



Ziwo Holdings Ltd.

Company Registration No: 20080853Z

Press Release
(For Immediate Release)

ZIWO RETURNS TO PROFITABILITY IN 9M2014 AS GROUP MOVES INTO CHINA INFRASTRUCTURE DEVELOPMENT SECTOR

- *The Group registered a net profit of RMB3.5 million for 9M2014 reversing from a net loss of RMB5.8 million, a year ago.*
- *Gross profit climbed by nearly 10% Y-O-Y in 3Q2014 to RMB11 million*
- *New foray into new ground - a possible acquisition of the 25% stake in Xisheng (Quanzhou) Investment Co. Ltd, an infrastructure construction player*

Financial Highlights

RMB (million)	3 months 3Q2014	3 months 3Q2013	Change	9 months 9M2014	9 months 9M2013	Change
Turnover	53.9	57.1	↓5.6%	137.2	140.6	↓2.4%
Gross Profit	11.0	10.0	↑9.3%	23.7	18.7	↑26.5%
Profit before taxation	4.7	4.2	↑12.5%	6.1	(4.2)	↑247.1%
Net Profit	3.2	2.9	↑9.8%	3.5	(5.8)	n.m.

Singapore, 14 November 2014 – Ziwo Holdings Limited (“Ziwo” or the “Group”), an SGX Main Board Listed manufacturer of foam and fabric materials, is pleased to announce its financial performance for 3 months and 9 months ended 30 September 2014 (“3Q2014” and “9M2014” respectively) today.

In 3Q2014, gross profit spiked up by nearly 10% to RMB11.0 million. This is an impressive performance even though the Group’s revenue experienced a slight dip of 5.6% to RMB53.9 million in 3Q2014. Credit should be given to the Group’s efforts to streamline its operations, which saw a reduction in cost of sales by 8.8% to RMB43 million in 3Q2014. The overall reduction in cost of sales was driven by a decrease in direct labour costs, raw materials costs and other manufacturing overheads.

As a result of the above, net profit improved by 9.8% to RMB3.2 million as compared to RMB2.9 million in the corresponding period ending 30 September 2013 (“3Q2013”).

For the nine-month period ending 30 September 2014 (“9M2014”), the Group posted a robust growth in gross profit by 26.5% to RMB23.7 million despite a slight 2.4% drop in revenue to RMB137.2 million. This was made possible with the Group’s conscientious efforts to reduce its cost of sales.

With improved control over expenses, the Group achieved a turnaround in net profit by reversing from a loss of RMB5.8 million in 9M2013 to a net profit of RMB3.5 million for 9M2014 period.

New Foray Into China Infrastructure Scene & Its Outlook

As competition continues to intensify in the foam and fabric materials industry, the Board and management of Ziwo has reviewed its long term plans to diversify into new areas of growth so as to seek higher returns for its capital.

On 29th September 2014, the Group announced a possible 25% stake acquisition in Xisheng (Quanzhou) Investment Co. Ltd (“Xisheng”), an infrastructure construction player, for RMB160 million. A goodwill deposit of RMB100 million has been placed with the vendor for the necessary conduct of the due diligence works on Xisheng. This acquisition shall place the Group in the position to diversify and reduce its reliance on its current sole revenue stream i.e. foam and fabric materials. Instead, the Group can strengthen its revenue streams through new growth areas.

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. In 2011, Xisheng, together with CMTCC Shanghai Shisanye Construction Co., Ltd., a branch of Metallurgical Corporation of China Ltd, had successfully bid 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.

Commenting on the Group's result, Mr Ting Chun Yuen, Executive Chairman and Chief Executive Officer of Ziwo Holdings Limited remarked **"We are pleased with this quarter's results. In the midst of a challenging external environment, the Group will continue to source for new investment opportunities, viable ventures or collaborative opportunities over the next 12 months and the Group is committed to exploring new opportunities for investments and diversify into new business segments in order to enhance its financial position."**

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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.**

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