



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

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Introduction

Pursuant to Listing Rule 1313(2), the Company wishes to provide the following quarterly update on the Company and its subsidiaries (collectively the "Group").

Update on Financial Performance and Position

The Group registered an unaudited net profit of approximately RMB4.8 million for the full year ended 31 December 2015 ("FY 15").

Although the Group experienced a contraction in sales revenue for the financial year FY 15, it managed to generate sufficient gross profits in the financial year to cover operating and administrative costs to revert from a loss position in the 6-months financial period ended 30 June 2015, to a profit before tax in FY 15. This turnaround in profitability was due largely to Group's efforts in implementing cost control policies, coupled with the Group's effort in right sizing the labour force to meet production efficiency.

The contraction in sales revenue and sales volume was due largely to the swing in consumer preferences towards more renowned international brand named products, when comparing to domestic brand named products in the PRC. In addition, price competition from smaller unknown brand names had also undercut their prices to remain competitive, resulting in consumers switching to their lower priced products. Therefore, Dapai's brand of products, being positioned in the middle segment of these two tiers of competitors, experienced such demand contraction.

Group's cash and bank balances as of 31 December 2015 stood at RMB6.2 million. The Group still has unutilized banking facilities of approximately RMB4.7 million with its principal bankers as at 31 December 2015.

Details of the Group's FY 15 unaudited financial results are contained in the Company's announcement on 26 February 2016 to the Singapore Exchange Securities Trading Limited.

Future Direction

The Board of Directors, together with the management, would like to highlight that the trend of a slow down in demand might continue to affect domestic sales as consumers continue to choose from more renowned international brands, when compared to domestic brands. In addition, price competition

continues to affect the industry as smaller unknown brand names/ players are cutting prices just to remain competitive.

The Group will continue to work closely with our distributors, to its best endeavours, to maintain the current trend.

With reference to the Company's announcement entitled, "The Placement and Memorandum of Understanding", dated 17 February 2016, the Company had put forth 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 announcements in due course upon obtaining the approval in-principal from the SGX- ST.

In-addition, the Company also announced that it had entered into a Memorandum of Understanding ("MOU") with 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 controlling shareholder in connection with the potential reverse takeover of the Company, and the transfer of listing of and quotation for the shares from the SGX-ST Main Board to the SGX-ST Catalist.

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

Save as previously disclosed, no material development that may have a significant impact on the financial position of the Group has occurred since the last update.

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
29 February 2016