ZIWO HOLDINGS LTD.
(Company Registration No. 200800853Z)
(Incorporated in the Republic of Singapore)
(the "Company")

DIFFERENCES BETWEEN AUDITED FINANCIAL RESULTS AND UNAUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the "**Board**") of Ziwo Holdings Ltd. (the "**Company**" or "Ziwo", and together with its subsidiaries, the "**Group**") refers to the announced unaudited financial results for the financial year ended 31 December 2016 ("**FY2016**") dated 1 March 2017 (the "**FY2016 Unaudited**").

With reference to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to clarify certain differences between the audited financial results of the Group for FY2016 (the "**FY2016 Audited**") and the FY2016 Unaudited results. The differences and the explanation thereto are provided below:

(a) Income Statement

	Year ended 31 December 2016			**Explanation**
	FY2016 Unaudited	**FY2016 Audited**	**Difference**	
	RMB'000	**RMB'000**	**RMB'000**	
Revenue	49,870	49,870	**-**	
Cost of sales	(49,900)	(50,537)	**(637)**	**Note A**
Gross Profit	(30)	(667)	**(637)**	
Other operating income	4,271	6,434	**(2,163)**	**Note B**
Selling and distribution expenses	(7,704)	(7,822)	**(118)**	
Administrative expenses	(14,191)	(11,440)	**2,751**	**Note C**
Other operating expenses	(24,128)	(141,731)	**(117,603)**	**Note D**
Profit before taxation	(41,782)	(155,226)	**(113,444)**	
Income tax expense	-	-	**-**	
Net profit for the period/year	(41,782)	(155,226)	**(113,444)**	
Other comprehensive income	-	-	**-**	
Total comprehensive income attributable to the equity holders of the Company	(41,782)	(155,226)	**(113,444)**	

(b) Statements of Financial Position

	2016 Group			2016 Company			Explanation
	FY2016 Unaudited	FY2016 Audited	Difference	FY2016 Unaudited	FY2016 Audited	Difference	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
ASSETS							
Non-Current							
Land use rights	48,493	14,107	(34,386)	-	-	-	**Note E**
Property, plant and equipment	96,881	21,607	(75,274)	-	-	-	**Note F**
Subsidiaries	-	-	-	137,078	41,908	(95,170)	**Note G**
	145,374	35,714	(109,660)	138,078	41,908	(96,170)	
Current							
Inventories	6,985	6,032	(953)	-	-	-	**Note H**
Trade and other receivables	66,354	60,946	(5,408)	36,251	36,251	-	**Note I**
Other current assets	1,074	1,074	-	-	-	-	
Cash and cash equivalents	2,798	2,798	-	35	34	(1)	
	77,211	70,850	(6,361)	36,286	36,285	(1)	
Total Assets	222,585	106,564	(116,021)	173,364	78,193	(95,171)	
EQUITY AND LIABILITIES							
EQUITY							
Share capital	185,637	185,637	-	185,637	185,637	-	
Statutory reserve	42,794	42,794	-	-	-	-	
Retained earnings/(accumulated losses)	(28,989)	(142,433)	(113,444)	(32,283)	(127,453)	(95,170)	
Total Equity	199,442	85,998	(113,444)	153,354	58,184	(95,170)	
LIABILITIES							
Current							
Trade and other payables	22,857	20,280	(2,577)	20,010	20,009	(1)	**Note J**
Income tax payable	286	286	-	-	-	-	
	23,143	20,566	(2,577)	20,010	20,009	(1)	
Total Liabilities	23,143	20,566	(2,577)	20,010	20,009	(1)	
Total Equity and Liabilities	222,585	106,564	(83,979)	173,364	78,193	(95,171)	

Note A
The variance was mainly due to a reclassification of approximately RMB 609 thousands expense which was related to the production costs.

Note B
The variance was due to doubtful debts amounting to RMB 1.5 million written back and RMB 0.6 million allowance for property, plant and equipment written back.

Note C
The variance was mainly due to reclassification of expenses from administrative expenses to selling and distribution expenses.

Note D
The variance was due to allowance for impairment of property, plant and equipment amounting to RMB 75.4 million, impairment of land use rights amounting to RMB 34.4 million and additional allowance for impairment loss of trade receivables amounting to RMB 7.3 million. Subsequent to the release of the Q4 results announcement on 1 March 2017, our auditor, RT LLP requested for a valuation report on the Group's assets in lieu of the continuing decline in revenue and business activity. Quanzhou Zhongtian Zichan Pinggu Co. Ltd. was appointed on 1 April 2017 to conduct a valuation of the Group's assets, including land use rights. The resulting impairment loss on our PPE and land use rights was based on the subsequent valuation report dated on 6 April 2017. Further assessment of the trade receivables subsequent to the financial year end indicated that the carrying amount of certain trade receivables may be higher than its recoverable amount and therefore additional allowance for impairment loss of trade receivables was made.

The valuer, Quanzhou Zhongtian Zichan Pingu Co. Ltd., was incorporated in 2001 and is a qualified valuer in Fujian Province. They posses a Class 2 valuation license for properties and Class B for land valuation. They have been twice awarded "Credit-worthy Unit" in 2010 and 2013.

Note E
The variance was due to the allowance for impairment of land use rights amounting to RMB 34.4 million. Please refer to Note D for further details.

Note F
The difference was due to the allowance for impairment of property, plant and equipment amounting to RMB 74.7 million and after dedecting for depreciation. Please refer to Note D for further details.

Note G
With the subsequent adoption of the valuation report mentioned in Note D, it was further assessed that the carrying amount of the investment in subsidiary may be higher than its recoverable amount. An allowance for impairment of investment in subsidiary amounting to RMB 95.2 million was made.

Note H
The variance was due to additional write-down of inventories when their costs were assessed to be below their net realisable value.

Note I
The variance was due to additional allowance for impairment loss of trade receivables amounting to RMB 7.3 million which was offset by the reversal of impairment loss for doubtful debts which was recognised previously.

Note J
The variance was due to a property tax relating to a piece of land belonging to a subsidiary amounting to RMB 1.9 million which a provision was made during the full year results announcement. However, the property tax was subsequently not provided for in the audited financial statements based on the confirmation obtained subsequent to the announcement of the full year results from the relevant tax authority.

By Order of the Board

Ting Chun Yuen
Executive Chairman and Chief Executive Officer
17 April 2017