



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

UNAUDITED THIRD QUARTER
AND NINE MONTHS FINANCIAL STATEMENTS
AND DIVIDEND ANNOUNCEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 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, for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Third Quarter			Nine Months		
	2014	2013	%	2014	2013	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	61,924	87,532	(29.3)	214,533	274,661	(21.9)
Cost of sales	(49,919)	(66,742)	(25.2)	(164,681)	(221,657)	(25.7)
Gross profit	12,005	20,790	(42.3)	49,852	53,004	(5.9)
Other operating income	1,144	135	747.4	1,886	1,162	62.3
Selling and distribution expenses	(1,095)	(2,110)	(48.1)	(3,899)	(9,283)	(58.0)
Administrative expenses	(7,925)	(12,088)	(34.4)	(27,937)	(45,001)	(37.9)
Finance costs	(3,739)	(4,429)	(15.6)	(11,017)	(12,750)	(13.6)
Profit/ (loss) before taxation	390	2,298	(83.0)	8,885	(12,868)	NM
Income tax (credit)/ expense	(118)	-	NM	(2,234)	4,307	NM
Profit/ (loss) attributable to shareholders	272	2,298	(88.2)	6,651	(8,561)	NM
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/ (loss) attributable to shareholders	272	2,298	(88.2)	6,651	(8,561)	NM
Gross profit margin	19.4%	23.8%		23.2%	19.3%	
Profit/ (loss) before tax margin	0.6%	2.6%		4.1%	(4.7%)	
Net profit/ (loss) after tax margin	0.4%	2.6%		3.1%	(3.1%)	
Basic and fully diluted EPS (RMB cents)	0.03	0.23		0.67	(0.86)	

NM - Not meaningful



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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:

	Third Quarter			Nine Months		
	2014	2013	%	2014	2013	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
	Unaudited	Unaudited		Unaudited	Unaudited	
(a) Income statement includes the following:						
Amortisation of land use rights	149	149	-	445	445	-
Amortisation of intangible assets	7	7	-	21	21	-
Depreciation of property, plant and equipment	4,078	4,072	0.1	12,467	12,451	0.1
Interest expenses	3,739	4,429	(15.6)	11,017	12,750	(13.6)
Exchange losses/ (gains)	45	215	(79.1)	(615)	1,176	NM
(b) Other operating income comprises:						
Interest income	66	135	(51.1)	198	322	(38.5)
Government awards and incentives	13	-	NM	264	840	(68.6)
Rental lease income	686	-	NM	915	-	NM
Gain on disposal of property, plant and equipment	284	-	NM	284	-	NM
Other sundry income	94	-	NM	225	-	NM

NM - Not meaningful



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**UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND
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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 30 September 2014 RMB '000 Unaudited	As at 31 December 2013 RMB '000 Audited	As at 30 September 2014 RMB '000 Unaudited	As at 31 December 2013 RMB '000 Audited
Non-Current assets				
Land use rights	26,461	26,906	-	-
Intangible assets	94	115	-	-
Property, plant and equipment	175,408	221,380	-	-
Investment property	32,436	-	-	-
Investment in subsidiaries	-	-	100,509	104,339
	234,399	248,401	100,509	104,339
Current assets				
Inventories	44,686	48,477	-	-
Trade receivables	52,293	45,413	-	-
Prepayment and other receivables	14,879	17,504	43	43
Cash and bank balances	29,196	15,261	806	367
	141,054	126,655	849	410
Less: Current Liabilities				
Trade and bills payables	13,831	17,061	-	-
Accrued liabilities and other payables	4,547	6,952	2,200	1,895
Amount due to director	10,279	15,000	-	-
Interest-bearing bank borrowings	212,865	208,881	-	-
Income tax payables	118	-	-	-
	241,640	247,894	2,200	1,895
Net current liabilities	(100,586)	(121,239)	(1,351)	(1,485)
Net assets	133,813	127,162	99,158	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	(579,578)	(586,229)	(447,350)	(443,654)
Total equity	133,813	127,162	99,158	102,854



1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 30 September 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Interest- bearing bank borrowings	212,865	-	208,881	-

Amount repayable after one year

Not Applicable.

Details of any collateral

Certain Group's assets were pledged against interest-bearing bank borrowings of the Group. The aggregate carrying amount were:

	As at 30 September 2014 RMB '000	As at 31 December 2013 RMB '000
Land Use Rights	26,461	26,906
Property, Plant and Equipment	106,115	144,965
Investment property	32,436	-



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**UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND
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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

	Third Quarter		Nine Months	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from operating activities				
Profit/ (loss) before taxation	390	2,298	8,885	(12,868)
Adjustments for:				
Depreciation of property, plant and equipment	4,078	4,072	12,467	12,451
Amortisation of land use rights	149	149	445	445
Amortization of intangible assets	7	7	21	21
Gain on disposal of property, plant and equipment	(284)	-	(284)	-
Interest income	(66)	(135)	(198)	(322)
Interest expenses	3,739	4,429	11,017	12,750
Operating profit before working capital changes	8,013	10,820	32,353	12,477
(Increase)/ decrease in inventories	(7,957)	(9,280)	3,791	(16,007)
Decrease/ (increase) in trade receivables	10,505	17,851	(6,879)	18,643
(Increase)/ decrease in prepayments and other receivables	(391)	4,032	2,625	36,579
Increase/ (decrease) in trade and bills payables	1,054	(38,429)	(3,230)	(24,430)
(Decrease)/ increase in accrued liabilities and other payables	(1,118)	201	(2,406)	(3,426)
Net cash generated from/ (used in) operations	10,106	(14,805)	26,254	23,836
Income tax (paid)/ refund	(777)	-	(2,116)	4,307
Net cash generated from/ (used in) operating activities	9,329	(14,805)	24,138	28,143
Cash flows from investing activities				
Acquisition of property, plant and equipment	(27)	(2,616)	(1,335)	(5,317)
Proceeds from sale of property, plant and equipment	2,688	-	2,688	-
Interest received	66	135	198	322
Net cash generated from/ (used in) investing activities	2,727	(2,481)	1,551	(4,995)
Cash flows from financing activities				
Interest-bearing bank borrowings (repayment)/ obtained	(7,000)	16,559	3,984	(7,131)
Amount (repaid)/ advanced from a director	(856)	3,000	(4,721)	3,000
(Increase)/ decrease in fixed deposits pledged	(3,100)	5,100	(100)	(2,760)
Interest expenses	(3,739)	(4,429)	(11,017)	(12,750)
Net cash (used in)/ generated from financing activities	(14,695)	20,230	(11,854)	(19,641)
Net (decrease)/ increase in cash and cash equivalents	(2,639)	2,944	13,835	3,507
Cash and cash equivalents at beginning of the period	23,735	29,875	7,261	29,312
Cash and cash equivalents at end of the period	21,096	32,819	21,096	32,819
Cash and bank balances at end of the period	29,196	39,119	29,196	39,119
Less: fixed deposits pledged	(8,100)	(6,300)	(8,100)	(6,300)
Cash and cash equivalents at end of the period	21,096	32,819	21,096	32,819



- 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	-	-	-	-	6,651	6,651
At 30 September 2014 (Unaudited)	5,042	475,527	65,939	166,883	(579,578)	133,813

	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	-	-	-	-	(3,696)	(3,696)
At 30 September 2014 (Unaudited)	5,042	475,527	65,939	-	(447,350)	99,158

- 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 convertible, 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 30 September 2014.



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

	As at 30 September 2014	As at 30 September 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 30 September 2014 and 30 September 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 30 September 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.

	Third Quarter		Nine Months	
	2014	2013	2014	2013
Basic earnings/ (loss) per share (RMB cents)	0.03	0.23	0.67	(0.86)
Weighted average number of ordinary shares ('000)	992,250	992,250	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 third quarter ended 30 September 2014 and 30 September 2013, respectively.

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		The Company	
	As at 30 September 2014 Unaudited	As at 31 December 2013 Audited	As at 30 September 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)	13.49	12.82	9.99	10.37
Number of ordinary shares in issue at the end of financial period/year ('000)	992,250	992,250	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 third quarter ended 30 September 2014 ("3Q 14"), the Group recorded a revenue of RMB61.9 million, a decrease of RMB25.6 million or 29.3%, from RMB87.5 million as compared to the third quarter ended 30 September 2013 ("3Q 13"). The backpack segment accounted the bulk of the Group's revenue in 3Q 14 representing 98.1% of the total revenue with the balance 1.9% coming from the luggage segment.

For the nine months ended 30 September 2014 ("9M 14"), the Group recorded a revenue of RMB214.5 million, a decrease of RMB60.1 million or 21.9%, from RMB274.7 million for the nine months ended 30 September 2013 ("9M 13"). The backpack segment accounted for 99.3% of the Group's revenue with the balance of 0.7% coming from luggage segment. The decrease in overall revenue was a resultant of lower average selling prices arising from a change in product mix in 9M 14.

Comparing 3Q 14 to 3Q 13, and 9M 14 to 9M 13, volume for backpacks remained comparable at 1.9 million units in 3Q 14, while for 9M 14, volume for backpacks increased by approximately 1.1 million units or 18.3% from 5.9 million units to 7.0 millions units in 9M 14. The increase in volume was due largely to the increased in efforts of our existing distributors and points of sales, coupled with the right product mix, to market the Group's products to the consumers.

Comparing 3Q 14 to 3Q 13, the average selling price for backpacks was reduced by RMB15.3 or 32.4% from RMB47.4 in 3Q 13 to RMB32.0 in 3Q 14 due to lower price range of backpacks being pushed to the mass market in 3Q 14 as compared to the corresponding period. This was the result of the market being receptive to the lower price product range.

Comparing 9M 14 to 9M 13, the average selling price for backpacks was lowered by RMB15.8 or 34.1% from RMB46.5 in 9M 13 to RMB30.7 in 9M 14 due to lower price range of backpacks being pushed to the mass market in 9M 14 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 3Q 14 and 9M 14, by RMB16.8 million or 25.2%, and by RMB57.0 million or 25.7%, respectively, was a direct result of the change in the product mix in 3Q 14 and 9M 14, leading to the lower cost of sales during the period under review when compared to the previous corresponding period. 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 RMB12.0 million in 3Q 14, as compared to RMB20.8 million in 3Q 13. In 3Q 14, the gross profit margin for the backpacks segment had declined from 23.8% to 19.4%, while the gross profit margin for the luggage segment had remained comparable at approximately 25.0%. For the period ended 9M 14, the Group had a gross profit amounting to RMB49.9 million in 9M 14, as compared to RMB53.0 million in 9M 13. In 9M 14, the gross profit margin for the backpacks segment had improved from 19.3% to 23.2%, while the gross profit margin for the luggage segment had remained comparable at approximately 25.0%.

Other operating income

The increase in other operating income of RMB1.0 million for 3Q 14, was mainly due to the recognition of rental lease income of RMB0.7 million from the leasing out of our Anhui facility, and a gain on disposal of RMB0.3 million, which there was no such rental income and disposal gain in the immediate previous corresponding period. For the period 9M 14, the increase of RMB0.9 million was the increase in rental lease income of our Anhui plant, couple with a gain on disposal of property, plant and equipment of RMB0.3 million, which there was no such income in the corresponding period. However, lesser government awards and incentives from the local provincial government of RMB0.6 million (9M 13: RMB0.8 million) and interest income of RMB0.2 million (9M 13: RMB0.3 million) partially offset the overall increase in other operating income.

Operating expenses

(a) Selling and distribution expenses

Our selling and distribution expenses decreased by RMB1.0 million or 48.1% from RMB2.1 million in 3Q 13 to RMB1.1 million in 3Q 14. The decrease was due mainly to the decrease in:

- advertising and promotional expenses of RMB0.4 million;
- staff costs and related expenses of RMB0.4 million; and
- delivery and related expenses of RMB0.3 million.

Our selling and distribution expenses decreased by RMB5.4 million or 58.0% from RMB9.3 million in 9M 13 to RMB3.9 million in 9M 14. The significant decrease was due mainly to the decrease in:

- advertising and promotional expenses of RMB1.7 million;
- staff costs and related expenses of RMB2.7 million;
- delivery and related expenses of RMB0.9 million; and
- other expenses of RMB0.1 million.



(b) Administrative expenses

Our administrative expenses decreased by approximately RMB4.2 million, from RM12.1 million in 3Q 13 to RMB7.9 million in 3Q 14. This was due mainly to a decrease in:

- salaries and related expenses of RMB3.6 million. The reduction was due largely to a headcount reduction, thus leading to a corresponding reduction in other staff related expenses within the Group; and
- other expenses of RMB0.6 million.

Our administrative expenses decreased by approximately RMB17.1 million, from RM45.0 million in 9M 13 to RMB27.9 million in 9M 14. This was due mainly to a decrease in:

- salaries and related expenses of RMB13.9 million. The reduction of staff headcount led to a corresponding reduction in other staff related expenses within the Group; and
- other expenses of RMB3.2 million.

(c) Finance costs

In 3Q 14 and 9M 14, our finance costs decreased by RMB0.7 million and RMB1.7 million, respectively. The decrease in interest expense was due mainly to the decrease in the bank borrowings outstanding for the period, notwithstanding that additional bank borrowings were drawn down in 3Q 14 and 9M 14 in late September 2014, whereby only minimal borrowing interest had been incurred.

(d) Taxation

Taxation in 3Q 14 and 9M 14 was due to the local tax authorities initially assessing the profits for respective periods, which amounted to RMB0.1 million and RMB1.5 million, respectively. In addition, upon the finalisation of the previous financial year's tax assessments for certain subsidiaries as at 9M 14, an underprovision of tax of RMB0.7 was charged by the tax authorities, resulting in a taxation of RMB2.2 million in 9M 14.



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

Land use rights amounted to RMB26.5 million and RMB26.9 million as at 30 September 2014 and 31 December 2013, respectively. They comprised 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 RMB175.4 million and RMB221.4 million as at 30 September 2014 and 31 December 2013, respectively. Property, plant and equipment comprised 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 RMB12.5 million and a reclassification of the Anhui facility to the asset class- Investment property, upon the commencement of the rental lease in June 2014. However, the decrease was partially offset by additions of RMB1.3 million during the period.

With the commencement of the leasing out of the Anhui facility to Sanda, the net book value as at 30 September 2014 had been reclassified from Property, plant and equipment to Investment property. There was no such lease as at 31 December 2013.

Current Assets

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

The decrease in inventories was due mainly to the Group holding on to lesser finished goods which had been sold during the period.

Trade receivables amounted to RMB52.3 million and RMB45.4 million as at 30 September 2014 and 31 December 2013, respectively. The higher trade receivables for the period ended as at 30 September 2014 was due to majority of the sales being completed in the months of August and September 2014. As at 30 September 2014, all the trade receivables are current and not past due.

Prepayments and other receivables had declined as VAT recoverable of RMB3.8 million was partially utilised in 3Q 14, and resulted in the balance of RMB13.0 million as at 30 September 2014 (FY 13: RMB16.8 million) while other receivables had increased by RMB1.2 million.



Current Liabilities

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

Trade payables amounted to RMB13.8 million and RMB17.1 million as at 30 September 2014 and 31 December 2013, respectively. The decrease was due mainly to the Group making payments during the period.

Accrued liabilities and other payables amounted to RMB4.5 million and RMB7.0 million as at 30 September 2014 and 31 December 2013, respectively. Accrued liabilities and other payables comprised 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 RMB0.8 million was due to lesser accrued wages at end of the period.

Interest-bearing bank borrowings amounted to RMB212.9 million and RMB208.9 million as at 30 September 2014 and 31 December 2013, respectively. The increase was due mainly to the drawing down of bank borrowings during the month of September in 2014.

The provision for income tax payables for the period ended 30 September 2014 was due to the initial assessment by the local tax authorities on the profits for the period ended 9M 14.

Commentary on Cash Flow

Cash and cash equivalents amounted to RMB21.1 million and RMB32.8 million as at 30 September 2014 and 30 September 2013, respectively.

For 9M 14, net cash generated from operating activities amounted to approximately RMB24.1 million.

Net cash generated from investing activities amounted to approximately RMB1.5 million, which was the direct result of the proceeds of RMB2.7 million from the disposal of certain property, plant and equipment and interest received of RMB0.1 million. This was partially offset by additions of property, plant and machinery of RMB1.3 million.

Net cash inflow from bank borrowings, amounted to approximately RMB4.0 million. However, interest payments of RMB11.0 million and the repayment of advance of RMB4.7 million due to a director during the period was partially offset by the overall cash generated from financing activities. Therefore, net cash used in financing activities amounted to RMB11.9 million for the period ended 9M 14.

As a result, the net increase in cash and cash equivalents for 9M 14 amounted to approximately RMB13.8 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 1 August 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.

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 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 for 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 9M 14, with adequate credit facilities. The Group has been maintaining and renewing its short term borrowings when they fall due and the management is not aware of any adverse circumstances that might cause the financial institutions to withdraw credit facilities granted to the Group. As at the date of this results announcement, the Group still has unutilised credit facilities amounting to approximately RMB138.6 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 on 1 June 2014, leased out the Anhui facility, to generate additional income and contribute beneficially to the Group. Please refer to the earlier announcement released on the SGX-ST on 2 June 2014. The Group will continue to explore opportunities to further streamline production, reduce excess capacity and also assess viable options to reduce the dependence on financial institutions. The Board of Directors will provide updates as and when available.

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/recommended, a statement to that effect.

No dividend has been recommended or declared for the quarter ended 30 September 2014.

13. 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)
Chen Yi	187,000*	NIL

* Ms Chen Yi, daughter of Mr. Chen Xizhong (our Company's Executive Chairman, Director and controlling shareholder), has 45% of the shareholding interest in Anhui Sanda Textile Technology Co. Ltd, which the Group had leased its Anhui facility to, since 1 June 2014. The aggregate amount of lease rental collected by the Group to-date had been rounded up to the nearest thousand.

Loan from a director, Mr. Chen Xizhong, amounting to RMB10.3 million was still outstanding as at 30 September 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.



14. Negative Assurance

Statement Pursuant to 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 three months and the nine months period ended 30 September 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

11 November 2014

BY ORDER OF THE BOARD

Chen Xizhong
Executive Chairman

11 November 2014