



ZIWO HOLDINGS LTD.

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

UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS 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, 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 the Chinese Renminbi ("RMB"), being the functional currency of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014

| (RMB'000) | 3rd Quarter ended 30 September | | | Nine Months ended 30 September | | |
|---|--------------------------------|----------|--------|--------------------------------|-----------|--------|
| | 2014 | 2013 | Change | 2014 | 2013 | Change |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Revenue | 53,941 | 57,141 | (5.6) | 137,159 | 140,590 | (2.4) |
| Cost of sales | (42,987) | (47,116) | (8.8) | (113,497) | (121,890) | (6.9) |
| Gross Profit | 10,954 | 10,025 | 9.3 | 23,662 | 18,700 | 26.5 |
| Other operating income | 218 | 444 | (50.9) | 863 | 2,548 | (66.1) |
| Selling and distribution expenses | (3,178) | (3,846) | (17.4) | (7,973) | (9,061) | (12) |
| Administrative expenses | (3,281) | (2,427) | 35.2 | (10,336) | (7,131) | 44.9 |
| Other operating expenses | - | (6) | (100) | (108) | (9,207) | (98.8) |
| Profit/(loss) before taxation | 4,713 | 4,190 | 12.5 | 6,108 | (4,151) | 247.1 |
| Income tax expense | (1,561) | (1,319) | 18.4 | (2,649) | (1,642) | 61.4 |
| Net profit/(loss) for the period | 3,152 | 2,871 | 9.8 | 3,459 | (5,793) | 159.7 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income/(loss) attributable to the equity holders of the Company | 3,152 | 2,871 | 9.8 | 3,459 | (5,793) | 159.7 |

ZIWO HOLDINGS LTD
**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**
1(a)(ii) Other information

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

| | 3rd Quarter ended 30 September | | | Nine Months ended 30 September | | |
|---|---------------------------------------|----------------|---------------|---------------------------------------|----------------|---------------|
| | 2014 | 2013 | Change | 2014 | 2013 | Change |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Depreciation of property, plant and equipment charged in | | | | | | |
| Cost of goods sold | 2,281 | 2,145 | 6.3 | 6,702 | 6,447 | 4.0 |
| Administrative expenses | 490 | 163 | 200.6 | 1,241 | 453 | 174.0 |
| Selling and distribution expenses | 44 | 49 | (10.2) | 142 | 147 | (3.4) |
| Amortisation of land use rights | 54 | 33 | 63.6 | 1,640 | 101 | 1523.8 |
| Directors' remuneration | | | | | | |
| Salaries and related cost | 482 | 330 | 46.1 | 1,447 | 1,110 | 30.4 |
| Loss on disposal of property, plant and equipment | - | 3 | (100.0) | - | 3 | (100.0) |
| Research and development expenses | 897 | 538 | 66.7 | 1,711 | 1,817 | (5.8) |
| Transportation expenses | 729 | 455 | 60.2 | 2,142 | 1,651 | 29.7 |
| Advertisement expenses | 155 | 426 | (63.6) | 461 | 805 | (42.7) |
| Allowance for impairment of trade receivables | - | - | - | 98 | 9,200 | (98.9) |
| Reversal of impairment losses recognized on trade receivables | - | - | - | - | (1,227) | (100.0) |

ZIWO HOLDINGS LTD

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

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 | |
|--|------------------|-------------------|------------------|-------------------|
| | 30/9/2014 | 31/12/2013 | 30/9/2014 | 31/12/2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ASSETS | | | | |
| Non-Current | | | | |
| Land use rights | 48,520 | 50,159 | - | - |
| Property, plant and equipment | 154,570 | 155,237 | - | - |
| Subsidiaries | - | - | 139,239 | 139,239 |
| | 203,090 | 205,396 | 139,239 | 139,239 |
| Current | | | | |
| Inventories | 15,798 | 15,662 | - | - |
| Trade and other receivables | 181,488 | 74,343 | 53,882 | 25,000 |
| Other current assets | 8,764 | 8,670 | - | - |
| Cash and cash equivalents | 125,319 | 195,745 | 48 | 25 |
| | 331,369 | 294,420 | 53,930 | 25,025 |
| Total assets | 534,459 | 499,816 | 193,169 | 164,264 |
| EQUITY AND LIABILITIES | | | | |
| Capital and Reserves | | | | |
| Share capital | 183,268 | 149,593 | 183,268 | 149,593 |
| Statutory reserve | 41,785 | 41,785 | - | - |
| Retained earnings/(accumulated losses) | 292,881 | 289,422 | (4,481) | (2,822) |
| Total equity | 517,934 | 480,800 | 178,787 | 146,771 |
| LIABILITIES | | | | |
| Non-Current | | | | |
| Deferred tax liabilities | 2,291 | 2,291 | 1,240 | 1,240 |
| Current | | | | |
| Trade and other payables | 12,873 | 15,112 | 13,142 | 16,253 |
| Income tax payable | 1,361 | 1,613 | - | - |
| | 14,234 | 16,725 | 13,142 | 16,253 |
| Total liabilities | 16,525 | 19,016 | 14,382 | 17,493 |
| Total equity and liabilities | 534,459 | 499,816 | 193,169 | 164,264 |

ZIWO HOLDINGS LTD

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

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

Amount repayable in one year or less, or on demand

None

Amount repayable after one year

None

Details of any collateral

Not applicable.

ZIWO HOLDINGS LTD
**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

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.

| | 3rd Quarter ended 30 September | | Nine months ended 30 September | |
|---|-----------------------------------|----------------|-----------------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cash flows from operating activities | | | | |
| Profit/(Loss) before taxation | 4,713 | 4,190 | 6,108 | (4,151) |
| Adjustments for: | | | | |
| Interest Income | (218) | (186) | (601) | (556) |
| Depreciation of property, plant and equipment | 2,815 | 2,357 | 8,085 | 7,047 |
| Property, plant equipment written off | - | - | 1 | - |
| Loss on disposal of property, plant and equipment | - | 3 | - | 3 |
| Amortisation of land use rights | 54 | 33 | 1,640 | 101 |
| Reversal of impairment losses recognised on trade receivables | - | - | - | (1,227) |
| Allowance for impairment of trade receivables | - | - | 98 | 9,200 |
| Operating profit before working capital changes | 7,364 | 6,397 | 15,331 | 10,417 |
| Changes in working capital | | | | |
| Inventories | (303) | (2,789) | (136) | 144 |
| Trade and other receivables | (114,205) | 243 | (107,242) | 3,012 |
| Other current assets | 171 | (161) | (94) | 253 |
| Trade and other payables | (1,740) | (2,338) | (2,240) | (4,393) |
| Cash (used in)/ generated from operations | (108,713) | 1,352 | (94,381) | 9,433 |
| Interest received | 218 | 186 | 601 | 556 |
| Income tax paid | (869) | (83) | (2,902) | (536) |
| Net cash flows (used in)/ generated from operating activities | (109,364) | 1,455 | (96,682) | 9,453 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (4,098) | (7,610) | (7,419) | (8,003) |
| Proceeds from disposal of property, plant and equipment | - | 1 | - | 1 |
| Net cash flows used in investing activities | (4,098) | (7,609) | (7,419) | (8,002) |
| Cash flows from financing activities | | | | |
| Proceeds from share issuance | - | - | 33,675 | - |
| Net cash flows generated from financing activities | - | - | 33,675 | - |
| Net (decrease)/ increase in cash and cash equivalents | (113,462) | (6,154) | (70,426) | 1,451 |
| Cash and cash equivalents at beginning of financial period | 238,781 | 195,915 | 195,745 | 188,310 |
| Cash and cash equivalents at end of financial period | 125,319 | 189,761 | 125,319 | 189,761 |

ZIWO HOLDINGS LTD

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

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 RMB'000 | Statutory reserve RMB'000 | Retained earnings/ (accumulated losses) RMB'000 | Total equity RMB'000 |
|---|-----------------------------|---------------------------------|---|----------------------------|
| <u>The Group</u> | | | | |
| Balance at 1 January 2014 | 149,593 | 41,785 | 289,422 | 480,800 |
| Issue of new shares | 33,675 | - | - | 33,675 |
| Total comprehensive loss for the period | - | - | 3,459 | 3,459 |
| Balance at 30 September 2014 | 183,268 | 41,785 | 292,881 | 517,934 |

| | | | | |
|---|----------------|---------------|----------------|----------------|
| Balance at 1 January 2013 | 149,593 | 40,841 | 285,735 | 476,169 |
| Total comprehensive loss for the period | - | - | (5,793) | (5,793) |
| Balance at 30 September 2013 | 149,593 | 40,841 | 279,942 | 470,376 |

The Company

| | | | | |
|---|----------------|----------|----------------|----------------|
| Balance at 1 January 2014 | 149,593 | - | (2,822) | 146,771 |
| Issue of new shares | 33,675 | - | - | 33,675 |
| Total comprehensive loss for the period | - | - | (1,660) | (1,660) |
| Balance at 30 September 2014 | 183,268 | - | (4,482) | 178,786 |

| | | | | |
|---|----------------|----------|--------------|----------------|
| Balance at 1 January 2013 | 149,593 | - | 819 | 150,412 |
| Total comprehensive loss for the period | - | - | (1,475) | (1,475) |
| Balance at 30 September 2013 | 149,593 | - | (656) | 148,937 |

ZIWO HOLDINGS LTD

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

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 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 immediately preceding financial year.

| | Number of ordinary shares | Share capital (RMB'000) |
|--|--------------------------------------|------------------------------------|
| Share capital as at 1 July 2014 | 358,817,184 | 183,268 |
| New shares issue | - | - |
| Share capital as at 30 September 2014 | 358,817,184 | 183,268 |

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 30 September 2014 and as at 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.

| | Total number of shares issued | |
|------------------------------------|--------------------------------------|-------------------------|
| | 30 September 2014 | 31 December 2013 |
| No. of ordinary shares in issue | 358,817,184 | 299,014,320 |

The Company does not have any treasury shares as at 30 September 2014 and 31 December 2013.

UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014

- 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 financial statements have been applied.**

The same accounting policies and methods of computation as in the most recently audited financial statements have been applied

- 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 2014.

- 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 adjustment made to the earnings).**

ZIWO HOLDINGS LTD

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

| | 3Q14 | 3Q13 | 9M14 | 9M13 |
|---|----------------|-------------|----------------|-------------|
| Profit/(loss) after income tax (RMB'000) | 3,152 | 2,871 | 3,459 | (5,793) |
| Weighted average number of ordinary shares in issue (in '000) | 358,817 | 299,014 | 332,530 | 299,014 |
| Earnings/(loss) per share (RMB cents) | | | | |
| Basic | 0.88 | 0.96 | 1.04 | (1.94) |
| Fully diluted | 0.88 | 0.96 | 1.04 | (1.94) |

The Company does not have dilutive equity instruments as at 30 September 2014 and 30 September 2013.

- 7. Net assets 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 | |
|--|------------------|-------------------|------------------|-------------------|
| | 30/9/2014 | 31/12/2013 | 30/9/2014 | 31/12/2013 |
| Net asset value (RMB'000) | 517,934 | 480,800 | 178,787 | 146,771 |
| Number of ordinary shares in issue (in '000) | 358,817 | 299,014 | 358,817 | 299,014 |
| Net asset value per share (RMB cents) | 144.34 | 160.80 | 49.83 | 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

ZIWO HOLDINGS LTD**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014****Commentary on Financial Results****Revenue**

For the three months ended 30 September 2014 ("3Q14"), our Group recorded revenue of RMB 53.9 million, a decrease of RMB 3.2 million or 5.6% over the revenue of RMB 57.1 million from the previous corresponding period ended 30 September 2013 ("3Q13").

For the nine months ended 30 September 2014 ("9M14"), our revenue decreased by RMB 3.4 million or 2.4% from RMB 140.6 million in the previous corresponding period ended 30 September 2013 ("9M13") to RMB137.2 million in 9M14.

Breakdown of revenue by business segments:

| (RMB'000) | 3Q14 | 3Q13 | Change % | 9M14 | 9M13 | Change % |
|--------------------------------|---------------|-------------|---------------------|----------------|-------------|---------------------|
| SBR and other foamed materials | 31,618 | 32,977 | (4.1) | 81,038 | 79,410 | 2.1 |
| 30D terylene filament yarn | 15,252 | 17,783 | (14.2) | 36,323 | 39,404 | (7.8) |
| Sandwich mesh fabric | 6,649 | 6,021 | 10.4 | 18,824 | 20,826 | (9.6) |
| Trading and others | 422 | 360 | 17.2 | 974 | 950 | 2.5 |
| Total | 53,941 | 57,141 | (5.6) | 137,159 | 140,590 | (2.4) |

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 costs of sales

| (RMB'000) | 3Q14 | 3Q13 | Change % | 9M14 | 9M13 | Change % |
|-------------------------------|---------------|-------------|---------------------|----------------|-------------|---------------------|
| Raw material costs | 33,695 | 37,439 | (10.0) | 88,802 | 95,308 | (6.8) |
| Electricity and water costs | 2,479 | 2,299 | 7.8 | 6,615 | 6,098 | 8.5 |
| Direct labour costs | 3,291 | 4,021 | (18.2) | 8,513 | 10,453 | (18.6) |
| Other manufacturing overheads | 2,836 | 2,946 | (3.7) | 8,349 | 9,023 | (7.5) |
| Trading and others | 686 | 411 | 66.9 | 1,218 | 1,008 | 20.8 |
| Total | 42,987 | 47,116 | (8.8) | 113,497 | 121,890 | (6.9) |

ZIWO HOLDINGS LTD

UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

In 3Q14, cost of sales decreased by RMB 4.1 million or 8.8%, compared to 3Q13. The overall reduction in cost of sales is mainly driven by decrease in direct labour costs, raw materials costs and other manufacturing overheads. Direct labour costs reduced by RMB 0.7 million or 18.2% due to scale back of production headcount in line with streaming of production operations to enhance productivity compared to 3Q13. Raw material cost declined by RMB 3.7 million or 10.0% in line with lower production capacity. Other manufacturing overheads comprise mainly depreciation expenses, transportation costs and consumables costs. The decrease in manufacturing overheads by RMB 0.1million or 3.7% was mainly due to decrease in transportation costs.

In 9M14, cost of sales decreased by RMB 8.4 million or 6.9% mainly due to decrease in direct labour costs, raw material costs and other manufacturing overheads.

Gross Profit Margin

Gross profit margin of main product segments:

| | 3Q14 | 3Q13 | Change % | 9M14 | 9M13 | Change % |
|--------------------------------|-------------|------|-------------|-------------|------|-------------|
| SBR and other foamed materials | 23.2 | 25.1 | (1.9) | 18.3 | 21.0 | (2.7) |
| 30D terylene filament yarn | 13.0 | 6.6 | 6.4 | 12.0 | 1.5 | 10.5 |
| Sandwich mesh fabric | 25.5 | 19.2 | 6.3 | 23.6 | 17.1 | 6.5 |

Overall gross profit margin of the Group increased by approximately 2.8 percentage points from 17.5% in 3Q13 to 20.3% in 3Q14 due to higher margins across the various product segments, except for SBR and other foamed materials. Gross profit margins for 30D terylene filament yarn segment improved by 6.4 percentage points from 6.6% in 3Q13 to 13.0% in 3Q14. Gross profit margins for sandwich mesh fabric is the highest at 25.5% in 3Q14, an increase of 6.3 percentage points from 3Q13. In order to remain competitive within the SBR segment and retain our customer base, gross profit margins has been reduced slightly by 1.9 percentage points from 25.1% in 3Q13 to 23.2% in 3Q14.

In 9M14, our gross profit increased by almost RMB 5.0 million or 26.5% from RMB 18.7 million in 9M13 to RMB 23.6 million in 9M14. Overall gross profit margin has also improved by 4.0 percentage points from 13.3% in 9M13 to 17.3% in 9M14.

Other Income

Other income comprise mainly income from sale of scrap materials and interest income from bank deposits. Other income decreased by RMB 0.2 million from 3Q13 to 3Q14 mainly due to reduction in the sale of scrap materials. Similarly, other income has decreased by RMB 1.7million in 9M14 with the reduction in sale of scrap materials.

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly transportation costs, salaries, entertainment expenses, advertisement expenses, R&D expenses, travelling expenses, sales-related rebates and duties as well as depreciation expenses. Our selling and distribution expenses decreased by RMB 0.7 million or 17.4% from 9M13 to 9M14 mainly due to the decrease in R&D expenses, sales rebates, staff welfare and advertisement expenses. The decrease was partially offset by an increase in transportation costs and sales-related duties.

Administrative Expenses

Administrative expenses comprise mainly salaries, staff welfare, union fee, office expenses, customer reparations, insurance, professional fees, travelling expenses, amortization of intangible assets and depreciation expenses. Administrative expenses increased by approximately RMB 0.8 million or 35.2% from 3Q13 to 3Q14 and RMB 3.2 million or 44.9% from 9M13 to 9M14. The increase in administrative expenses was largely attributed to the amortization of intangible assets which we have commenced upon the completion of the factory, depreciation expenses, staff welfare and professional fees. The increase in administrative expenses was partially offset by reduction in customer reparations and salaries.

Other Operating Expenses

Other operating expenses comprise mainly allowance for impairment of trade receivables. For 9M14, other operating expenses decreased by RMB 9.1 million or 98.8% due to reduction in our doubtful debts provision.

Income Tax

Income tax expense increased by RMB 1.0 million or 61.4% from 9M13 to 9M14 due to the higher tax rate of 25% accorded in 2014 compared to 15% for most of 2013. 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.

UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014

-
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

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 RMB 0.7 million from RMB 155.2 million as at 31 December 2013 to approximately RMB 154.6 million as at 30 September 2014 mainly due to the depreciation charge incurred during the period. Land use rights amounted to RMB 48.5 million as at 30 September 2014.

Current Assets

Our current assets comprise mainly inventories, trade and other receivables, other current assets and cash and cash equivalent. Current assets increased by RMB 36.6 million from RMB 294.4 million as at 31 December 2013 to RMB 331.3 million as at 30 September 2014.

Inventories comprised mainly raw materials, finished goods, work-in-progress ("WIP") and consumables. Inventories increased slightly by approximately RMB 0.1 million from RMB 15.7 million as at 31 December 2013 to RMB 15.8 million as at 30 September 2014. Although there was a reduction in raw material stock and work-in-progress as at 30 September 2014, a steeper increase in the stock of finished goods led to the overall increase in inventories.

Trade and other receivables increased significantly by RMB 107.1 million in 3Q2014 due to a deposit payment in connection with a proposed acquisition. The Group had entered into a letter of intent on 26 September 2014 with Mr Fu Dongli to acquire 25% equity stake in the capital of Xisheng (Quanzhou) Investment Co. Ltd. Pursuant to the Letter of Intent, the Group had paid a goodwill deposit of RMB 100 million in order to commence due diligence on Xisheng (Quanzhou) Investment Co. Ltd.

Cash and cash equivalents had increased by RMB 43.1 million from RMB 195.7 million as at 31 December 2013 to RMB 238.8 million as at 30 June 2014 due to the proceeds from the issue of new shares in May 2014. However as a result of the goodwill deposit payment of RMB 100 million, cash and cash equivalents has decreased to RMB 125.3 million as at 30 September 2014.

Other current assets comprise mainly prepaid and deferred expenses and it increased by RMB 0.1 million mainly due to higher prepaid expenses.

Current Liabilities

Our current liabilities amounted to RMB 14.2 million as at 30 September 2014, a decrease of RMB 2.5 million from RMB 16.7 million as at 31 December 2013. This decrease is mainly attributed to decrease in trade and other payables in 3Q14.

Commentary on Statement of Cashflows

In 9M14, cash used in operation recorded an amount of RMB 94.4 million, compared to cash generated of RMB 9.4 million in 9M13. The negative cashflow is mainly due to the goodwill deposit of RMB 100 million in connection with the proposed acquisition of Xisheng (Quanzhou) Investment Co. Ltd and a higher income tax paid.

Net cash flows used in investing activities reduced by RMB 0.6 million from RMB 8.0 million in 9M13 to RMB 7.4 million in 9M14 due to reduction in the acquisition of property, plant and equipment.

As at 30 September 2014, the Group's cash and cash equivalent reduced by RMB 70.5 million from RMB 195.8 million as at 31 December 2013 to RMB 125.3 million.

9. Where a forecast, or a prospect statement, has been previously disclose 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 event 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 has remained healthy in 3Q14. Nonetheless, gross profit margins are expected to continue to come under pressure as competition intensifies. Against this backdrop of intense competition among current market players, the Group is committed to exploring new opportunities for

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

investments and diversify into new business segments in order to enhance its financial position.

On 29 September 2014, the Group has announced its intent to acquire 25% equity stake in the capital of Xisheng (Quanzhou) Investment Co. Ltd, subject to satisfactory findings from legal, financial and operational due diligence as well as approval from SGX and shareholders. The Group believes that the proposed acquisition presents an attractive opportunity for diversification and expansion into sectors with good prospects for long term growth. Due diligence work is currently in process and the Group will review the findings upon completion.

Notwithstanding, the Group will continue to source for new investment opportunities, viable ventures or collaborative opportunities over the next 12 months.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the 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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the period ended 30

September 2014.

13. Use of Proceeds from the Placement

The Company had completed a placement of 59,802,864 new ordinary shares in the capital of the Company in May 2014 (“**Placement**”). As at the date hereof, the net proceeds of the Placement of approximately S\$6.91 million have been fully utilised towards the payment of the goodwill deposit of RMB100 million for the purpose of the proposed acquisition of 25% equity stake in the capital of Xisheng (Quanzhou) Investment Co., Ltd. as announced by the Company on 29 September 2014. The disbursement of the Placement proceeds was in accordance with the use of proceeds of the Placement stated in the Company’s announcement on 30 April 2014.

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

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

15. 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

ZIWO HOLDINGS LTD

**UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**

Company which may render the unaudited interim financial results of the Company and of the Group for the third quarter and nine months ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ting Chun Yuen

Executive Chairman & CEO

14 November 2014