



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

UNAUDITED FIRST QUARTER
FINANCIAL STATEMENTS
AND DIVIDEND ANNOUNCEMENT

FOR THE PERIOD ENDED 31 MARCH 2014



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014**

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		
	2014	2013	%
	RMB'000	RMB'000	Change
	Unaudited	Unaudited	
Revenue	48,565	90,889	(46.6)
Cost of sales	(35,489)	(79,602)	(55.4)
Gross profit	13,076	11,287	15.9
Other operating income	373	79	372.2
Selling and distribution expenses	(1,592)	(3,782)	(57.9)
Administrative expenses	(8,007)	(14,329)	(44.1)
Finance costs	(3,543)	(4,599)	(23.0)
Profit/ (loss) before taxation	307	(11,344)	(102.7)
Income tax expense	-	-	NM
Profit/ (loss) attributable to shareholders	307	(11,344)	(102.7)
Other comprehensive income	-	-	-
Total comprehensive income/ (loss) attributable to shareholders	307	(11,344)	(102.7)
Gross profit margin	26.9%	12.4%	
Profit/ (loss) before tax margin	0.6%	-12.5%	
Net profit/ (loss) after tax margin	0.6%	-12.5%	
Basic EPS (RMB cents)	0.03	-1.14	
Fully diluted EPS (RMB cents)	0.03	-1.14	

NM: Not Meaningful



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014**

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		
	2014	2013	%
	RMB'000	RMB'000	Change
	Unaudited	Unaudited	
(a) Income statement includes the following:			
Amortisation of land use rights	147	149	(1.3)
Amortisation of intangible assets	7	7	-
Depreciation of property, plant and equipment	4,197	4,199	(0.0)
Interest expenses	3,544	4,599	(22.9)
Exchange (gain)/ loss	(235)	125	(288.0)
(b) Other operating income comprises:			
Interest income	89	79	12.7
Government awards and incentives	226	-	NM
Other sundry income	58	-	



**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014**

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 2014 RMB '000 Unaudited	As at 31 December 2013 RMB '000 Audited	As at 31 March 2014 RMB '000 Unaudited	As at 31 December 2013 RMB '000 Audited
Non-Current assets				
Land use rights	26,759	26,906	-	-
Intangible assets	108	115	-	-
Property, plant and equipment	217,747	221,380	-	-
Investment in subsidiaries	-	-	102,357	104,339
	244,614	248,401	102,357	104,339
Current assets				
Inventories	57,945	48,477	-	-
Trade receivables	23,778	45,413	-	-
Prepayment and other receivables	17,760	17,504	45	43
Cash and bank balances	28,168	15,261	934	367
	127,651	126,655	979	410
Less: Current Liabilities				
Trade payables	26,860	17,061	-	-
Accrued liabilities and other payables	3,936	6,952	1,459	1,895
Amount due to director	15,000	15,000	-	-
Interest-bearing bank borrowings	199,000	208,881	-	-
Income tax payables	-	-	-	-
	244,796	247,894	1,459	1,895
Net current liabilities	(117,145)	(121,239)	(480)	(1,485)
Net assets	127,469	127,162	101,877	102,854
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	(585,922)	(586,229)	(444,631)	(443,654)
Total equity	127,469	127,162	101,877	102,854



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014**

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 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Interest bearing bank borrowings	199,000	-	208,881	-

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 2014 RMB '000	As at 31 December 2013 RMB '000
Land Use Right	26,759	26,906
Property, Plant and Equipment	142,331	144,965



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014**

- 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	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash flows from operating activities		
Profit/ (loss) before taxation	307	(11,343)
Adjustments for:		
Depreciation of property, plant and equipment	4,197	4,199
Amortization of land use rights	147	149
Amortization of intangible assets	7	7
Interest income	(89)	(79)
Interest expenses	3,544	4,599
Operating profits/ (loss) before working capital changes	8,113	(2,468)
(Increase)/ decrease in inventories	(9,468)	8,199
Decrease in trade receivables	21,635	1,301
(Increase)/ decrease in prepayments and other receivables	(256)	36,163
Increase/ (decrease) in trade and bills payables	9,799	(18,363)
Decrease in accrued liabilities and other payables	(3,016)	(2,197)
Net cash generated from operations	26,807	22,635
Income taxes	-	-
Net cash generated from operating activities	26,807	22,635
Cash flows from investing activities		
Acquisition of property, plant and equipment	(564)	(2,032)
Interest received	89	79
Net cash (used in)/ generated from investing activities	(475)	(1,953)
Cash flows from financing activities		
Repayment of bank borrowings	(9,881)	(8,049)
Increase in bank deposits pledged	(11,000)	(10,590)
Interest expenses	(3,544)	(4,599)
Net cash used in financing activities	(24,425)	(23,238)
Net increase/ (decrease) in cash and cash equivalents	1,907	(2,556)
Cash and cash equivalents at beginning of the period	7,261	29,312
Cash and cash equivalents at end of the period	9,168	26,756
Cash and bank balances at end of the year	28,168	40,886
Less: fixed deposits pledged	(19,000)	(14,130)
Cash and cash equivalents at end of the period	9,168	26,756



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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014**

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 2013 (Audited)	5,042	475,527	65,939	166,883	(591,132)	122,259
Total comprehensive income for the year	-	-	-	-	4,903	4,903
At 31 December 2013 (Audited)	5,042	475,527	65,939	166,883	(586,229)	127,162
Total comprehensive income for the period	-	-	-	-	307	307
At 31 March 2014 (Unaudited)	5,042	475,527	65,939	166,883	(585,922)	127,469

	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 2013 (Audited)	5,042	475,527	65,939	-	(438,125)	108,383
Total comprehensive loss for the year	-	-	-	-	(5,529)	(5,529)
At 31 December 2013 (Audited)	5,042	475,527	65,939	-	(443,654)	102,854
Total comprehensive income for the period	-	-	-	-	(977)	(977)
At 31 March 2014 (Unaudited)	5,042	475,527	65,939	-	(444,631)	101,877



- 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 2014.

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

	As at 31 March 2014	As at 31 March 2013
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 2014 and 31 March 2013.

- 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 2014	As at 31 December 2013
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 2013.

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	
	2014	2013
Basic earning/ (loss) per share (RMB cents)	0.03	(1.14)
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 2014 and 31 March 2013.

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 2014 Unaudited	As at 31 December 2013 Audited
Net assets value per share based on existing issued capital as at the respective period (RMB cents)	12.85	12.82
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 2014 ("1Q 14"), the Group recorded revenue of RMB48.5 million, a decrease of RMB42.4 million or 46.6%, from RMB90.9 million for the first quarter ended 31 March 2013 ("1Q 13"). The backpack segment formed substantially all the revenue for the quarter representing 99.8% of the total revenue with the luggage segment making only 0.2% of total revenue.

Volume for backpacks decreased by approximately 75,000 units or 4.3% from 1.73 million units to 1.66 millions units, was due largely to the reduced number of distributors and points of sales, thus leading to lesser exposure to the mass market. In addition, the relevant display space granted to display our products had also reduced at these points of sales, thus ranges displayed had correspondingly reduced, leaving less options for consumers to select from.

Comparing 1Q 14 and 1Q 13, the average selling price for backpacks had reduced by RMB22.8 or 43.7% from RMB52.1 in 1Q 13 to RMB29.3 in 1Q 14 due to lower price range of backpacks being pushed to the mass market in 1Q FY2014 as compared to the corresponding period. This was the result of the Group's efforts to push out a better product mix that had better margins, though the products were of the lower price tier range.

The decrease in cost of sales during the period 1Q 14 by RMB44.1 million or 55.4%, was a direct correspondant to the decrease in volume of the total number of units sold



during the period. In addition, the change in the product mix sold in 1Q 14 was of a slightly less costly than those sold in 1Q 13, thus contributing to the overall decrease in cost of sales during the period under review. There was also better cost control in direct manufacturing costs, particularly in terms of direct materials and direct labour costs.

As a result of the above, the Group managed to bring about a gross profit amounting to RMB13.1 million in 1Q 14, as compared to RMB11.3 million in 1Q 13. In 1Q 14, the gross profit margin for the backpacks segment had improved from 12.3% to 26.9%, while the gross profit margin for the luggage segment had improved from 25.5% to 29.5%.

Other operating income

The increase in other operating income of RMB0.3 million for 1Q 14 was due to awards, incentives and subsidies awarded by the local provincial government of RMB0.2 million (1Q 13: nil) for the Dapai Group. Interest income for 1Q 14 remained comparable to the previous financial period.

Operating expenses

(a) Selling and distribution expenses

Our selling and distribution expenses had decreased by RMB2.2 million or 57.9% from RMB3.8 million in 1Q 13 to RMB1.6 million in 1Q 14. The significant decrease was due mainly to the decrease in:

- advertising and promotional expenses of RMB0.6 million;
- staff costs and related expenses of RMB1.1 million; and
- delivery and related expenses of RMB0.5 million.

(b) Administrative expenses

Our administrative expenses had decreased by approximately RMB6.3 million, from RM14.3 million in 1Q 13 to RMB8.0 million in 1Q 14. This was due mainly to a decrease in:

- salaries and related expenses of RMB5.4 million. The reduction was due largely to a headcount reduction, thus leading to a corresponding reduction in other staff welfare related expenses within the Group; and
- other expenses of RMB0.7 million.

In addition, further contributing to the above decline was an exchange gain amounting to RMB0.2 million in 1Q 14, in comparison to an exchange loss of RMB0.1 million in 1Q 13, due to the strengthening of the Chinese currency.

(c) Finance costs

Our finance costs decreased by RMB1.1 million from RMB4.6 million in 1Q 13 to RMB3.5 million in 1Q 14. The decrease in 1Q 14 interest expense was due mainly to



the decrease in the bank borrowings outstanding as at 1Q 14, which amounted to approximately RMB199.0 million, while 1Q 13 was RMB261.9 million.

(d) Income tax expenses

Income tax in 1Q 14 was nil as no provision for taxation expenses was required due to unabsorbed losses from previous years that can be used to offset the profits.

(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 comprise mainly land use rights, intangible assets, property, plant and equipment and investment in subsidiaries.

Land use rights amounted to RMB26.8 million and RMB26.9 million as at 31 March 2014 and 31 December 2013, respectively. They comprise 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 period.

Net book value of property, plant and equipment amounted to RMB217.7 million and RMB221.4 million as at 31 March 2014 and 31 December 2013, respectively. Property, plant and equipment comprise mainly buildings, plant and machinery, furniture, fixtures, office equipment, motor vehicles and construction in progress. The decrease was due mainly to the depreciation charged amounting to RMB4.2 million during the period. However, the decrease was partially offset by the new acquisitions of RMB0.6 million during the period.

Current Assets

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

The increase in inventories was due mainly to the Group holding on to higher levels of raw materials as the Group is preparing for the production in the coming months. In addition, the WIP were completed and transferred to finished goods in 1Q 14, which are scheduled to be delivered in the coming financial quarter.

Trade receivables amounted to RMB23.8 million and RMB45.4 million as at 31 March 2014 and 31 December 2012, respectively. The decline in overall sales for 1Q 14 also resulted in lower trade receivables for the period under review. In addition, the reduction of approximately RMB21.6 million was due mainly to the collection of debts. The Group will continue its efforts in the collection of debts to assist in the easing of cash outflow.

Prepayments and other receivables had remained comparable as VAT recoverable



remained comparable in 1Q 14 of RMB16.9 million (FY 13: 16.8 million), while other receivables had increase by RMB0.2 million.

Current Liabilities

Our current liabilities comprise mainly trade payables, accrued liabilities and other payables, interest-bearing bank borrowings.

Trade payables amounted to RMB26.9 million and RMB17.1 million as at 31 March 2014 and 31 December 2013, respectively. The increase was due mainly to the Group maximizing the credit terms given by the suppliers during the period, and conserving cash outflow.

Accrued liabilities and other payables amounted to RMB3.9 million and RMB7.0 million as at 31 March 2014 and 31 December 2013, respectively. Accrued liabilities and other payables comprise mainly accrued liabilities (mainly accrued wages, insurance and staff welfare), other payables and advance payments from customers (mainly deposits received from overseas customers). The decrease of RMB3.1 million was due to lesser accrued wages at end of the period.

Interest-bearing bank borrowings amounted to RMB199.0 million and RMB208.9 million as at 31 March 2014 and 31 December 2013, respectively. The decrease was due mainly to the repayment of bank borrowings during the period.

There was no provision for income tax payables for the period ended 31 March 2014 as the Group has unabsorbed losses from previous years that can be utilized to offset the profits generated in 1Q 14.

Commentary on Cash Flow

Cash and cash equivalents amounted to RMB9.2 million and RMB28.8 million as at 31 March 2014 and 31 March 2013, respectively.

For 1Q 14, net cash generated from operating activities amounted to approximately RMB26.8 million.

Net cash used in investing activities amounted to approximately RMB0.5 million, which was the direct result of the acquisition of property, plant and machinery of RMB0.6 million. The cash used were partially offset by interest received of RMB0.1 million.

Partially offsetting the overall cashflow was a repayment of bank borrowings, amounting to approximately RMB9.9 million and the increase in pledged bank deposits of RMB11.0 million. Interest payments of RMB3.5 million during the period also contributed to the overall cash used in financing activities. Therefore, resulting in the overall net cash used in financing activities of RMB24.4 million for the period ended 1Q 14.

As a result, the net increase in cash and cash equivalents for 1Q 14 amounted to approximately RMB1.9 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 27 February 2014.

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.

Following the cessation of the downward price adjustment strategy in 3QFY2012, the Group managed to turn around from a gross loss position in FY2012 to record gross and operating profits in FY2013. The Group is, and will continuously be, working closely with the existing remaining distributors to continue targeting mass market consumers with affordable products with decent margins, while controlling both manufacturing costs and overheads via the right sizing of its operations.

The industry still remains competitive and domestic customers are now more savvy, being exposed to international and foreign options. The management team will continue to closely monitor market developments and adjust its strategy accordingly. Barring unforeseen circumstances, management is cautiously optimistic that the financial performance of FY2014 will be better than FY2013.

Although the Group is in a negative working capital position, it has generated positive operating cash flow for FY2013 and 1Q 14, with adequate credit facilities. The Group has been maintaining and renewing its short term borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw credit facilities granted to the Group. As at date of reporting, the Group still has unutilised credit facilities amounting to approximately RMB151.0 million with its principal bankers. In-addition, the Group will continue to maintain and tighten cost controls to continue improving profitability and to generating positive operational cashflows. As such, the Group believes that it will be able to meet its short term obligations and to continue to operate as a going concern.

As disclosed previously, the Group had acquired land in Anhui Province with the intent of constructing a luggage manufacturing plant and such construction of the superstructure of the Anhui facility was completed in 4Q13. As the demand in the luggage segment remains very weak, management has deferred its plans to complete the manufacturing facilities which includes purchasing of the requisite equipment. The Group is currently assessing various alternatives to utilise the site in the meanwhile, including renting to other parties to generate income and cash flows for the Group.



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/recommendeded, a statement to that effect.

No dividend has been recommended or declared for the quarter ended 31 March 2014.

**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 \$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 \$100,000)
NIL	NIL	NIL

Loan from a director, Mr. Chen Xizhong, amounting to RMB15.0 million was still outstanding as at 31 March 2014. 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. 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 2014 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

6 May 2014

BY ORDER OF THE BOARD

Chen Xizhong
Executive Chairman
6 May 2014