

DAPAI INTERNATIONAL HOLDINGS CO. LTD.

(Company Registration No. 41211)

(Incorporated in Bermuda)

("Company")

**MEMORANDUM OF UNDERSTANDING ("MOU")
- TERMINATION**

The Board of Directors of the Company refers to the announcements of the Company on 17 February 2016, 4 March 2016, 1 April 2016, 5 April 2016, 5 September 2016, 8 September 2016 and 14 September 2016 relating to, amongst others, the MOU in relation to the Proposed Acquisition ("**Announcements**"). Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the Announcements.

As mentioned in the Announcements, notwithstanding that, *inter alia*, the conditions precedent for the MOU were not satisfied before 31 March 2016, the Company and the SM Controlling Shareholder had in good faith continued negotiations in relation to the Proposed Acquisition.

The Board now wishes to update shareholders that on 7 December 2016, the MOU in relation to the Proposed Acquisition had been terminated ("**Termination**"). Following the Termination, the parties will cease negotiations on the MOU and will not proceed with entry into any definitive agreement.

The Company will continue to look for other acquisition and business opportunities to increase value for shareholders.

By Order of the Board

Chen Xizhong
Executive Chairman

7 December 2016