



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

RESPONSE TO SGX-ST'S QUERIES ON "EMPHASIS OF MATTER IN THE INDEPENDENT AUDITOR'S REPORT"

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:-

1. SGX-ST's Query

We refer to the "Emphasis of Matter in the Independent Auditors' Report" (the "Announcement") of Dapai International Holdings Co. Ltd., (the "Company") announced on 6 April 2016. The Independent Auditor had opined that "The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group and the Company to continue as going concerns and to realize their assets and discharge their liabilities in the ordinary course of business".

For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's "Emphasis of Matter" on the Company's ability to operate as a going concern, please provide the following information:-

- a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.
- b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's response

- a) The Board is of the opinion that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2015 is appropriate after taking into consideration the following factors:
 - (i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

- (ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group. As at 31 December 2015, the Group has unutilised credit facilities amounting to approximately RMB74,659,000 (2014: RMB84,622,000) with its principal bankers.
- b) With reference to the said announcement dated 6 April 2016, the Board would like to highlight that the following had been confirmed:

“The Board (i) is in the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.”

BY ORDER OF THE BOARD

Chen Xizhong
Executive Chairman

11 April 2016