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 PERIOD ENDED 31 MARCH 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 12 May 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 31 May 2017 (each, a "**SGX Query**") as follows:

SGX Query

1. On Page 10 of the Company's 1Q2017 results, the Company announced that "Other operating expenses comprise only allowance for impairment of trade receivables of RMB 4.3 million in 1Q2017. There was no allowance for impairment of trade receivable in 1Q2016".

i) Please disclose who are these debtors;

ii) Please provide aging schedule of debts owing;

iii) Please disclose are any of these debtors the same debtors who made customer claims against the Company previously or whether any of them are debtors where Company had previously made provisions for doubtful debts or wrote off bad debts?

a) If so, please elaborate why the Company continued to make sales to these entities despite previous customer claims or uncollectible debts; and

iv) In view of significant impairment of trade receivables amounting to RMB18.1m in FY2015, RMB22.3m in FY2016 and a further RMB4.3m in 1Q2017, disclose what steps have the Company undertaken to improve the internal controls in the sales and collection cycle and how has the AC satisfied itself that the internal controls are adequate and effective

Company's Response to SGX Query

i) The Company wishes to clarify that the allowance for impairment of trade receivables amounting to RMB 4.3 million in 1Q2017 was a net amount and a general impairment allowance made as part of the Company's quarterly assessment of trade receivables based 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 4.3 million in 1Q2017 represented additional net impairment from the movement in the balance as at 31 December 2017 and 31 March 2017 after assessing the ageing of the trade receivables in accordance with our Group's policy.

ii)

Trade receivables - Net	30 days	60 days	90 days	120 days	150 days	180 days	7-12 mths
29,742	3,820	1,655	3,091	4,169	3,660	3,334	10,013

iii) The balance maintained for impairment of trade receivables as at 31 March 2017 were made in accordance with the Group's policy. The balance did not include the same debtors who made customer claims against the Company previously and bad debts that have been written off. However, the balance included trade receivables that impairment have been made against previously.

a) The Group will consider sales to customers of which an impairment has been made against them for long outstanding balances if the account remains active. i.e There are payments made during the periods or continuous interaction from the customers.

iv) 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.

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.

BY ORDER OF THE BOARD

Ting Chun Yuen
Executive Chairman and Chief Executive Director
1 June 2017