



JES INTERNATIONAL HOLDINGS LIMITED

(Company Registration No: 200604831K)

Unaudited Results for the First Quarter ended
31 March 2016



PART I - INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENTS

Explanatory notes:

On 4 March 2015, the Company has requested for mandatory trading suspension over the Company's shares from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as Jiangsu Eastern Heavy Industries Co., Ltd ("**JEHI**"), a major subsidiary of the Company in the People's Republic of China (the "**PRC**"), had filed an application in Taizhou Intermediate People's Court, Jiangsu Province (the "**Taizhou Court**") in the PRC for a proposed restructuring scheme between JEHI and certain of its creditors (the "**Application**") for the purposes of implementing and facilitating the Group's consensual restructuring of its debt and liabilities in a manner which would maximise the value of the Company and its assets for its creditors and shareholders (the "**Proposed Restructuring**"). However, the Application had been rejected by the Taizhou Court and that JEHI had subsequently submitted an appeal to the next higher court in the Chinese judiciary hierarchy, the Jiangsu High People's Court (the "**Jiangsu High Court**") (the "**Appeal**"). Referring to the Announcement made by the Company on 30 September 2016 where it was announced that Jingjiang Court has released a public notice on 20 September 2016, it is noted that Xingrui Accountant Office Ltd Co and Jiangsu Tianzi Law Offices have been appointed as the Managers of the Restructuring. The Managers have applied to the court as its Proposal to treat the PRC Subsidiaries as a single merged entity for the purposes of conducting of the Restructuring as the PRC Subsidiaries have largely the same group of creditors. The application to treat the PRC Subsidiaries as a single merged entity has been approved by the Jingjiang Court on 25 October 2016.

The Company had on 12 February 2016 entered into a conditional sale and purchase agreement (the "**SPA**") with Hong Kong Victo International Limited (the "**Purchaser**"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the whole of the registered capitals of JEHI and Jiangsu New Eastern Marine Engineering Equipment Co., Ltd ("**JNEME**") and 49% of the registered capital of Jiangsu Nereus Shipyard Co., Ltd ("**JNS**") (the "**Proposed Disposal**"). The Proposed Disposal will result in the disposal of the Group's shipbuilding business, which as at the date of this report would comprise of JEHI, JNEME, JNS, Jingjiang Eastern Heavy Steel Structure Co., Ltd ("**JEHSS**") and JYJJP Eastern Shipyard Supplies Co., Ltd ("**JES Supplies**") (collectively, the "**PRC Subsidiaries**"). Neither the Proposed Restructuring nor the Proposed Disposal is conditional upon the other, and accordingly, the Proposed Restructuring is independent of the Proposed Disposal. Regardless of the Proposed Restructuring, the Company will proceed with the Proposed Disposal provided that all of the conditions in the SPA are fulfilled. It was also agreed that the Purchaser will assume all responsibilities, duties and obligations of the Company in all matters relating to the Proposed Restructuring from the date of the SPA, including but not limited to liaising with the all Relevant Authorities and affected parties on the Proposed Restructuring.

As previously announced by the Company on 2 July 2015 and 20 August 2015, the Group does not currently have in its possession all of its accounting and/or administrative records of the PRC Subsidiaries. There was no proper handover of accounting records from Mr Jin Xin to the current Management. In fact, some of the Group's electronic and paper records have been either removed or destroyed by relatives of Mr Jin Xin and the local police are still continuing their investigations in relation to the unrecovered records. Whilst some of such electronic and paper records have since been recovered, such records are currently not in the possession of the Group but in the possession of local courts and/or the local police (as the case may be) due to the Proposed Restructuring and misappropriation by the said individuals. The remaining records of the PRC Subsidiaries are not in the possession of the local courts and/or police have yet to be recovered by the Company. Some records have been destroyed by relatives of Mr Jin Xin and the local police are still continuing their investigations in relation to the unrecovered records.

Accordingly, the current Board that had recently reconstituted on 22 July 2016 with only two directors from the previous Board is of the view that it may be misleading to consolidate the accounts of the PRC Subsidiaries when the Company and the Auditors are unable to verify the completeness, accuracy, or truthfulness of such records. The Company's Hong Kong and Singapore subsidiaries are dormant companies. In light of the above, the Company only prepares the financial information of the Company and not the consolidated financial statement of the Group for FY2016.

The Company would like to advise shareholders to act with caution when reviewing such financial information.



- 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.

Unaudited Consolidated Income Statement

	Company		% change + / (-)
	1Q16 RMB'000	1Q15 RMB'000	
Revenue	-	-	NM
Cost of sales	-	-	NM
Gross (loss)/profit	-	-	
Other operating income	145,984	30	486500%
Selling and distribution costs	-	-	NM
Administrative expenses	(2,065)	(1,389)	49%
Other operating expenses	-	-	NM
Finance costs	-	(28)	(100%)
Profit/(Loss) before income tax	143,919	(1,387)	
Income tax expense	-	-	
Loss for the period	143,919	(1,387)	

Unaudited Consolidated Statement of Comprehensive Income

Loss for the period	143,919	(1,387)
<u>Other Comprehensive (expense)/income</u>		
Foreign currency translation difference	(3,949)	(53,514)
Total Comprehensive expense for the period	139,970	(54,901)

NM – Not meaningful.

- 1.(a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Company		%change + / (-)
	1Q16 RMB'000	1Q15 RMB'000	
<u>Income/(expense):</u>			
Interest income	*	*	NM
Waiver of payables to subsidiaries	145,936	-	NM
Depreciation of property, plant and equipment	-	(14)	(100%)
Interest expenses	-	*	NM

* Less than RMB1,000

NM – Not meaningful.

- 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.



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Statement of Financial Position

	Company	
	As at 31 Mar 2016 <u>RMB'000</u>	As at 31 Dec 2015 <u>RMB'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	130	125
	130	125
Current assets		
Other receivables, prepayments and deposits	54,113	51,952
Due from subsidiaries	3,379	3,244
Cash and cash equivalents	256	443
	57,748	55,639
Less: current liabilities		
Other payables and accruals	3,732	4,578
Due to ultimate holding company	34,891	12,802
Due to subsidiaries	23,249	183,371
Borrowings	25,612	24,589
Income tax payable	17	17
	87,501	225,357
Net current liabilities	(29,753)	(169,718)
Net liabilities	(29,623)	(169,593)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	1,411,583	1,411,583
Capital reserve	52,014	52,014
Foreign currency translation reserve	(133,221)	(129,272)
Accumulated losses	(1,359,999)	(1,503,918)
Total equity	(29,623)	(169,593)

* Amount less than RMB1,000.



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1.(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(A) the amount repayable in one year or less, or on demand and (C) whether the amounts are secured or unsecured;

Not applicable.

(B) The amount repayable after one year and (C) whether the amounts are secured or unsecured; and

	<u>Company</u>		<u>Company</u>	
	As at 31 Mar 2016		As at 31 Dec 2015	
	Secured <u>RMB'000</u>	Unsecured <u>RMB'000</u>	Secured <u>RMB'000</u>	Unsecured <u>RMB'000</u>
Borrowings	25,612	-	24,589	-

(D) Details of any collateral.

	<u>Company</u>	
	As at 31 Mar 2015 <u>RMB'000</u>	As at 31 Dec 2015 <u>RMB'000</u>
	Secured by guarantee from ultimate holding company	25,612
	<u>25,612</u>	<u>24,589</u>



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.

Unaudited Consolidated Statement of Cash Flows

	Company	
	1Q16	1Q15
	<u>RMB'000</u>	<u>RMB'000</u>
Cash flows from operating activities		
Loss before income tax	143,919	(1,387)
Adjustments for:		
Depreciation of property, plant and equipment	-	14
Interest income	-	-
Interest expenses	-	-
Waiver of payables to subsidiaries	(145,936)	-
Due to ultimate holding company	21,557	-
Unrealised translation loss	(21,901)	(8,932)
Operating cash flows before movements in working capital	(2,361)	(10,305)
Other receivables, prepayment and deposits	(25)	213
Other payables and accruals	(846)	4,105
Cash used in operations	(3,232)	(5,987)
Interest paid	-	-
Interest received	-	-
Net cash used in operating activities	(3,232)	(5,987)
Cash flows from financing activities		
Advances from subsidiaries	3,050	5,429
Net cash from/(used in) financing activities	(182)	5,429
Net increase/(decrease) in cash and cash equivalents	(182)	(558)
Net effect of exchange rate changes on the balance of cash held in foreign currencies	(5)	10
Cash and cash equivalents at beginning of the financial period	443	741
Cash and cash equivalents at end of the financial period	256	193

- 1.(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Statement of Changes in Shareholders' Equity

	Share Capital <u>RMB '000</u>	Capital Reserve <u>RMB '000</u>	Foreign Currency Translation Reserve <u>RMB '000</u>	Accumulated Profits/ (losses) <u>RMB '000</u>	Equity Attributable to Owners of the Company <u>RMB '000</u>
<u>The Company</u>					
At 1 January 2015	1,411,583	52,014	(112,849)	(53,813)	1,296,935
Total comprehensive expense for the period	-	-	(53,514)	(1,387)	(54,901)
At 31 March 2015	1,411,583	52,014	(166,363)	(55,200)	1,242,034
At 1 January 2016	1,411,583	52,014	(129,272)	(1,503,918)	(169,593)
Total comprehensive expense for the period	-	-	(3,949)	143,919	139,970
At 31 March 2016	1,411,583	52,014	(133,221)	(1,359,999)	(29,623)

- 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 issued on conversion of all the outstanding convertibles, as well as the number held as treasury shares, if any, against the total number of 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 of the immediately preceding financial year.

Not applicable.

- 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.

The share capital of the Company comprised of 1,208,028,000 ordinary shares as at 31 March 2016 and 31 December 2015 respectively.

The Company did not hold any treasury share as at 31 March 2016 and 31 December 2015 respectively.

- 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 report on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial information for the first quarter ended 31 March 2016 have neither been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.



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4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation adopted for the current period reported on are consistent with the latest audited financial statements for the financial year ended 31 December 2015.

The Group has adopted all the Singapore Financial Reporting Standards ("FRS") that are applicable for financial years beginning on or after 1 January 2016. The application of these FRS has no material impact to financial statements of the Group and the Company.

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.

Not applicable.

6. Earnings per ordinary share of the group for the current 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 adjustments made to the earnings).

Not applicable.

7. Net asset value (for the issuer and group) per ordinary share based on the total 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.

	Company	
	As at 31 Mar 2016	As at 31 Dec 2015
Net asset value per ordinary share (RMB Cents)	(2.45)	(14.05)
Number of issued ordinary shares as at end of the period	1,208,028,000	1,208,028,000

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

Explanatory Note

Due to the unavailability of the complete accounting records of the PRC Subsidiaries, the Company eventually prepared the financial statements of the Company for 1Q2016.

As announced by the Company on 30 September 2016, the Managers of the Proposed Restructuring have applied to the Taizhou Court as its Proposal to treat the PRC Subsidiaries as a single merged entity for the purposes of conducting of the Proposed Restructuring and the Taizhou Court has appointed the Jingjiang Court to adjudicate on the Proposed Restructuring. The Company has been informed that the Jingjiang Court has on 25 October 2016 approved the Proposal to treat the PRC Subsidiaries as a single merged entity and accordingly, the Company took the position that the PRC Subsidiaries should be treated as a single merged entity in preparation of the financial statements for 1Q2016.

Review of Financial Performance (1Q2016 vs 1Q2015)

The Company's other operating income of approximately RMB146 million in 1Q2016 was derived mainly from the waiver of payables to JEHI and other sundry income. The basis of the waiver was the treatment of the PRC Subsidiaries which includes JEHI, JNEME and JNS as a single merged entity pursuant to the judgment of the Jingjiang Court as stated in the Explanatory Note above. Other operating income of the Company was RMB0.3 million in 1Q2015 and was derived mainly from other sundry income.

The Company's administration expenses were recorded at RMB2.06 million in 1Q2016 while the Company's administration expenses were RMB1.39 million in 1Q2015. The increase of RMB0.67 million was mainly due to the Company taking on remuneration of directors of PRC subsidiaries because of the inordinate delay of the Application and travelling expenses in 1Q2016.

The Company's finance costs were nil in 1Q2016 while the Company's finance costs were RMB28,000 1Q2015. No finance costs were incurred in 1Q2016.

Review of Financial Position (31 March 2016 vs 31 December 2015)

As at 31 March 2016, the Company's current assets mainly comprised of the other receivables, prepayments and deposits, and amount due from PRC subsidiaries, which increased from RMB55.6 million as at 31 December 2015 to RMB57.7 million as at 31 March 2016, the increase was mainly due to the change of foreign currency exchanges rate.

As at 31 March 2016, the Company's current liabilities mainly comprised of amounts due to the non-PRC subsidiaries and the ultimate holding company as well as borrowings due to the ultimate holding company, which decreased from RMB225.4 million as at 31 December 2015 to RMB87.5 million as at 31 March 2016. The decrease was mainly due to, *inter alia*, the netting off of amounts due to JEHI against amounts due from JNEME. The basis of netting off of amounts due to JEHI against amounts due from JNEME was the treatment of the PRC Subsidiaries, which includes both JEHI and JNEME as a single merged entity pursuant to the judgment of the Jingjiang Court as stated in the Explanatory Note above.

Cash Flow

Net cash used in operating activities of the Company was approximately RMB3.2 million for 1Q2016, compared with net cash used in operating activities by the Company of RMB6.0 million in 1Q2015. The difference was mainly due to the decrease of operating cash outflows before movements in working capital, amounting to RMB7.9 million, as well as the increase of movement of working capital, amounting to RMB5.2 million.

Net cash from financing activities of the Company was RMB3.1 million for 1Q2016, compared with net cash from financing activities of the Company of RMB5.4 million in 1Q2015. The decrease was due to the advance received from subsidiaries dropping by RMB2.3 million in 1Q2016.

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

There is no variance from paragraph 10 of the previous announcement on unaudited results for the fourth quarter 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 events that may affect the group in the next reporting period and the next 12 months.**

The Company had on 12 February 2016 entered into a conditional sale and purchase agreement (the "SPA") with Hong Kong Victo International Limited (the "Purchaser"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the whole of the registered capitals of JEHI and JNEME and 49% of the registered capital of JNS. The Proposed Disposal would allow the Group to dispose of the loss-making or non-performing assets and business and may result in the Company ceasing to have any operating business and becoming a cash company. The Purchaser has by way of a letter of undertaking dated 1 August 2016, indicated that it intends to proceed with the SPA.

On 28 October 2016, the Company had entered into a framework acquisition agreement (the "**Framework Agreement**") with Teo Woon Tiong, Tan Hin Kon, Teo Chew Seng @ Peter Chang, Lo Chia Chen, Pang Jet Seng, Pang Lay Seng, Teo Lay Seng and Khoo Hin Keat (collectively, the "**Vendors**") pursuant to which the Vendors propose to sell, and the Company acquire, 100% of the entire issued and paid-up share capital of Maya Asia Resources Sdn. Bhd. (the "**Target Company**"). The Target Company is an investment holding company and certain of its subsidiaries are engaged in, inter alia, the trading and manufacturing of plastic products, foodstuffs, household insecticides, seasoning, beverages and infant products. The Company will update Shareholders in due course if any definitive agreements in relation to the new businesses are signed.

11. If a decision regarding dividend has been made: -

(a) Whether an interim ordinary dividend has been declared; and

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) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend derived. (if the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable

(e) The date on which Registerable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the period ended 31 March 2016.

13. 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.

There is no general mandate obtained from the shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

14. Negative confirmation pursuant to Rule 705(5).

The Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

By order of the Board

Jin Yu
Executive Chairman and Chief Executive Officer
15 November 2016