ZIWO HOLDINGS LTD.

Incorporated in Singapore on 10 January 2008 (Company Registration Number: 200800853Z)

UNAUDITED FINANCIAL STATEMENT FOR THE FIRST QUARTER 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.

The Group's operations are principally conducted in the People's Republic of China ("PRC"). Accordingly, the consolidated financial statements have been prepared in Chinese Renminbi ('RMB"), being the functional currency of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2014

	31 March		
	Unaudited 2014	Unaudited 2013	% Change
(RMB'000)			
Revenue	**36,429**	35,876	**1.5**
Cost of sales	**(31,331)**	(32,597)	**(3.9)**
Gross profit	**5,098**	3,279	**55.5**
Other income	**310**	458	**(32.3)**
Selling and distribution expenses	**(1,960)**	(2,238)	**(12.4)**
Administrative expenses	**(2,785)**	(3,072)	**(9.3)**
Other operating expenses	**(98)**	(5)	**1,860**
Finance costs	**(2)**	(4)	**(50)**
Profit/(loss) before taxation	**563**	(1,582)	**135.6**
Income tax expense	**(325)**	(40)	**712.5**
Net profit/(loss) for the period	**238**	(1,622)	**114.7**
Other comprehensive income	**-**	-	**-**
Total comprehensive income/(loss) attributable to the equity holders of the Company	**238**	(1,622)	**114.7**

1(a)(ii) Other Information

The Group's profit before taxation is arrived at after charging the following:

	31 March		
(RMB'000)	**Unaudited 2014**	Unaudited 2013	**% Change**
Depreciation of property, plant and equipment charged in:			
Cost of goods sold	**2,162**	2,146	**0.75**
Administrative expenses	**134**	151	**(11.3)**
Selling and distribution expenses	**62**	49	**26.5**
Amortisation of land use rights	**133**	34	**291.2**
Directors' remuneration			
Salaries and related cost	**481**	450	**6.9**
Research and development expenses	**366**	676	**(45.9)**
Transportation expenses	**542**	769	**(29.5)**
Advertisement expenses	**156**	225	**(30.7)**
Allowance for impairment loss of trade receivables	**98**	-	**n/m**

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.

	Group		Company	
(RMB'000)	**Unaudited as at 31/3/2014**	Audited as at 31/12/2013	**Unaudited as at 31/3/2014**	Audited as at 31/12/2013
ASSETS				
Non-Current				
Land use rights	**50,026**	50,159	**-**	-
Property, plant and equipment	**153,905**	155,237	**-**	-
Subsidiaries	**-**	-	**139,238**	139,239
	203,931	205,396	**139,238**	139,239
Current				
Inventories	**18,787**	15,662	**-**	-
Trade and other receivables	**70,761**	74,343	**25,000**	25,000
Other current assets	**9,106**	8,670	**-**	-
Cash and cash equivalents	**201,051**	195,745	**159**	25
	299,705	294,420	**25,159**	25,025
Total assets	**503,636**	499,816	**164,397**	164,264
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	**149,593**	149,593	**149,593**	149,593
Statutory reserve	**41,785**	41,785	**-**	-
Retained earnings/(accumulated losses)	**289,660**	289,422	**(3,302)**	(2,822)
Total equity	**481,038**	480,800	**146,291**	146,771
LIABILITIES				
Non-Current				
Deferred tax liabilities	**2,291**	2,291	**1,240**	1,240
Current				
Trade and other payables	**19,981**	15,112	**16,866**	16,253
Income tax payable	**326**	1,613	**-**	-
	20,307	16,725	**16,866**	16,253
Total liabilities	**22,598**	19,016	**18,106**	17,493
Total equity and liabilities	**503,636**	499,816	**164,397**	164,264

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

Amount repayable in one year or less, or on demand

None

Amount repayable after one year

None

Details of any collateral

N/A

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	31 March	
	Unaudited	Unaudited
(RMB'000)	**2014**	2013
Cash flows from operating activities		
Profit/(loss) before taxation	**563**	**(1,582)**
Adjustments for:		
Interest Income	**(184)**	**(182)**
Depreciation of property, plant and equipment	**2,358**	**2,346**
Amortisation of land use rights	**133**	**34**
Allowance for impairment loss of trade receivables	**98**	**-**
Operating cash flows before working capital changes	**2,968**	**616**
Changes in working capital		
Increase in inventories	**(3,125)**	**(2,766)**
Decrease in trade and other receivables	**3,484**	**2,792**
(Increase)/decrease in other current assets	**(436)**	**252**
Increase/(decrease) in trade and other payables	**4,869**	**(4,534)**
Cash generated from/(used in) operation	**7,760**	**(3,640)**
Interest received	**184**	**182**
Income tax paid	**(1,613)**	**(212)**
Net cash flows generated from/(used in) operating activities	**6,331**	**(3,670)**
Cash flows from investing activity		
Purchase of property, plant and equipment	**(1,025)**	**(1)**
Net cash flows used in investing activity	**(1,025)**	**(1)**
Net increase/(decrease) in cash and cash equivalents	**5,306**	**(3,671)**
Cash and cash equivalents at beginning of financial period	**195,745**	**188,310**
Cash and cash equivalents at end of financial period	**201,051**	**184,639**

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.

	Share capital	Statutory reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Balance at 1 January 2014	**149,593**	**41,785**	**289,422**	**480,800**
Total comprehensive income for the period	**-**	**-**	**238**	**238**
Balance at 31 March 2014	**149,593**	**41,785**	**289,660**	**481,038**
Balance at 1 January 2013	149,593	40,841	285,735	476,169
Total comprehensive loss for the period	-	-	(1,622)	(1,622)
Balance at 31 March 2013	149,593	40,841	284,113	475,547
The Company				
Balance at 1 January 2014	**149,593**	**-**	**(2,822)**	**146,771**
Total comprehensive loss for the period	**-**	**-**	**(480)**	**(480)**
Balance at 31 March 2014	**149,593**	**-**	**(3,302)**	**146,291**
Balance at 1 January 2013	149,593	-	819	150,412
Total comprehensive loss for the period	-	-	(838)	(838)
Balance at 31 March 2013	149,593	-	(19)	149,574

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 issue on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total umber 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 immediately preceding financial year.

	Number of ordinary shares	Share capital (RMB'000)
Share capital as at 31 December 2013	299,014,320	149,593
New shares issue	-	-
Share capital as at 31 March 2014	299,014,320	149,593

There were no change in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles or treasury shares held as at 31 March 2014 and as at 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 proceeding year.

	Company	
	31 March 2014	31 December 2013
No. of ordinary shares in issue	299,014,320	299,014,320

The Company does not have treasury shares as at 31 March 2014 and 31 December 2013.

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.

Yes.

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.

The new and revised Financial Reporting Standards ("FRSs") which took effect from the current financial year are assessed to have no material impact to the results or the opening balances of the accumulated profit of the Group and of the Company for the year ending 31 December 2013.

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. (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	31 March	
	2014	2013
Profit/(loss) after income tax (RMB'000)	**238**	(1,622)
Weighted average number of ordinary shares in issue (in '000)	**299,014**	299,014
Earning/(loss) per share (RMB cents)		
Basic	**0.80**	(0.54)
Fully diluted	**0.80**	(0.54)

The Company does not have dilutive equity instruments as at 31 March 2014 and 31 March 2013.

7. Net asset value (for the Group and the Company) 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.

	Group		Company	
	As at 31/3/2014	As at 31/12/2013	**As at 31/3/2014**	As at 31/12/2013
Net asset value (RMB'000)	**481,038**	480,800	**146,291**	146,771
Number of ordinary shares in issue at the end of the period (in '000)	**299,014**	299,014	**299,014**	299,014
Net asset value per share (RMB cents)	**160.87**	160.80	**48.92**	49.08

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

For the first quarter ended 31 March 2014 ("1Q14") our revenue increased slightly by approximately RMB0.55 million or 1.5% from RMB35.8 million in the corresponding first quarter ended 31 March 2013 ("1Q13") to RMB36.4 million.

Revenue from Styrene Butadiene Rubber ("SBR") and other foamed materials contributed significantly to 65% of total revenue in 1Q14, compared to 54% in 1Q13. Despite increasing competition in the SBR segment, revenue from SBR and other foamed materials has improved by 21.8% from RMB19.4 million in 1Q13 to RMB23.6 million in 1Q14. Revenue generated from 30D terylene filament yarn and sandwich mesh fabric in 1Q14 has declined by 0.4% and 43.1% respectively, compared to the same period in 2013.

Breakdown of revenue by business segments:

(RMB'000)	**1Q14**	1Q13	**Change %**
SBR and other foamed materials	**23,605**	19,387	**21.8**
30D terylene filament yarn	**7,858**	7,891	**(0.4)**
Sandwich mesh fabric	**4,813**	8,468	**(43.1)**
Trading & Others	**153**	130	**17.7**
Total	**36,429**	35,876	**1.5**

Cost of Sales

Our cost of sales comprise mainly raw material costs, electricity and water costs, direct labour costs and other manufacturing overheads.

Breakdown of cost of sales:

(RMB'000)	**1Q14**	1Q13	**Change %**
Raw material costs	**24,482**	25,917	**(5.5)**
Electricity and water costs	**1,637**	1,539	**6.4**
Direct labour costs	**2,399**	1,863	**28.7**
Other manufacturing overheads	**2,659**	3,153	**(15.7)**
Others	**154**	125	**23.2**
Total	**31,331**	32,597	**(3.9)**

Our cost of sales decreased by approximately RMB1.3 million or 3.9% from RMB32.6 million in 1Q13 to RMB31.3 million in 1Q14 mainly due to the decrease in raw material costs and manufacturing overheads, but partially offset by an increase in direct labour cost, electricity and water costs.

Cost of raw materials decreased by RMB1.4 million in 1Q14 compared to 1Q13. Direct labour costs and electricity and water costs increased by RMB0.6 million in 1Q14 mainly due to increase in production activities compared to 1Q13.

Other manufacturing overheads comprise mainly depreciation expenses, transportation costs and consumables costs. Other manufacturing overheads decreased by RMB0.5 million mainly due to decrease in cosumable costs.

Gross Profit Margin

Gross profit margin by product segments:

(%)	**1Q14**	1Q13	**Change ppts**
SBR and other foamed materials	**15.3**	19.5	**(4.2)**
30D terylene filament yarn	**7.2**	(13.5)	**20.7**
Sandwich mesh fabric	**19.2**	12.9	**6.3**
Trading & Others	**(0.46)**	4.4	**(4.86)**
Overall	**14**	9.1	**4.9**

Overall gross profit margin of the Group increased by approximately 4.9 percentage points from 9.1% in 1Q13 to 14% in 1Q14 mainly due to higher gross profit margins for 30D terylene filament yarn and sandwich mesh fabric. Gross profit margins for 30D terylene filament yarn segment improved by 20.7 percentage points, reversing a gross loss in 1Q13, due to efforts to contain manufacturing overheads. In order to remain competitive within the SBR segment and retain our customer base, gross profit margins has decreased from 19.5% in 1Q13 to 15.3% in 1Q14.

Other Income

Other income comprise mainly income from sale of scrap materials and interest income from bank deposits. Other income decreased by RMB0.15 million in 1Q14 mainly due to reduction in the sale of scrap materials.

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly transportation costs, salaries, entertainment expenses, advertisement expenses, travelling expenses and depreciation expenses. Our selling and distribution expenses decreased by approximately RMB0.3 million or 12.4% mainly due to the decrease in R&D expenses, transportation expenses and advertisement expenses. The decrease was partially offset by an increase in entertainment expenses.

Administrative Expenses

Administrative expenses comprise mainly salaries, staff welfare, union fee, office expenses, insurance, professional fees, travelling expenses and depreciation expenses. Administrative expenses decreased by approximately RMB0.3 million or 9.3% which is mainly attributable to decline in salaries, travelling expenses and professional fees.

Income Tax

Income tax expense increased from RMB0.04 million to RMB0.3 million due to higher tax rate of 25% accorded in 1Q14 compared to 15% in 1Q13. The preferential tax rate was previously accorded to our subsidiary in recognition of its status as a New High-Tech Enterprises. The tax benefit has since lapsed.

(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 property, plant and equipment and land use rights.

Net book value of property, plant and equipment ("PPE") decreased by approximately RMB1.3 million from RMB155.2 million as at 31 December 2013 to approximately RMB153.9 million as at 31 March 2014 mainly due to the depreciation charge incurred during the period.

Land use rights amounted to RMB50.0 million as at 31 March 2014 after amortisation charge of RMB0.13 million.

Current Assets

Our current assets comprise mainly inventories, trade and other receivables, other current assets and cash and cash equivalent. Current assets increased by RMB5.3 million from RMB294.4 million as at 31 December 2013 to RMB299.7 million as at 31 March 2014.

Inventories comprised mainly raw materials, finished goods, work-in-progress ("WIP") and consumables. Inventories increased by approximately RMB3.1 million from approximately RMB15.7 million as at 31 December 2013 to approximately RMB18.8 million as at 31 March 2014. The increase was mainly attributable to higher raw material stock at the end of 1Q14.

Trade and other receivables decreased by approximately RMB3.6 million mainly attributable to collections received in 1Q14.

Other current assets comprise mainly prepaid and deferred expenses and it increased by RMB0.4 million mainly due to higher prepaid expenses.

Current Liabilities

Our current liabilities comprise mainly trade and other payables and income tax payables. Our current liabilities amounted to RMB20.3 million as at 31 March 2014, an increase of RMB3.6 million from RMB16.7 million as at 31 December 2013. This increase is mainly attributed to increase in trade and other payables in 1Q14.

Commentary on Statement of Cashflows

In 1Q14, cash generated from operation activities increased by RMB11.3 million from a negative cash outflow position of RMB3.6 million in 1Q13 to positive cash inflow of RMB 7.7 million. This is largely attributed to net profit for the period and improved working capital management. Income tax paid increased from RMB 0.2 million to RMB 1.6 million due to higher tax rate of 25% accorded in 1Q14, compared to 15% in 1Q13, as well as its higher taxable profit base.

Net cash flows used in investing activities increased from RMB 1 thousand in 1Q13 to RMB 1 million in 1Q14 due to purchase of a steam boiler to expand production for SBR and other foamed materials.

As at 31 March 2014, the Group's cash and cash equivalent increased by RMB5.3 million from RMB195.7 million as at 31 December 2013 to RMB 201 million as at 31 March 2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

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 expects the challenging market environment to continue, although demand for some of our products (such as SBR and other foamed materials) has picked up in 1Q14. Nonetheless, gross profit margins are expected to continue to come under increased pressure as competition within our business segments intensifies. While raw material prices have came down in 1Q14, the Group is of the view that raw material prices is likely to be volatile going forward. The Group will continue to be vigilant on its cost control and cashflow management.

The Company has on 29 April 2014 entered into a conditional subscription agreement with Mr Hong Jianchun and Mr Hoi Cheng Pan (the "**Subscribers**") pursuant to which the Company has agreed to allot and issue an aggregate of 59,802,864 new ordinary shares in the capital of the Company ("**Subscription Shares**") to the Subscribers, and the Subscribers have agreed to subscribe and pay for the Subscription Shares, at S$0.1161 per Subscription Share ("**Subscription Price**"), for an aggregate amount of S$6,943,112.51 ("**Proposed Placement**"). The Proposed Placement is subject to certain conditions. The Company will make the necessary announcements when there are further developments on the Proposed Placement. Please refer to the Company's announcement released on 30 April 2014 for full information.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared(recommended); and

None.

(b) (i) Amount per share

Not Applicable.

(ii) Previous corresponding period

Not Applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

None.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the period ended 31 March 2013.

13. Interested Person Transactions ("IPT")

If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)

	pursuant to Rule 920)	
Nil	Nil	Nil

The Company does not have a general mandate from shareholders for IPT.

14. Negative Assurance

Statement Pursuant to SGX Listing Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Company and of the Group for the first quarter and three months ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ting Chun Yuen
Executive Chairman & CEO
14 May 2014