

**RESPONSE TO QUERIES RECEIVED FROM
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

The Board of Directors of Ziwo Holdings Ltd. (the “**Company**”) refers to the Company’s “General Announcement: Press Release: JV of Ziwo’s Associate to Install and Operate 120 EV Charging Stations in Chengdu” (the “**JV Announcement**”) dated 16 May 2017.

Further to queries the Company has received from the Singapore Exchange Securities Trading Limited (in **bold** below), the Company wishes to clarify the following:

1. **On 20 April 2017, the Company announced that Beijing E-star had formed a joint venture with Haboat Investment and Chengdu Yaneng, with an 18%, 40% and 42% interest in the joint venture respectively. The parties had invested an initial RMB1 million into the joint venture in proportion to their respective shareholdings. The Company’s portion was funded “using its own internal resources”.**

In the JV Announcement, it was disclosed that the “joint venture’s first project will be to install 120 charging stations at a 600-unit residential development”. Please disclose:

- (a) what is the expected cost of installation;**

The cost of the 120 low-power chargers is estimated at approximately RMB 1 Million (S\$200,000)

- (b) how the project will be funded;**

As disclosed in the announcement dated 20 April 2017, the three stakeholders will invest a total of RMB10 million in the joint venture. Based on their respective shareholdings, they will initially put 10% of the RMB10 million investment commitment into the joint venture to kick-start operations. The installation of the 120 charging stations in Chengdu will be mostly funded from this initial outlay.

- (c) what is the Company’s portion and how the Company will finance its portion;**

The Company’s associate Beijing E-Star has adequate internal funds to finance its portion of the investment. The portion of Beijing E-Star funding is 18% of the initial outlay of RMB1.0m, which amounts to approximately RMB180,000.00 (S\$36,000).

- (d) whether any of the parties involved in the project are related to the Company, its directors or substantial shareholders.**

Mr. Bai Gang is one of the three board members of Beijing E-Star, which is a subsidiary of EStar investment Pte Ltd. Through his contacts in Sichuan, Beijing E-Star was able to form the joint venture. Mr. Bai has 50% interest in Chengdu Yaneng, which owns 42% of the joint venture. He has no direct or deemed interests in the Company or Beijing E-Star.

Mr Tay Wee Kwang is a Director of Beijing E-Star.

Save for the above, none of the parties involved in the project are related to the Company, its directors or substantial shareholders.

2. **It was disclosed that “Chengdu Yaneng is an investment firm owned by two Chinese nationals”. Please disclose the identities of the “two Chinese nationals”.**

The shareholders of Chengdu Yaneng are Mr. Bai Gang (50%) and Mdm Ding Yan (50%).

3. **It was disclosed that the development is “(e)xpected to be completed by 2018”. Please disclose:**

- (a) **what is the take-up rate of the residential development;**

The take-up rate is not available at the moment as the residential development is still under construction. According to the developer, the units are expected to be launched for sale soon.

- (b) **when in 2018 the residential development is expected to be completed.**

The residential development is expected to be completed by December 2018.

4. **It was disclosed that Sichuan Heng Rui industrial “will share all profits with the joint venture”. Please disclose further details of the arrangement between the joint venture and Sichuan Heng Rui Industrial, including:**

- (a) **the material terms and conditions of the contract between the parties;**

All cabling and power requirements for the 120 charging stations will be handled by Sichuan Heng Rui Industrial. Revenue will be in the form of electric tariffs, service fees and parking fees.

Sichuan Heng Rui Industrial will also grant the joint venture the right to install and operate charging stations at its future residential projects in China.

- (b) **the proportion of profit-sharing; and**

The proportion of profit sharing hinges on the cost of resources (such as cost of electrification, electric installation, charging equipment, support equipment, etc.) incurred by each party. Depending on the scope of the various parties, the share of profit will vary from 20%-60%.

- (c) **whether losses, if any, will have to be borne by the joint venture, and if so, in what proportion.**

Any losses will be borne by the stakeholders in proportion to their shareholdings in the joint venture.

5. **Please provide a discussion, for a reasonable understanding, on the electric-vehicle market in:**

- (a) **Chengdu; and**

- (b) **Huizhou city, including the trends, penetration rate and number of electric cars in the respective cities currently.**

China's central government has identified renewable energy as one of the pillars of growth for the Chinese economy. The roll-out of new energy vehicles and supporting infrastructure, such as charging stations, is part of this push towards renewable energy.

The Chinese central government offers various incentives to promote the adoption of new energy vehicles. These include financial subsidies for buyers of such vehicles and subsidies for the construction of public charging stations.

According to new national standards and regulations (城市停车规划规范 [GB/T 51149-2016]), all new public car parks in China must allocate at least 10% of their space to new energy vehicles.

Charging infrastructure for new energy vehicles can be broadly classified under the following:

- 1) Charging facilities for dedicated use, such as for public buses, logistic trucks, etc.
- 2) Charging facilities in public places, public car parks, and commercial and residential buildings.
- 3) Co-share charging stations where individuals can allow other users to charge their vehicles for a fee.

Utilisation rates tend to be higher at public stations that target corporate users as these demand faster and higher powered chargers. Charging stations in residential developments are generally lighter in utilization but the investment costs for such stations are a fraction of those for public stations.

A) Chengdu City

Chengdu is one of several industry belts for automobile manufacturing in Sichuan province. Leading automobile makers with operations in Chengdu include FAW-Volkswagen, Volvo and Geely.

However, in terms of demand for new energy vehicles, Chengdu still lags behind coastal first-tier Chinese cities. We understand that Chengdu has approximately 5,000 private new energy vehicles currently.

Nevertheless, as the fourth most populous city in China, Chengdu is a potentially huge market for such vehicles. Favourable government policies and subsidies are already in place to encourage investments in charging infrastructure.

As an incentive to private electric-vehicle ("EV") buyer, the Government provides rebate of up to RMB 115,000 (RMB 55,000 from Central Government and RMB 60,000 from Local Government) for purchase of EV.

B) Huizhou City

In September 2016, the Chinese Government announced that it intend to speed up the development of new EV. Among the targets announced are output of more than RMB10 billion from the new energy car industry in Huizhou by 2018 (rising to more than RMB15 billion by 2020), one to two homegrown manufacturing enterprises for new energy cars, and production capacity of over 10,000 new energy cars by 2020.

To date, it has achieved 95% of the targeted number of electric public buses, taxis and government vehicles set for 2016. Huizhou aims to have 6,000 new energy vehicles by 2018 and 10,000 by 2020.

As an incentive to private electric-vehicle ("EV") buyer, the Government provides rebate of up to RMB 115,000 (RMB 55,000 from Central Government and RMB 60,000 from Local Government) for purchase of EV.

6. It was disclosed that Beijing E-Star “currently operat(es) 22 charging stations in China’s capital city”. Please disclose:

(a) how these are performing;

Beijing E-Star has four high-powered DC charging stations in Beijing WangJing district. In operation since February 2016, they accounted for more than 65 megawatt-hours of electricity sold, spread over 4,935 charging transactions in 2016. In the first three months of 2017, they accounted for 29 megawatt-hours of electricity sold, spread over 2,184 charging transactions. This compares favorably with the average of 16.25 megawatt per quarter during 2016.

Other groups, comprising 18 high-and-low-powered AC charging stations, are in other locations in Beijing. They were mostly installed towards the end of 2016 and in the beginning of 2017, with 1.4 megawatt-hours sold spread over 300 transactions in 2016 and 1.9 megawatt-hours sold spread over 161 transactions in first three months of 2017. They are performing to expectations.

(b) the utilisation rates of the charging stations; and

Utilisation hinges on the location of the charging stations as well as the types of market segments.

Initial utilisation rates are normally low as it takes time to build up awareness. Depending on the location, it normally takes 3 to 6 months to accurately assess the initial performance of the charging stations.

(c) whether Beijing E-Star is profitable.

Beijing E-Star is not profitable yet. It is focused on building up market share at the moment.

BY ORDER OF THE BOARD

Ting Chun Yuen
Executive Chairman and Chief Executive Officer

23 May 2017