ZIWO HOLDINGS LTD.
(Company Registration No. 200800853Z)
(Incorporated in Singapore)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE FINANCIAL RESULTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

The Board of Directors (the "**Board**") of Ziwo Holdings Ltd. (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the Results Announcement released on 14 November 2017 ("**Results Announcement**"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 November 2017 (each, a "**SGX Query**") as follows:

SGX Query:

a. In the statement of financial position, in the Company's 3Q2017 Results Announcement, inventories amounted to RMB 4.73 million as at 30 September 2017 while revenue for 3Q2017 was RMB 2.29 million. Please provide:

   i. The ageing schedule for the inventories;
   ii. A breakdown of the types of inventories; and
   iii. Reasons why inventories significantly exceed revenue for 3Q2017.

Company's Response to SGX Query:

Inventories	**RMB '000**
Raw materials	2,078
Finished goods	2,439
Work in progress	209
	4,726

The Company's revenue is declining due to the negative business climate and its inability to remain competitive. This has resulted in the Company being unable to move out its existing inventory. We are further hampered by the aging equipment which have resulted in the Company being able to run only 1 production line. The Company has not increased its inventory levels. Inventories decreased by approximately RMB 1.3 million from approximately RMB 6.03 million as at 31 December 2016 to approximately RMB 4.73 million as at 30 September 2017.

SGX Query:

b. Trade and other receivables amounted to RMB 52.43 million at 30 September 2017. However, as mentioned above, the revenue amounted to RMB 2.29 million. Please provide:

   i. A breakdown of the RMB 52.43 million between trade receivables and other receivables;
   ii. The ageing schedule in bands of 3 months with disclosure of the upper limit of each band; and
   iii. The nature and details of the underlying transactions for "other receivables" and reasons for any significant "other receivables" amount outstanding.

Company's Response to SGX Query:

Breakdown of trade receivables and other receivables:

	RMB'000
Trade Receivables	75,463
Impairment for Trade Receivables	(53,818)
	21,645
Other Receivables	
Advance to staff & VAT	2,504
Deposits & Prepayments	242
Advance payment to supplier for purchase of new equipment	28,040
	30,786
Total Trade & Other Receivables as at 30 September 2017	**52,431**

Trade Receivables Aging RMB'000

1 to 3 Mths	4 to 6 Mths	7-12 mths	>12 mth
2,252 Upper Limit: 249	11,020 Upper Limit: 499	16,742 Upper Limit: 1,296	45,446 Upper Limit: 3,057

Allowance for Impairment	**RMB'000**
Outstanding amt > 12 mths (100% impaired)	45,446
Outstanding amt 7-12 mths (50% impaired)	8,371
Total impairment of trade receivables	53,817
Less: Balance b/f	48,092
Additional impairment charge	5,725

The Other Receivables consist mainly to Advance to Staff & VAT, Deposits & Prepayments, and the advance payment to supplier for the purchase of new equipment.

With reference to the advance payment to supplier for the purchase of new equipment ("deposits") of RMB 28.0 million to Beijing Chonglee Machinery Engineering Co. Ltd ("BCME") in 2015 for the construction of a production line which the Company has decided not to proceed with the installation, the Company has started negotiating with BCME for the refund of the deposits.

BCME responded by requesting that the Company take delivery of the machinery and for the balance RMB 9.6 million be paid in full. BCME also reserved its rights to claim compensation from the Company for losses suffered and storage cost.

The Company is currently in consultation with its Chinese solicitors to review its options including modifying the customised production line for on sale to other customers. Modifying the customised production line will entail additional cost which has yet to be determined.

SGX Query:

c. The Company's 3Q2017 revenue decreased by approximately RMB 10.1 million or 81.5% from RMB 12.4 million in the corresponding third quarter ended 3Q 2016 to RMB 2.3 million. The Company disclosed that the decline in revenue was due to a decline in demand for the

Company's products and that as a result of the drastic decline in demand for the Company's products, only one production line is in operation. Please elaborate on the following:

i. What are the factors which caused the sharp decline for the Company's products?
ii. How many production lines are operating?
iii. What is the current capacity utilisation of the Company's production capacity?

Company's Response to SGX Query:

The Company continues to experience the effects of the persistent slowdown in the manufacturing industry in China. Due to the slowdown in demand for consumer and lifestyle products, coupled with competition from cheaper and more varied alternatives, orders for our Company's products have declined and the situation will continue to deteriorate.

Only one (1) production line is operating. With the slow down in demand for our products and cost cutting measures, the Company is also experiencing difficulty in maintaining consistent product quality.

SGX Query:

d. It was disclosed in page 7 that the cost of sales decreased by approximately RMB 10.1 million or 80.4% from RMB 12.5 million in 3Q2016 to RMB 2.5 million in 3Q2017.

i. Please provide a breakdown in the cost of sales and explain the factors relating to the cost of sales that contributed to the stable gross profit margin despite the decrease in capacity utilisation.

Company's Response to SGX Query:

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

Cost of Sales	**RMB '000**
Cost of goods manufactured (Raw Materials and Packing Material)	1,644
Direct Labour	155
Manufacturing Overheads (electricity and water, Maintenance, Transportation, and Machinery overheads)	652

For the quarter ended 30 September 2017, margins declined by 6% resulting in a gross loss of 7% due to increasing pressure by customers for competitive pricing in the current competitive landscape. In addition, due to the reduction in production volume, the Company is unable to achieve optimal economies of scale, henceforth, the Company is unable to reach the Customer's desired pricing in a sustainable manner.

SGX Query:

e. It was disclosed in page 8 that other operating expenses comprise of the allowance for impairment of trade receivables of RMB 5.7 million in 3Q2017.

i. Please provide the identities of these customers and amounts owed towards the impairment:
   1. Of RMB 5.7 million for the 3 months ending 30 September 2017; and
   2. Of RMB 44.4 million for the 9 months ending 30 September 2017.
ii. Please provide information as to whether the Company still sells to the customers referred to in paragraph 2(e)(i). If yes, please provide why the Company is still selling to these customers.
iii. Please provide the ageing schedule of the debts (in bands of 3 months and with upper limits disclosed for all bands).
iv. Please provide the reasons for the impairment.

v. Please clarify whether any of them are related parties. If yes, to provide the disclosure of relationship.

Company's Response to SGX Query:

The allowance for impairment of trade receivables amounting to RMB 5.7 million in 3Q2017 was a net amount and an impairment allowance made as part of the Company's quarterly assessment of trade receivables based on the Group's policy. In accordance with the Group's policy, trade receivables that are outstanding for more than 6 months but less than a year are impaired at 50%. Trade receivables that have been outstanding for a year and above are fully impaired. The allowance for impairment of trade receivables amounting to RMB 5.8 million in 3Q2017 represented additional net impairment from the movement in the balance as at 30 June 2017 after assessing the ageing of the trade receivables in accordance with our Group's policy.

Trade Receivables Aging RMB'000

1 to 3 Mths	4 to 6 Mths	7-12 mths	>12 mth
2,252 Upper Limit: 249	11,020 Upper Limit: 499	16,742 Upper Limit: 1,296	45,446 Upper Limit: 3,057

Allowance for Impairment	**RMB'000**
Outstanding amt > 12 mths (100% impaired)	45,446
Outstanding amt 7-12 mths (50% impaired)	8,371
Total impairment of trade receivables	53,817
Less: Balance b/f	48,092
Additional impairment charge	5,725

None of the companies with outstanding owing are related companies. The Company has since stopped selling to these customers.

Top 75 customers accounting for approximately 80% of the outstanding owing to the Company of above 12 Months:

No.	Customer	Outstanding more than 12 Months (RMB)
1	东莞市桦辉运动用品有限公司	3,057,875.00
2	福建艾力艾三路鞋业有限公司	1,557,990.00
3	龙岩市美诚贸易有限公司	1,416,217.83
4	大东亚（福建）体育用品有限公司	1,108,084.00
5	青岛方鑫嘉诚汽车装饰件有限公司	1,060,452.87
6	柳州市方鑫汽车装饰件有限公司	1,025,600.07
7	厦门华闽进出口有限公司	1,007,063.00
8	惠州市富文行手袋制品有限公司	990,760.00
9	厦门祺鸿贸易有限公司	981,458.00
10	厦门泰橡贸易有限公司	949,510.00
11	瑞安市康宝鑫鞋材有限公司	900,000.00
12	东莞市德鑫实业投资有限公司	864,578.00
13	东莞市方信实业有限公司	859,685.00
14	骆驼（福建）户外用品有限公司	792,431.00

No.	Customer	Outstanding more than 12 Months (RMB)
15	莆田市鸿盛塑胶有限公司	737,150.00
16	晋江市升泰纺织有限公司	716,644.00
17	福建省足友体育用品有限公司	600,900.00
18	晋江市南方信亿鞋材贸易有限公司	600,559.00
19	东莞市佳豪体育用品有限公司	541,840.00
20	元丰（泉州）纺织有限公司	531,393.00
21	厦门迈润包装制品有限公司	525,413.00
22	福建省晋江荣恒鞋服有限公司	521,494.00
23	南安市兴华体育器材厂	520,900.00
24	东莞市利盛运动制品有限公司	505,331.00
25	东莞市茶山伟亿橡胶制品厂	494,545.00
26	东莞市创扬鞋材有限公司	473,899.80
27	福建起步儿童用品有限公司	463,320.00
28	鑫威(福建)轻工有限公司	442,785.00
29	厦门市嘉晟对外贸易有限公司	417,707.00
30	东莞市金灿运动用品有限公司	414,745.00
31	晋江旭龙织造有限公司	401,134.00
32	温州泰旺鞋材有限公司	383,160.00
33	东莞市永业橡胶制品有限公司	375,680.00
34	福建茂丰贸易有限公司	366,065.00
35	佳泰(福建)实业有限公司	353,425.00
36	太仓佳祥鞋材制品有限公司	327,885.00
37	义乌凯美箱包有限公司	327,800.00
38	福建状元鸟体育用品有限公司	313,040.00
39	东莞市贵人实业有限公司	310,060.00
40	泉州市威驰体育用品有限公司	301,096.00
41	七波辉（中国）有限公司	300,140.00
42	河南舒跑鞋业有限公司	289,413.00
43	石狮市豪德盛实业有限公司	284,545.00
44	福建晋江市恒驰鞋塑有限公司	283,200.00
45	莆田市恒发鞋材有限公司	270,436.01
46	晋江市舒宝鞋材有限公司	270,000.00
47	福州台隆塑胶有限公司	268,250.00
48	东莞市尚佳橡塑制品有限公司	263,826.00
49	莆田市大金鞋业有限公司	263,170.00
50	东莞市同浩运动用品有限公司	243,405.44
51	泉州富豪鞋服有限公司	237,460.00

No.	Customer	Outstanding more than 12 Months (RMB)
52	金苹果（中国）有限公司	232,970.00
53	泉州远辉经编有限公司	232,306.00
54	泉州鑫泰鞋材有限公司	230,769.00
55	福建晋江市华泰鞋塑有限公司	220,010.00
56	福建美克休闲体育用品有限公司	217,005.00
57	泉州世展鞋服有限公司	215,325.00
58	长乐鑫荣纺织有限公司	212,351.00
59	泉州市丰泽盛华旅游箱包用品有限公司	210,985.00
60	泉州奥得赛鞋塑有限公司	208,260.00
61	莆田市恒盛鞋业有限公司	197,010.00
62	厦门传悦橡塑制品有限公司	195,000.00
63	台州浙艾斯鞋业有限公司	189,900.00
64	泉州市菲克体育用品有限公司	189,275.00
65	东莞市胜鑫鞋材有限公司	186,990.00
66	东莞市骏荣潜水衣料有限公司	179,160.00
67	东莞市泰合鞋业有限公司	179,140.00
68	温州本一进出口有限公司	172,952.00
69	福建省漳平颍川轻工有限公司	170,850.00
70	福建美明达鞋业发展有限公司	170,204.00
71	台州一休鞋业有限公司	170,000.00
72	金发达（福建）鞋塑有限公司	170,000.00
73	东莞市合鑫运动用品有限公司	168,050.00
74	东莞市祥林瑞运动用品有限公司	162,105.00
75	东莞市棋升鞋材有限公司	158,676.00

Top 28 customers accounting for approximately 80% of the outstanding owing to the Company of between 7 to 12 Months:

No.	Customer	Outstanding between 7-12 mths (RMB)
1	东莞市益路华实业有限公司	1,296,150.00
2	中山市煌鑫鞋材有限公司	925,804.00
3	东莞市创扬鞋材有限公司	861,100.00
4	东莞市永业橡胶制品有限公司	776,100.00
5	东莞市桦辉运动用品有限公司	713,150.00
6	东莞市联益体育用品有限公司	679,770.00
7	东莞市黄氏运动用品有限公司	647,205.00
8	东莞市永兴橡胶制品有限公司	645,470.00

No.	Customer	Outstanding between 7-12 mths (RMB)
9	青岛方鑫嘉诚汽车装饰件有限公司	563,800.00
10	东莞市桦腾橡胶制品有限公司	530,240.00
11	东莞市利盛运动制品有限公司	491,400.00
12	莆田市鸿盛塑胶有限公司	471,450.00
13	东莞市鑫威运动用品有限公司	459,056.00
14	东莞市港鑫运动器材有限公司	452,894.37
15	昆山天明电子材料有限公司	430,000.00
16	莆田市永丰鞋业有限公司	357,736.00
17	东莞市德鑫实业投资有限公司	325,170.00
18	东莞市棋升鞋材有限公司	317,400.00
19	东莞市惠欣运动用品有限公司	315,490.00
20	东莞市贵人实业有限公司	300,000.00
21	佛山市南海区浩凯鞋材贴合有限公司	270,270.00
22	骆驼（福建）户外用品有限公司	250,000.00
23	东莞市方信实业有限公司	247,905.00
24	东莞市金灿运动用品有限公司	238,795.00
25	东莞市志联运动用品有限公司	224,960.00
26	东莞市世鑫针织品有限公司	221,916.65
27	无锡世强休闲体育用品有限公司	220,515.00
28	莆田市荔城区新祥云鞋材贸易有限公司	202,805.00

SGX Query:

f. On page 8, in respect of the associates' results amounting to a loss of RMB 1.39 million in 3Q2017, please provide a review of the performance of the associates to the extent necessary for a reasonable understanding of their activities.

Company's Response to SGX Query:

On 29 March 2017, EStar through a strategic collaboration with a Chinese property developer entered into an agreement to build 160 charging stations for electric vehicles in China's Huizhou city. In 3Q2017, the Company started work on the installation of several 7KW AC chargers and 40KW AC chargers for testing.

On 20 April 2017, EStar formed a joint venture to build electric-vehicle chargers for sale in Sichuan and other provinces in southern China, in the latest move to expand its foothold in the world's largest electric automobile market.

On 16 May 2017, EStar's joint venture secured a project to install and operate 120 charging stations at an upcoming residential development in Chengdu, the capital of China's Sichuan province.

On 9 August 2017, EStar incorporated a wholly-owned subsidiary company in Malaysia under the name of BM Mobility Sdn Bhd ("BMM"). BMM on 4 September 2017, entered into a dealership agreement with GYH E-Vehicle Sdn Bhd to market and sell electric motor scooters made by Hong Kong-listed Yadea Group Holdings Ltd in Malaysia.

The share of losses by associate of RMB 1.4 million 3Q17 is a result of cost of initial deployment of charging stations and the start-up cost relating to the various new initiatives mentioned above.

SGX Query:

g. It was disclosed on page 8 that the share of losses by associate of RMB 1.4 million 3Q2017 is a result of cost of initial deployment of charging stations and the start-up cost relating to the various new initiatives.

   i. Please clarify what are these initial deployment costs. To provide disclosure and breakdown.
   ii. As regards the start-up cost, please provide a breakdown of the costs and explain the material cost.

Company's Response to SGX Query:

The Company's share of the associate's initial deployment of charging stations and the startup cost breakdown is as follows:

Startup Cost	**RMB '000**
Initial Deployment Cost (Mobilisation and labour)	904
Administrative expenses (Selling and distribution expenses, Staff Cost, Depreciation, Transportation, Advertisement, R&D Cost)	601

The materials used as part of the initial deployment of the charging stations include, proprietary electrical boards, cables and charging stations' housing.

SGX Query:

h. It was disclosed on page 11 that the general corporate purposes – use of proceeds amounted to RMB 1.026 million. Please provide a breakdown of the items under this heading.

Company's Response to SGX Query:

Pursuant to the second sale and purchase agreement entered into by the Company on 3 July 2017 for the acquisition of 20% of EStar Investments Pte Ltd, RMB 1.026 million was paid as partial payment to the vendors, namely Mr. Koo, Mr. Tay, and Eesti Global Pte Ltd.

BY ORDER OF THE BOARD

Wilson Chua
General Manager for Finance and Admin
4 December 2017