

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

**PROPOSED DIVERSIFICATION INTO REAL ESTATE BUSINESS AND
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
LONGRUNN INT'L INCHEON LIMITED**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Ziwo Holdings Ltd. (the “**Company**”) wishes to announce that the Company has entered into a conditional sale and purchase agreement dated 27 June 2016 (the “**Agreement**”) with Longrunn Int’l (Korea) Limited (the “**Vendor**”), pursuant to which the Company has agreed to acquire the entire issued and paid-up share capital of **Longrunn Int’l Incheon Limited** (the “**Target**”) from the Vendor (the “**Proposed Acquisition**”).

2. INFORMATION RELATING TO THE VENDOR AND THE TARGET

2.1 The Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability whose principal business is in real estate development and investments in Asia, with an initial focus on real estate in the Republic of Korea. The sole legal and beneficial owner of the Vendor is Mr. Li Jianmin. The Vendor is in turn the sole shareholder of the Target, and holds one ordinary share in the Target, representing 100.0% of the Target’s issued share capital.

2.2 The Target

The Target is a company incorporated in the British Virgin Islands with limited liability which is established for the purposes of carrying on a business (the “**Business**”) related to the provision of consultancy and project management services in the real estate sector. As of the date hereof, the Target has been, pursuant to an agreement entered into with the Vendor on or about 8 May 2016 (“**Project Management Agreement**”), appointed as project manager in respect of a planned real estate development project covering an area of not less than 700,000 square metres involving, among others, the development of condominiums and hotels within the Incheon Free Economic Zone located in the Republic of Korea (the “**Project**”).

As at the date of the Agreement, the total issued and paid up capital of the Target is US\$100,000 constituted by one ordinary share. Under the terms of the Agreement, the Vendor is required to increase the issued share capital from US\$100,000 to US\$1,700,000 by way of a cash subscription of 16,000 new ordinary shares to be issued out of the capital of the Target.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

Subject to the terms and conditions of the Agreement, the Company has agreed to purchase and the Vendor has agreed to sell 9,600 ordinary shares constituting approximately 60% of the issued share capital of the Target (the “**Sale Shares**”) for an aggregate purchase consideration of S\$2,737,500 (the “**Consideration**”). Parties have agreed that the Consideration shall be satisfied by the allotment and issue (to the Vendor or its nominee) of 152,083,333 new ordinary shares of

the Company ("**Consideration Shares**") constituting approximately 28.9% of the enlarged issued share capital of the Company, deemed fully paid-up¹.

The Consideration was determined at arm's length on a willing-buyer willing-seller basis, and was agreed upon based on the following:

- (a) taking into account the net tangible assets value of the Target which will, prior to completion of the sale and purchase, be constituted by new cash of US\$1,600,000 (approximately S\$2,163,600²) that will be injected into the Target by the Vendor by way of subscription of ordinary shares of the Target;
- (b) the market capitalisation of the Company as of the close of trading on the date of the Agreement (being approximately S\$6,726,909, based on the last done trading price as quoted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")); and
- (c) the right of the Target under the Project Management Agreement and the potential benefits presented by a participation in the Project, including the fee income that would be generated from the management of the Project.

Upon completion of the Proposed Acquisition, the Company will own 60% of the total issued share capital of the Target.

3.2 Conditions Precedent

Completion of the Proposed Acquisition (the "**Completion**") shall be conditional on the following conditions (among others) having been satisfied and fulfilled (unless waived in accordance with the terms of the Agreement):

- (a) the Company being satisfied with its due diligence investigations into the financial, legal, tax and business of the Target and the Purchaser being satisfied with its due diligence investigations into the financial, legal, tax and business of the Company;
- (b) the receipt of approval-in-principle from the SGX-ST for the listing of and quotation for the Consideration Shares on the Mainboard of the SGX-ST and the allotment and issue of and the subscription for the Consideration Shares not being prohibited by any statute, order, rule or regulation;
- (c) the receipt of the approvals of the shareholders of the Company at an extraordinary general meeting ("**EGM**") to be convened for:
 - (i) the allotment and issuance of the Consideration Shares in accordance with the terms of the Agreement;
 - (ii) the expansion of the core business of the Company and its subsidiaries (the "**Group**") to include, among others, the Business and the attendant change in the risk profile of the Purchaser as a result of the aforesaid expansion; and
 - (iii) all such other approvals as may be necessary to comply with applicable laws, regulations and the listing rules of the SGX-ST Listing Rules (including but not limited to Rule 803 and Rule 1014).

¹ The Consideration Shares will be issued at the price of S\$0.018 per Consideration Share.

² Using an exchange rate of US\$1.00 : S\$1.3522.

- (d) none of the parties to the Agreement having received, as at the date of completion, notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Proposed Acquisition, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (e) the Company being satisfied that there has been no material adverse change or events likely to lead to such a change in the business, assets, prospects, performance, financial position or results of operations of the Company from the date of the Agreement; and
- (f) the representations and warranties set out in the Agreement being true and accurate in all material respects as at the date of the Agreement and the date of completion.

Subject to the fulfillment of the conditions precedent set out in the Agreement, completion of the Proposed Acquisition shall take place on the date falling five (5) business days after all of the conditions precedent are satisfied, fulfilled or waived (as the case may be), or on any other day as the Company and the Vendor may mutually agree in writing, in accordance with the terms of the Agreement.

If the conditions precedent or any of them are not satisfied, fulfilled or waived by the date falling five (5) months from the date of the Agreement (unless extended by mutual agreement of the Company and the Vendor) (the “**Long Stop Date**”), the Agreement shall cease and determine, and the Company shall have no further obligation to issue the Consideration Shares to the Vendor or its nominee.

4. **VALUE OF THE SALE SHARES**

Book Value/Net Tangible Assets Value

Based on the latest unaudited financial statements of the Target for the financial year ended 31 December 2015 (the “**Target Financial Statements**”), the Sale Shares have a book value and net tangible assets value of approximately US\$100,000 and on the date of completion of the Proposed Acquisition, approximately US\$1.6 million.

Net Profits

Based on the Target Financial Statements, the profit before income tax, minority interest and extraordinary items attributable to the Sales Shares is (nil)³.

5. **RATIONALE AND BENEFITS**

The Board, having considered the existing core business of the Group and the future prospects of the Group for it to continue to focus only on such core business, recommends and proposes that the Group expands its core business to include real estate-related business and commercial activities (including but not limited to project management and property management as well as property development and investment at a later stage (the “**Proposed Diversification**”). In this regard but subject to the approval of Shareholders for the Proposed Diversification to be obtained at the EGM, the Proposed Diversification intended by the Group includes the following (as and when appropriate opportunities arise):

³ As the Target had not commenced generating revenue for the financial year ended 31 December 2015, no profit was recorded.

- (a) the provision of professional services for project management and consultancy as well as property management relating to Real Estate Related Assets (as defined below);
- (b) property development activities including acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties)(“**Real Estate Related Assets**”); and
- (c) holding of Real Estate Related Assets as medium to long-term investment for the collection of rent, capital growth potential and/or provision of real estate related services and facilities.

The Proposed Acquisition is in line with the Company’s plans for the Proposed Diversification and will, if implemented successfully, give the Company the first strategic exposure and entry into the real estate development and management business. The Board is of the view that the Proposed Acquisition is in the best interests of the Company and Shareholders as a whole as the Proposed Acquisition represents a good opportunity for the Company based on the tremendous potential of the Project as well as the attractive price at which the Company was offered the right to take over the Target.

Further details on the Proposed Diversification will be provided in the Circular (as defined below).

6. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Acquisition, based on the audited consolidated financial statements of the the Group for the financial year ended 31 December 2015 are set out below. The pro forma financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Proposed Acquisition.

Earnings per Share

Assuming that the Proposed Acquisition has been completed on 31 December 2015, the effect on the earnings per share (“**EPS**”) of the Company for the financial year ended 31 December 2015 would have been as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Loss after tax and minority interest (S\$’000)	281,753	281,753
Number of shares (’000)	373,717	525,800
Loss per share	S\$0.153 ⁴	S\$0.110 ⁵

⁴ Using an exchange rate of S\$1 : RMB 4.89. The loss per share in RMB is RMB 0.75.

⁵ Using an exchange rate of S\$1 : RMB 4.89. The loss per share in RMB is RMB 0.54.

Net Tangible Assets

Assuming that the Proposed Acquisition has been completed on 1 April 2015, the effect on the net tangible assets (“NTA”) per share of the Company as at 31 March 2015 will be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$'000)	187,281	187,926
Number of shares ('000)	373,717	525,800
NTA per share	S\$0.102 ⁶	S\$0.0736 ⁷

7. MAJOR TRANSACTION

The relative figures in respect of the Proposed Acquisition, as computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual, are as follows:

Bases in Rule 1006

(a)	Net asset value of the assets to be disposed	Not applicable ⁽¹⁾
	Net asset value of the Group	-
	Size of relative figure	-
(b)	Net profits/(loss) ⁽²⁾ attributable to the Sale Shares	0
	Net profits/(loss) of the Group	S\$(58,043,967)
	Size of relative figure	0%
(c)	Aggregate value of the Consideration	S\$2,737,500
	Market capitalisation ⁽³⁾ of the Company	S\$6,726,909.31
	Size of relative figure	40.7%
(d)	Number of Consideration Shares to be issued	152,083,333
	Number of shares of the Company in issue ⁽⁴⁾	525,800,517
	Size of relative figure	28.9%

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) “Net profits/(loss)” means profit or loss before income tax, minority interests and extraordinary items.
- (3) “Market capitalisation” is determined by multiplying the number of shares of the Company in issue by the weighted average price of such shares transacted on 27 June 2016 (being the market day preceding the date of the Agreement).
- (4) The number of shares of the Company in issue as stated is on the basis of an enlarged share capital constituted by a total of 525,800,517. If the size of the relative figure is calculated based on the current number of shares of the Company in issue, the relative figure would be 48.5%.

As the relative figures as computed on the bases above exceeds 20% (but are less than 100%), the Proposed Acquisition constitutes a “major transaction” within the meaning of Chapter 10 of the SGX-ST Listing Manual, and pursuant to Rule 1014, the Proposed Acquisition is subject to the approval of Shareholders of the Company in general meeting.

8. SERVICE CONTRACTS

⁶ Using an exchange rate of S\$1 : RMB 4.89. The NTA per share in RMB is RMB 0.50.

⁷ Using an exchange rate of S\$1 : RMB 4.89. The NTA per share in RMB is RMB 0.36.

Mr Li Jianmin, the sole shareholder of the Vendor, will be appointed as an executive director and joint chief executive officer of the Purchaser as provided for under the Agreement. The terms of the service contract to be entered into with the aforesaid appointee are currently being negotiated and will be disclosed to Shareholders in the Circular.

9. ADDITIONAL LISTING APPLICATION

The Company will be submitting an application to the SGX-ST for the listing of and quotation for the Consideration Shares on the Mainboard of the SGX-ST. The Company will make the necessary announcements once the approval-in-principle for the listing of and quotation for the Consideration Shares has been obtained from the SGX-ST.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors (other than in their capacity as a director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) have any interest, direct or indirect, in the Proposed Acquisition.

11. EXTRAORDINARY GENERAL MEETING

The Company will in due course despatch a circular to Shareholders containing information relating to the Proposed Acquisition and the Proposed Diversification (the “**Circular**”). The Company will seek the approvals of Shareholders at EGM and will issue the notice convening the EGM as soon as practicable.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 6 Battery Road, #10-01, Singapore 049909, for three (3) months from the date of this Announcement.

13. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Vendor and the Target) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading in any material respect.

By Order of the Board
ZIWO HOLDINGS LTD.

Ting Chun Yuen
Executive Chairman and
Chief Executive Officer

27 June 2016