationale

Through the Proposed Transaction, the Company envisages it will be able to acquire a profitable business with a credible operating track record and capitalise on the growth opportunities of the exciting industry in which Smart Traffic is engaged, which will go towards enhancing long-term shareholder value.

Consideration

The consideration for the Proposed Acquisition shall take into consideration, amongst others, the financial position and business track record and prospects of Smart Traffic, and be further subject to independent valuation ("**Acquisition Consideration**"). The Acquisition Consideration shall be satisfied by the issue and allotment of new Shares ("**Acquisition Consideration Shares**"), at such issue price per Acquisition Consideration Share to be mutually agreed

Conditions Precedent

Completion of the Proposed Transaction ("**Completion**") shall be subject to conditions precedent typically required for transactions of such nature, including amongst others:

- (a) the SM Controlling Shareholder being satisfied with the results of his due diligence on the Group;
- (b) the Company being satisfied with the results of its due diligence on Smart Traffic;

- (c) the Proposed Transaction and the issue of the Acquisition Consideration Shares being approved by the SGX-ST, the receipt of approval in-principle of the SGX-ST for the admission to the SGX-ST Catalist and the listing of and quotation for all the Acquisition Consideration Shares on the SGX-ST Catalist, and the exit of the Company from the SGX-ST watch-list under Rule 1314 of the Listing Manual;
- (d) the representation, warranties and undertakings of the parties being true and correct in all material respects as of Completion, and each party having duly performed all the obligations to be performed by it under the definitive agreements;
- (e) no material adverse change in the existing or prospective legal, financial, operational, contractual, business, tax and other positions of Smart Traffic and the Group occurring on or before Completion;
- (f) the Securities Industry Council ("**SIC**") having granted the SM Controlling Shareholder and his concert parties a waiver of their obligation to make a mandatory offer under Rule 14 of the Singapore Code on Takeovers and Mergers for the Shares not held by them subject to (i) any conditions that the SIC may impose which are reasonably acceptable to the parties; and (ii) shareholders of the Company approving at an extraordinary general meeting of the Company ("**EGM**") the whitewash resolution for the waiver of the rights of the independent shareholders to receive the mandatory offer ("**Whitewash Resolution**");
- (g) the Whitewash Resolution being duly passed at the EGM;
- (h) the Proposed Transaction, the issue of the Acquisition Consideration Shares, the transactions contemplated under the definitive agreements (where applicable) and to the extent required, the transactions pursuant to the requirements imposed by the SGX-ST Listing Manual (including any share consolidation) being approved by the shareholders at the EGM;
- (i) all approvals, authorisation, licences and waivers as may be required or appropriate for or in connection with the Proposed Transaction or the transactions contemplated in the definitive agreements and to carry on the business of the proforma group comprising the Group and Smart Traffic having been obtained and not withdrawn or revoked;
- (j) the Company having obtained a report from an independent valuer supporting the Acquisition Consideration, in such form and substance acceptable to the parties;
- (k) the Shares remaining listed on the SGX-ST and not having been halted or suspended from trading for a period of more than 10 market days in aggregate unless in circumstances where such trading halt or suspension is in connection with the Proposed Transaction or the definitive agreements; and
- (l) no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making any of the transactions contemplated under the definitive agreements illegal or otherwise prohibiting consummation thereof.

Definitive Agreements

Pursuant to the MOU, the parties will negotiate in good faith the terms and conditions of the definitive agreements with a view to executing the same by no later than 31 March 2016 (or such other date as may be agreed by the parties).

(C) INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Transaction (other than their direct or indirect shareholdings in the Company).

(D) DOCUMENT AVAILABLE FOR INSPECTION

A copy each of the Placement Agreements and MOU are available for inspection at 143 Cecil Street, #17-00 GB Building, Singapore 069542 during normal business hours for a period of three (3) months commencing from the date of this announcement.

(E) FURTHER ANNOUNCEMENTS

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.

By Order of the Board

Chen Xizhong
Executive Chairman

16 February 2016