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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE RESULT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 1 March 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 12 May 2017 (each, a "**SGX Query**") as follows:

SGX Query 1

1. We refer to page 2 of the Results Announcement, where "Allowance for impairment of trade receivables" amount to RMB 17.6 million. Please disclose:

a) a breakdown and aging schedule of the impaired trade receivables;

b) the controls that the Company has in place to allow the board to deliberate on and question the merits of the payments, or the actions taken by management to recover the amounts written off, as well as to question the reasonableness of the methodologies used to determine the values of write-offs or impairments of fixed assets; and

c) how the Audit Committee had satisfied themselves in relation to the veracity of the write-offs and impairments

Company's Response to SGX Query

a)

		As at	
		31-Dec-16	
Impairment of Trade Receivables ("TR")		RMB'000	
Opening balance		18,912	
Addition		17,588	
Closing balance		36,500	
6 months < TR < 12 months		14,167	39%
TR > 12 months		22,333	61%
		36,500	

The allowance for impairment of trade receivables is for trade receivables that have been outstanding for more than 6 months and/or more than a year. In accordance with our Company'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.

b) Company has taken active steps to collect outstanding debts. The Sales Manager and/or General Manager visit the customers frequently to follow up on the payments. Long outstanding debts would be escalated to CEO's attention and he will proceed to discuss and negotiate a payment schedule with the customer or owner directly. If necessary, legal proceedings will be taken to pursue the claims.

Management of the Company is required to update the Board quarterly on the ageing report of trade receivables. Significant long-outstanding debtors are to be reported to the Board and the plans undertaken to recover them.

c) Audit Committee ("AC") undertakes a rigorous review of the trade receivables quarterly, by monitoring the rate of collection from customers who in particular have large accounts receivables outstanding for some time, and whether they have been making part payments periodically. AC also raised questions where certain accounts receivables have been outstanding for an extended period of time, and whether customers with significant amounts owing are major customers of the Group and if the Group is still supplying goods to them. Management is required to update the AC on the actions taken by the Group on specific debtors, including whether visits have been made to these debtors to chase up on a debt or to ascertain whether they are still carrying on business. Management is also reminded by the AC to step up collection efforts during this downturn and be vigilant if any of its larger customers may be facing financial difficulties.

SGX Query 2

2. We refer to page 3 of the Results Announcement, where "Trade and other receivables" amount to RMB 66.4 million. Please provide:

a) a breakdown between trade receivables and other receivables;

b) the aging schedules of the trade receivables and other receivables;

c) an explanation on the nature of the transactions classified under "other receivables", where applicable;

d) an explanation of why "Trade and other receivables" exceeds the FY2016 total revenue of RMB 49.9 million; and

e) the reasons why the Company is not able to collect for their FY2016 sales.

Company's Response to SGX Query

a)

	As at	As at
	31-Dec-16	31-Dec-15
	RMB'000	RMB'000
Trade receivables	35,558	33,744
Other receivables	2,543	1,739
Advances to suppliers	28,253	31,440
	66,354	**66,923**

b)

Trade receivables - Net	30 days	60 days	90 days	120 days	150 days	180 days	7-12 mths
35,558	4,325	4,636	3,881	3,200	3,342	3,607	12,567

Other receivables are current in nature and Advances to suppliers are more than 1 year.

c) Other receivables are miscellaneous tax receivables - net. Advances to suppliers are advance payment to suppliers for the construction of new production line and purchase of machinery. Please refer to our response to SGX queries dated 8 Sep 2016 and our response to SGX queries dated 23 Nov 2016 for more information.

d) Included in Trade and other receivables are amounts of approximately RMB 30.8 million pertaining to other receivables. Receivables from trade nature amounted to RMB 35.6 million in FY2016 which is less than FY2016 total revenue. The outstanding trade receivables at financial year end was mainly due to longer repayment period from our customers.

e) Company typically extend credit terms to customers. However, our customers have been traditionally slow pay-masters and the ongoing slow-down in business activity has prolonged their repayment period.

SGX Query 3

3. We refer to page 9 of the Results Announcement, where "the decline in revenue was largely attributed to a general decline in demand…" Please explain why demand for the Company's products continue to fall so significantly. Please disclose the factors causing the significant decline in sales from RMB 186.3 million in FY2014 to only RMB 49.9 million in FY 2016.

Company's Response to SGX Query

In addition to the general decline in demand for our products, the Group has ceased production of 30D Filament yarn in 2015 and reduced production of sandwich mesh

in 2016. These accounted for 26.3% and 14.6% of total sales in 2014 respectively and 21.2% and 14.1% of total sales in 2015 respectively.

The cessation of the 30D Filament yarn has been disclosed in our Profit Guidance dated 31 Jul 2015 and the subsequent quarterly results announcement.

SGX Query 4

4. We refer to pages 3 and 12 of the Results Announcement, where the increase in current liabilities is "mainly due to increase from amount due to a Director". Please disclose:

a) a breakdown of the current liabilities and the loan;

b) when the monies were loaned; and

c) the use of proceeds of the loan from the Director.

Company's Response to SGX Query

a) The Company wishes to clarify that the amount pertained to advances from a Director.

	As at	As at
	31-Dec-16	31-Dec-15
	RMB'000	RMB'000
Other payables	16,155	12,755
Advances from a Director	6,702	1,678
	22,857	**14,433**

b) There is no specific disbursement date as it is not a loan and the monies were advanced during the course of the financial year.

c) The monies were advanced as working capital in the ordinary course of business.

SGX Query 5

We refer to the Company's Annual Report 2016 (the "Annual Report").

5. Pursuant to Listing Rule 907, please disclose the aggregate value of interested person transactions ("IPTs") entered into during the financial year in the requisite format. If there were no IPTs, please make the appropriate negative statement.

Company's Response to SGX Query

The Company confirms that there were no interested person transactions during the financial year which exceed the threshold limits set out under Chapter 9 of the Listing Manual of the SGX-ST and therefore, no announcement or shareholders' approval was required.