



# ZIWO HOLDINGS LTD.

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

## UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

### 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 FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

(RMB'000)	Fourth Quarter ended 31 December			Year ended 31 December		
	Unaudited 2015	Unaudited 2014	Change %	Unaudited 2015	Audited 2014	Change %
Revenue	<b>17,398</b>	49,124	(64.6)	<b>94,547</b>	186,284	(49.2)
Cost of sales	<b>(19,847)</b>	(39,269)	(49.5)	<b>(87,442)</b>	(152,766)	(42.8)
Gross (Loss)/ profit	<b>(2,449)</b>	9,855	(124.9)	<b>7,105</b>	33,518	(78.8)
Other income	<b>69</b>	466	(85.2)	<b>1,000</b>	1,329	(24.8)
Selling and distribution expenses	<b>(2,061)</b>	(2,562)	(19.6)	<b>(17,031)</b>	(10,536)	61.6
Administrative expenses	<b>(3,365)</b>	(2,798)	20.3	<b>(14,936)</b>	(13,134)	13.7
Other operating expenses	<b>(8,865)</b>	(405)	2,088.9	<b>(259,973)</b>	(513)	50,577.0
(Loss)/profit before taxation	<b>(16,671)</b>	4,556	(465.9)	<b>(283,835)</b>	10,664	(2,761.6)
Income tax expense	-	(1,881)	(100.0)	<b>(209)</b>	(4,531)	(95.4)
Net (loss)/profit for the period	<b>(16,671)</b>	2,675	(723.2)	<b>(284,044)</b>	6,133	(4,731.4)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	<b>(16,671)</b>	2,675	(723.2)	<b>(284,044)</b>	6,133	(4,731.4)

**ZIWO HOLDINGS LTD**
**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**
**1(a)(ii) Other information**

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

(RMB'000)	4th Quarter ended 31 December			Year ended 31 December		
	Unaudited 2015	Unaudited 2014	Change %	Unaudited 2015	Audited 2014	Change %
Depreciation of property, plant and equipment charged in						
Cost of goods sold	<b>1,209</b>	2,258	(46.5)	<b>7,027</b>	8,959	(21.6)
Administrative expenses	<b>601</b>	489	22.9	<b>2,204</b>	1,974	11.7
Selling and distribution expenses	<b>20</b>	92	(78.3)	<b>214</b>	234	(8.5)
Amortisation of land use rights	<b>150</b>	96	56.3	<b>576</b>	553	4.2
Loss on disposal of PPE	<b>1,316</b>	-	Nm	<b>1,316</b>	-	Nm
Interest income	<b>39</b>	130	(70.0)	<b>745</b>	731	1.9
Directors' remuneration						
Salaries and related cost	<b>330</b>	330	0.0	<b>1,320</b>	1,320	0.0
Research and development expenses	<b>678</b>	606	11.9	<b>10,601</b>	2,317	357.5
Transportation expenses	<b>434</b>	769	(43.6)	<b>2,105</b>	2,911	(27.7)
Travelling expenses	<b>126</b>	126	0.0	<b>688</b>	600	14.7
Advertisement expenses	<b>150</b>	150	0.0	<b>600</b>	611	(1.8)
Entertainment expenses	<b>161</b>	111	45.0	<b>868</b>	825	5.2
Impairment of PPE	-	-	-	<b>48,961</b>	-	Nm
Tax penalty	-	-	-	<b>39,023</b>	-	Nm
(Reversal)/write down of inventories	<b>(1,565)</b>	101	(1,649.5)	<b>1,283</b>	405	216.8
Late delivery compensation	-	-	-	<b>4,687</b>	-	Nm
Allowance for impairment of trade receivables	<b>5,196</b>	-	Nm	<b>18,104</b>	98	18,373.5
Bad debts written off	<b>3,719</b>	-	Nm	<b>3,719</b>	-	Nm
Prepaid know-how written off	-	-	-	<b>8,500</b>	-	Nm
Product defect claims and related expenses	-	-	-	<b>134,180</b>	-	Nm

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

**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.**

RMB'000	Group		Company	
	2015 Unaudited	2014 Audited	2015 Unaudited	2014 Audited
<b>ASSETS</b>				
<b>Non-Current</b>				
Land use rights	49,029	49,606	-	-
Property, plant and equipment	94,677	152,496	-	-
Subsidiaries	-	-	131,780	138,458
	143,706	202,102	131,780	138,458
<b>Current</b>				
Inventories	9,259	13,422	-	-
Trade and other receivables	66,923	181,334	21,057	53,882
Other current assets	175	8,677	-	-
Cash and cash equivalents	35,880	133,361	346	61
	112,237	336,794	21,403	53,943
Total assets	255,943	538,896	153,183	192,401
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	185,637	183,268	185,637	183,268
Statutory reserve	42,794	42,794	-	-
Retained earnings/(accumulated losses)	10,502	294,546	(36,376)	(6,698)
Total equity	238,933	520,608	149,261	176,570
<b>LIABILITIES</b>				
<b>Non-Current</b>				
Deferred tax liabilities	2,291	2,291	1,240	1,240
<b>Current</b>				
Trade and other payables	14,433	14,116	2,682	14,591
Income tax payable	286	1,881	-	-
	14,719	15,997	2,682	14,591
Total liabilities	17,010	18,288	3,922	15,831
<b>Total equity and liabilities</b>	<b>255,943</b>	<b>538,896</b>	<b>153,183</b>	<b>192,401</b>

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

---

**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 FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**
**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.**

	4th Quarter ended 31 Dec		Year ended 31 Dec	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before taxation	(16,671)	4,556	(283,835)	10,664
Adjustments for:				
Interest Income	(39)	(130)	(745)	(731)
Depreciation of property, plant and equipment	1,830	2,205	9,445	11,167
Share award expenses	-	-	2,369	-
Prepaid know-how written off	-	-	8,500	-
Loss on disposal of PPE	1,316	-	1,316	-
Impairment of PPE	-	-	48,961	-
Amortisation of land use rights	150	96	576	553
(Reversal)/allowance for stock obsolescence	(1,565)	101	1,283	405
Impairment of trade receivables	8,915	-	21,823	98
Operating cash (outflows)/inflows before working capital changes	(6,064)	6,828	(190,307)	22,156
Changes in working capital				
Inventories	3,475	1,970	2,880	1,835
Trade and other receivables	6,336	248	(15,912)	(7,089)
Other current assets	171	87	8,502	(7)
Trade and other payables	288	1,149	317	(996)
Cash generated from/(used in) operations	4,206	10,282	(194,520)	15,899
Interest received	39	130	745	731
Income tax paid	-	(1,361)	(1,804)	(4,263)
Net cash flows generated/(used in) operating activities	4,245	9,051	(195,579)	12,367
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	-	(1,009)	(2,212)	(8,426)
Proceed from disposal of PPE	310	-	310	-
Refund of deposit for purchase of investment	-	-	100,000	(100,000)
Net cash flows generated/(used in) investing activities	310	(1,009)	98,098	(108,426)
<b>Cash flows from financing activities</b>				
Proceeds from share issuance	-	-	-	33,675
Net cash flows generated from financing activities	-	-	-	33,675
Net decrease in cash and cash equivalents	4,555	8,042	(97,481)	(62,384)
Cash and cash equivalents at beginning of financial period	31,325	125,319	133,361	195,745
<b>Cash and cash equivalents at end of financial period</b>	<b>35,880</b>	<b>133,361</b>	<b>35,880</b>	<b>133,361</b>

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

**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
<b><u>The Group</u></b>				
Balance at 1 January 2015	183,268	42,794	294,546	520,608
Share award expenses	2,369	-	-	2,369
Total comprehensive loss for the period	-	-	(284,044)	(284,044)
Balance at 31 December 2015	185,637	42,794	10,502	238,933

Balance at 1 January 2014	149,593	41,785	289,422	480,800
Issue of new shares	33,675	-	-	33,675
Transfer to statutory reserve	-	1,009	(1,009)	-
Total comprehensive income for the year	-	-	6,133	6,133
Balance at 31 December 2014	183,268	42,794	294,546	520,608

**The Company**

Balance at 1 January 2015	183,268	-	(6,698)	176,570
Share award expenses	2,369	-	-	2,369
Total comprehensive loss for the period	-	-	(29,678)	(29,678)
Balance at 31 December 2015	185,637	-	(36,376)	149,261

Balance at 1 January 2014	149,593	-	(2,822)	146,771
Issue of new shares	33,675	-	-	33,675
Total comprehensive loss for the year	-	-	(3,876)	(3,876)
Balance at 31 December 2014	183,268	-	(6,698)	176,570

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

**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.**

	<b>Number of ordinary shares</b>	<b>Share capital (RMB'000)</b>
Share capital as at 1 October 2015 and 31 December 2015	<u>373,717,184</u>	<u>185,637</u>

There were no change in the Company's share capital since the end of the previous period reported on and there were no outstanding convertible or treasury shares held as at 31 December 2015 and 31 December 2014.

**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.**

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
No. of ordinary shares in issue	<u>373,717,184</u>	<u>358,817,184</u>

The Company does not have any treasury shares as at 31 December 2015 and 31 December 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.

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015**

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 retained earnings of the Group and of the Company for the year ending 31 December 2015.

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).

	4Q15	4Q14	2015	2014
(Loss)/profit after income tax (RMB'000)	(16,671)	2,675	(284,044)	6,133
Weighted average number of ordinary shares in issue (in '000)	373,717	358,817	370,247	339,156
<b>(Loss)/earnings per share (RMB cents)</b>				
Basic	(4.46)	0.75	(76.72)	1.81
Fully diluted	(4.46)	0.75	(76.72)	1.81

The Company does not have dilutive equity instruments as at 31 December 2015 and 31 December 2014.



## ZIWO HOLDINGS LTD

### UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

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	
	2015	2014	2015	2014
Net asset value (RMB'000)	<b>238,933</b>	520,608	<b>149,261</b>	176,570
Number of ordinary shares in issue (in '000)	<b>373,717</b>	358,817	<b>373,717</b>	358,817
Net asset value per share (RMB cents)	<b>63.9</b>	145.1	<b>39.9</b>	49.2

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

#### Commentary on Financial Results

##### Revenue

For the three months ended 31 December 2015 ("4Q15"), our Group recorded revenue of RMB 17.4 million, a decrease of approximately RMB 31.7 million or 64.6% from the revenue of RMB 49.1 million from the previous corresponding period ended 31 December 2014 ("4Q14").

The decline in revenue in 4Q15 was largely attributed to the cessation of the 30D Filament Yarn production line (as disclosed in our previous announcements) as well as general decline in demand for the other business segments. Revenue from Sandwich mesh fabric declined by 45.9% from RMB 5.9 million in 4Q14 to RMB 3.2 million in 4Q15, while revenue from SBR and other foamed materials declined by 52.6% from RMB 29.0 million to RMB 13.8 million.

For the year ended 31 December 2015 ("FY2015"), our revenue decreased by approximately RMB 91.8 million or 49.3% from RMB 186.3 million in the previous corresponding year ended 31 December 2014 ("FY2014") to RMB 94.5 million for FY2015.

**ZIWO HOLDINGS LTD**
**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**
Breakdown of revenue by business segments:

<b>(RMB'000)</b>	<b>4Q15</b>	<b>4Q14</b>	<b>Change %</b>	<b>12M15</b>	<b>12M14</b>	<b>Change %</b>
SBR and other foamed materials	<b>13,781</b>	29,062	<b>(52.6)</b>	<b>61,172</b>	110,100	<b>(44.4)</b>
30D terylene filament yarn	<b>433</b>	12,648	<b>(96.6)</b>	<b>20,074</b>	48,971	<b>(59.0)</b>
Sandwich mesh fabric	<b>3,184</b>	5,885	<b>(45.9)</b>	<b>13,301</b>	24,709	<b>(46.2)</b>
Others	-	1,529	<b>(100.0)</b>	-	2,504	<b>(100.0)</b>
<b>Total</b>	<b>17,398</b>	49,124	<b>(64.6)</b>	<b>94,547</b>	186,284	<b>(49.2)</b>

**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

<b>(RMB'000)</b>	<b>4Q15</b>	<b>4Q14</b>	<b>Change %</b>	<b>FY2015</b>	<b>FY2014</b>	<b>Change %</b>
Raw material costs	<b>14,856</b>	30,105	<b>(50.7)</b>	<b>65,387</b>	118,907	<b>(45.0)</b>
Electricity and water costs	<b>732</b>	2,093	<b>(65.0)</b>	<b>4,716</b>	8,708	<b>(45.8)</b>
Direct labour costs	<b>926</b>	3,000	<b>(69.1)</b>	<b>7,179</b>	11,513	<b>(37.6)</b>
Other manufacturing overheads	<b>1,633</b>	2,784	<b>(41.3)</b>	<b>8,460</b>	11,133	<b>(24.0)</b>
Others	<b>1,700</b>	1,287	<b>32.1</b>	<b>1,700</b>	2,505	<b>(32.1)</b>
<b>Total</b>	<b>19,847</b>	39,269	<b>(49.5)</b>	<b>87,442</b>	152,766	<b>(42.8)</b>

In 4Q15, cost of sales decreased by RMB 19.4 million or 49.5% compared to 4Q14, corresponding to the decline in revenue during the same period. Raw materials cost declined by RMB 15.2 million or 50.7% in line with reduction in production capacity. Electricity and water costs declined by RMB 1.4 million, from RMB 2.1 million in 4Q14 to RMB 0.7 million in 4Q15. Direct labour costs reduced by RMB 2.1 million or 69.1% due to scale back of production headcount. The decrease in manufacturing overheads by RMB 1.2 million or 41.3% was due to decrease in transportation, depreciation expenses and consumables costs.

In FY2015, cost of sales decreased by approximately RMB 65.3 million or 42.8% from RMB 152.8 million in FY2014 which correspond with the reduction in revenue.

**ZIWO HOLDINGS LTD****UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

---

**Gross Profit Margin****Gross profit margin by product segments:**

(%)	4Q15	4Q14	Change %	FY2015	FY2014	Change %
SBR and other foamed materials	<b>(6.7)</b>	25.4	(32.1)	<b>12.1</b>	20.8	(8.7)
30D terylene filament yarn	<b>(126.9)</b>	12.3	(139.2)	<b>7.2</b>	12.7	(5.5)
Sandwich mesh fabric	<b>(25.5)</b>	21.7	(47.2)	<b>(7.1)</b>	24.0	(31.1)

Overall gross profit margin of the Group declined by approximately 6.0 percentage points from 20.1% in 4Q14 to negative margin of 14.1% in 4Q15. Gross margin for 30D terylene filament yarn had the most significant decline by 139.2 percentage points. This was due to a one-time sale in 4Q15 of remaining stock of 30D terylene filament yarn at below cost with the cessation of the production line in June 2015. Gross margin for sandwich mesh fabric declined by 47.2 percentage points from 21.7% to negative margin of 25.5% as demand was severely affected amidst weakening market sentiments. In spite of efforts to streamline production operations with the acquisition of new equipment for SBR and other foamed materials, gross profit margins declined by 32.1 percentage points from 25.4% in 4Q14 to negative margin of 6.7% in 4Q15.

In FY2015, our gross profit decreased by RMB 26.4 million or 78.8% from RMB 33.5 million in FY2014 to RMB 7.1 million. Overall gross profit margin has also decreased by 10.5 percentage points from 18.0% in FY2014 to 7.5% in FY2015.

**Other Income**

Other income comprise mainly income from sale of scrap materials and interest income from bank deposits. Other income decreased by approximately RMB 397 thousand or 85.2% from RMB 466 thousand in 4Q14 to RMB 69 thousand in 4Q15 mainly due to decrease in sale of scrap material and lower interest income from bank deposits. For FY2015, other income decreased by RMB 329 thousand or 24.8% from RMB 1.3 million in FY2014 to RMB 1 million largely due to decrease in sale of scrap material, which was offset by slight increase in average income from bank deposits.

### **Selling and Distribution Expenses**

Selling and distribution expenses comprise mainly transportation costs, salaries, entertainment expenses, advertisement expenses, sales related tax, R&D expenses, travelling expenses and depreciation expenses. Selling and distribution expenses decreased by RMB 0.5 million or 19.6% from RMB 2.6 million in 4Q14 to RMB 2.1 million in 4Q15. This was largely due to decrease in depreciation and transportation expenses, staff welfare and sales related tax, and partially offset by increase in entertainment and R&D expenses.

In FY2015, selling and distribution expenses increased by approximately RMB 6.5 million or 61.7% from RMB 10.5 million in FY2014 to RMB 17.0 million in FY2015 largely due to increase in R&D expenses of RMB 8.3 million, and partially offset by decrease in transportation cost, staff welfare and sales related tax amounting to RMB 1.8 million. The increase in R&D expenses mainly pertains to an amount of approximately RMB 8.0 million incurred in purchasing know-how relating to the development of SBR and other foamed materials.

### **Administrative Expenses**

Administrative expenses comprise mainly salaries, staff welfare, share award expenses, general office expenses, insurance, professional fees, travelling expenses and depreciation expenses. Administrative expenses increased by approximately RMB 0.6 million or 20.3% from RMB 2.8 million in 4Q14 to RMB 3.4 million in 4Q15. The increase in administrative expenses was largely attributed to increase in depreciation expenses and professional fees.

Administrative expenses increased by RMB 1.8 million or 13.7% from RMB 13.1 million in FY2014 to RMB 14.9 million in FY2015. The increase in administrative expenses was largely attributed to share award expenses and partially offset by reduction in professional fees and staff welfare.

### **Other Operating Expenses**

Other operating expenses comprise mainly allowance for impairment of trade receivables, impairment of PPE, write-down of inventory, bad debts expenses, prepaid know-how written off, product defect claims and tax penalty. In 4Q15, other operating expenses increased by approximately RMB 8.5 million largely due to increase in allowance for impairment of trade receivables amounting to RMB 5.8 million and bad debts written off amounting to RMB 3.8 million. Allowance for impairment of trade receivables has increased in 4Q15 due to longer payment cycles amidst weakening business climate in China. Similarly, bad debts were

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

---

incurred as the sharp slowdown in the manufacturing sector perpetuates and likelihood of collection becomes improbable.

In FY2015, operating expenses increased by RMB 259.5 million due to allowance for impairment of trade receivables of RMB 18.1 million, bad debts written off of RMB 3.7 million, impairment of PPE amounting to RMB 49.0 million, prepaid know-how written off amounting to RMB 8.5 million, product defect claim totaling RMB 134.2 million, late delivery compensation of RMB 4.7 million, allowance for stock obsolescence of RMB 1.3 million, loss on disposal of PPE of RMB 1.3 million, and tax penalty of RMB 39.0 million.

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

**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 57.8 million from RMB 152.5 million as at 31 December 2014 to RMB 94.7 million as at 31 December 2015 mainly due to the depreciation charge incurred during the period as well as impairment relating to slow down of sandwich mesh business unit and cessation of the filament yarn business unit. Land use rights amounted to RMB 49.0 million as at 31 December 2015 after amortization charge.

Our current assets comprise inventories, trade and other receivables, other current assets and cash and cash equivalent. Current assets reduced by RMB 224.6 million from RMB 336.8 million as at 31 December 2014 to RMB 112.2 million as at 31 December 2015.

Inventories comprised raw materials, finished goods, work-in-progress ("WIP") and consumables. Inventories decreased by approximately RMB 4.2 million from RMB 13.4 million as at 31 December 2014 to RMB 9.3 million as at 31 December 2015 mainly due to write down of inventories during the year.

Trade and other receivables decreased by RMB 114.4 million from RMB 181.3 million as at 31 December 2014 to RMB 66.9 million as at 31 December 2015 mainly due to the refund of deposit for purchase of investment amounting to RMB 100 million, higher allowance for impairment of trade receivables and bad debts written off. Included in other receivables is an advance deposit amounting to RMB

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

---

28.0 million for purchase of new equipments.

Cash and cash equivalents decreased by approximately RMB 97.5 million from RMB 133.4 million as at 31 December 2014 to RMB 35.9 million as at 31 December 2015 mainly due to compensation payment made in relation to the product defect claims and late delivery compensation to customers.

Other current assets comprise mainly prepaid and deferred expenses and it was reduced by approximately RMB 8.5 million mainly due to write off of prepaid know-how with the cessation of 30D filament yard production line.

**Liabilities**

Our current liabilities amounted to RMB 14.7 million as at 31 December 2015, a decrease of approximately RMB 1.3 million from RMB 16.0 million as at 31 December 2014. This decrease is mainly attributed to decrease in income tax payable.

**Commentary on Statement of Cashflows**

Cash generated from operating activities was RMB 4.2 million in 4Q15 compared to RMB 9.0 million in 4Q14. For year ended December 2015, cash used in operating activities was RMB 195.6 million compared to cash generated from operating activities of RMB 12.4 million in FY2014. This is due to net loss for FY2015 largely attributable to product defect claims and tax penalty during the year, which had impacted operating cash flows.

There was no cash used in investing activities in 4Q15. Cash used in investing activities during the year ended 31 December 2015 was for the purchase of PPE amounting to RMB 2.2 million. Additional cash generated from investing activities during this period was the refund of deposit for the purchase of investment.

As at 31 December 2015, the Group's cash and cash equivalents decreased by RMB97.5 million to RMB 35.9 million.

**9. Where a forecast, or a prospect statement, has been previously disclose to shareholders, any variance between it and the actual results.**

Our current result is in line with our statement made under paragraph 10 in our Third Quarter results announcement released on 13 November 2015.

UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015

---

**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 month**

Due to the current weak business climate caused by faltering global and domestic demands, the Group is experiencing the effects of the persistent slowdown in the manufacturing industry in China. Our previous product, 30D Filament Yarn, was made unexpectedly obsolete and replaced by warped yarn during the year. As previously announced, the production line for Filament Yarn has since been closed. Sandwich mesh is experiencing difficulties in securing orders and production has slowed to their lowest rate since inception. Due to the slowdown in demand for consumers and lifestyle products, coupled with competition from cheaper and more varied alternatives, orders for SBR foam have tapered down in recent months as well.

Group revenue and gross profit margin are expected to be further impacted. The Company has been actively looking for other business opportunities, including diversification, viable ventures or collaborative opportunities to expand its revenue base

**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

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

---

**(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 year ended 31 December 2015.

**13. 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.



**ZIWO HOLDINGS LTD**
**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015**
**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	30D Terylene filament yarn		Sandwich mesh fabric and others		SBR and other foamed material		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	'000	'000	'000	'000	'000	'000	'000	'000
Revenue								
External sales	<b>20,073</b>	48,971	<b>13,301</b>	27,213	<b>61,173</b>	110,100	<b>94,547</b>	186,284
Segment results	<b>1,040</b>	5,919	<b>(938)</b>	5,330	<b>7,003</b>	22,269	<b>7,105</b>	33,518
Interest income							<b>745</b>	731
Other income							<b>255</b>	598
Product defect claims	<b>(134,180)</b>	-	-	-	-	-	<b>(134,180)</b>	-
Property, plant and equipment written down	<b>(48,961)</b>	-	-	-	-	-	<b>(48,961)</b>	-
Unallocated expense							<b>(100,694)</b>	(24,183)
Profit before taxation							<b>(283,835)</b>	10,664
Income tax expense							<b>(209)</b>	(4,531)
Profit after tax							<b>(284,044)</b>	6,133
<b>Other information</b>								
Capital expenditure	-	-	-	376	<b>1,845</b>	7,965	<b>1,845</b>	8,341
Depreciation of property, plant and equipment	<b>3,411</b>	3,820	<b>553</b>	682	<b>4,686</b>	5,498	<b>8,650</b>	10,223
Amortisation of land use rights	<b>35</b>	31	<b>26</b>	24	<b>53</b>	381	<b>114</b>	162

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

Allowance for impairment loss of trade receivables	<b>3,436</b>	-	<b>2,680</b>	-	<b>11,988</b>	98	<b>18,104</b>	98
Unallocated: Capital expenditure							<b>367</b>	85
Depreciation of property, plant and equipment							<b>795</b>	944
Amortisation of land use rights							<b>462</b>	391
<b>Segment assets</b>	<b>8,612</b>	83,683	<b>24,638</b>	34,234	<b>118,728</b>	138,353	<b>151,978</b>	258,126
Unallocated corporate assets							<b>103,965</b>	280,770
Total assets							<b>255,943</b>	538,896
<b>Segment liabilities</b>	-	-	-	-		566	-	566
Unallocated corporate liabilities							<b>17,010</b>	17,722
Total liabilities							<b>17,010</b>	18,288

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Paragraph 8 above for details.

**ZIWO HOLDINGS LTD**

**UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015**

**16. A breakdown of sales**

	<b>Group</b>	<b>Change</b>
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales for the first half year	<b>59,519</b>	83,219
Operating loss after tax before deducting non-controlling interest for the first half year	<b>(54,488)</b>	307
		<b>(17,848.5)</b>
Sales for the second half year	<b>35,028</b>	103,065
Operating loss after tax before deducting non-controlling interest for the second half year	<b>(229,556)</b>	5,826
		<b>(4,040.2)</b>

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Wong Kim Chu	47	Wife of Mr. Ting Chun Yuen, Executive Chairman & CEO and substantial shareholder of the Company	Sales Manager  Responsible for the sales and marketing activities of the Group. Since August 2003	None

**ZIWO HOLDINGS LTD****UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR  
ENDED 31 DECEMBER 2015**

Wang Jianhong	38	Brother-in-law of Mr. Ting Chun Yuen, Executive Chairman & CEO and substantial shareholder of the Company	Procurement Manager  Responsible for the procurement activities of the Group. Since May 2004	None
Ding Yashuang	53	Sister of Mr. Ting Chun Yuen, Executive Chairman & CEO and substantial shareholder of the Company	Production Manager for Terylene Filament Yarn  Responsible for the production activities of terylene filament yarn. Since May 2006	None
Zhuang Shuhuang	55	Brother-in-law of Mr. Ting Chun Yuen, Executive Chairman & CEO and substantial shareholder of the Company	Production Manager for SBR and Other Foamed Materials  Responsible for the production activities of SBR and other foamed materials. Since October 2006	None

**BY ORDER OF THE BOARD**

**Ting Chun Yuen**  
**Executive Chairman & CEO**  
29 February 2016