Ziwo Holdings Ltd.
Company Registration No: 20080853Z

Press Release
(For Immediate Release)

# Ziwo To Acquire 25% Stake in Main Contractor For Infrastructure Construction at the Quanzhou Economic & Technology Development Zone

**Highlights:**

- Proposed acquisition consideration is RMB160,000,000 for the 25% stake in Xisheng (Quanzhou) Investment Co., Ltd ("Xisheng")
- Xisheng, jointly with CMTCC Shanghai Shisanye Construction Co., Ltd. ("CMTCC"), a branch of Metallurgical Corporation of China Ltd ("MCC Group"), had successfully bid in 2011 to develop the Infrastructure Construction Project of Guanqiao Park in Quanzhou Economic and Technological Development Zone (the "Project"), Quanzhou City, Fujian Province, People's Republic of China.
- Work has commenced on the Project, with phase 1 of the Project estimated to have a value of RMB 1.0 billion.

**29 September 2014, Singapore -** Ziwo Holdings Limited ("Ziwo" or the "Group"), an SGX Main Board Listed manufacturer of foam and fabric materials, today announced that Zhihe (Fujian) Technology Co., Ltd., a wholly owned subsidiary of the Group (the "Purchaser"), has signed a Letter of Intent ("LOI") with Mr Fu Dongli (the "Vendor") to acquire 25% equity stake in the capital of Xisheng (Quanzhou) Investment Co., Ltd ("Xisheng") (the "Proposed Acquisition").

**The Proposed Acquisition**

The indicative purchase consideration is RMB160,000,000, which was arrived at on a willing-seller willing-buyer basis, taking into account the potential returns from the Proposed Acquisition. The LOI is subject to both the Purchaser and Vendor entering into a definitive agreement in three months from the date of signing of the LOI.

**Rationale for the Proposed Acquisition**

As competition continues to intensify in the industry, the Board and management of Ziwo has reviewed its long term plans to diversify into new areas of growth and to seek higher returns for its capital. The proposed investment in Xisheng is viewed as building a strategic inroad into the industrial reconstruction industry, which is underpinned by a rising need to rezone and redevelop new industrial zones in Quanzhou city in Fujian Province, People's Republic of China.

Commenting on the rationale for the Proposed Acquisition, Mr Ting Chun Yuen, Executive Chairman and Chief Executive Officer of Ziwo remarked: **"Competition in the industry has been intense over the past few years and we have been seeking new acquisition opportunities to grow Ziwo's value over the long term."**

**"Xisheng is an attractive proposition. The Guanqiao Park is a prominent national-level project that was conceptualized and implemented to help relocate industries away from city centre. With an estimated value of RMB 1.0 billion for phase 1 of the Project, we believe taking a stake in Xisheng at this stage will set Ziwo on a path of growth for the next few years."** Mr Ting added.

**Project Details**

Xisheng, jointly with CMTCC Shanghai Shisanye Construction Co., Ltd. ("CMTCC"), a branch of of Metallurgical Corporation of China Ltd ("MCC Group"), had successfully bid in 2011 to develop the Infrastructure Construction Project of Guanqiao Park in Quanzhou Economic and Technological Development Zone (the "Project"). Work has commenced on the Project, with phase 1 of the Project estimated to have a value of RMB 1.0 billion.

The Project is located in the north-eastern area of Nanan City, Guanqiao town. It has an estimated land area of 22,162 mu (or equivalent to approximately 1,477 hectares). The scope of Xisheng's construction activities include excavation works, levelling of land, building road and underground networks, construction of infrastructure as well as specific housing requirements.

**Project Partner**

Xisheng's joint tender partner for the Project is CMTCC. Headquartered in Shanghai, CMTCC is a branch of the MCC Group, which is listed in Shanghai and Hong Kong and was also listed as a "Fortune 500" company in 2013. CMTCC is a National Grade 1 general contractor of large-scale integrated metallurgical construction. CMTCC is mainly engaged in general and specialized contracting, fabrication and erection of steel structure and municipal and civil construction.

**Next Steps**

The Proposed Acquisition is conditional upon findings of legal, financial and operational due diligence on Xisheng being satisfactory to the Purchaser at its absolute discretion. The Purchaser will commence its due diligence as soon as practicable and will then determine whether to enter into a definitive agreement with the Vendor.

- END-

*Note: This press release is to be read in conjunction with the related mandatory announcement filed by Ziwo Holdings Ltd. on SGXNet.*

---

**About Ziwo Holdings Ltd.**

Founded in 2003, Ziwo Holdings Ltd. is a leading PRC raw material producer and supplier of import substitution products, namely Styrene Butadiene Rubber ("SBR") and other foamed materials (Comprising foamed SBR, foamed Ethylene Vinyl Acetate ("foamed EVA") and high foamed Polyethylene ("high foamed PE")), 30D terylene filament yarn ("30D TFY") and sandwich mesh fabric ("SMF"), which are used mainly as raw materials in the production of lifestyle consumer products, furniture upholstery and automobile interior lining.

Our products are sold to over 600 customers in Fujian, Guangdong, Shandong and Zhejiang Provinces, as well as Shanghai and Tianjin municipalities, via an established sales and marketing network. Our production plant is strategically located in Quanzhou City, Fujian Province, which is one of the major sports wear, sports accessories, bags and luggage producing regions in the PRC.

---

ISSUED ON BEHALF OF **ZIWO HOLDINGS LTD.**

***BY CAPITAL ACCESS COMMUNICATIONS PTE LTD:***

***Edwin Lee***
***Email: edwinlee@capitalaccess.com.sg***
***Mobile: +65 9660 7361***

***Neo Aik Kee***
***Email: aikkee@capitalaccess.com.sg***
***Mobile: +65 9793 0504***