



JES INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 4 April 2006)
(Company Registration Number 200604831K)

RESPONSE ANNOUNCEMENT TO SGX-ST QUERIES

The Board of Directors ("**Board**") of JES International Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to clarify the matters raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 2 November 2016 as follows:

SGX-ST Query 1

Paragraph 3.3 (ii) of Practice Note 12.2: *Adequacy of Internal Controls* states that "in relation to Rule 1207, where the Board and/or the audit Committee is of the view that controls need to be strengthened, or has concerns that control are inadequate, the Board would have to disclose the issues and how it seeks to address and monitor the areas of concerns". We note that the Board had provided several reasons in various part of the AR2015 to explain its inability to opine on the adequacy of Group's internal controls.

In this regard, please disclose the Board's plan and timeline of implementation for the Board to opine on the adequacy and effectiveness of the Group's internal control system.

As previously announced by the Company, the Company is currently engaged in the Proposed Disposal and Proposed Restructuring of the PRC Subsidiaries. The Board is of the opinion that it is not meaningful to plan for the implementation of an internal control system of the components of the Group that are pending restructuring and disposal.

Concurrently and as announced by the Company on 28 October 2016, the Company has entered into a Framework Acquisition Agreement (the "**Agreement**") for the Proposed Acquisition of Maya Asia Resources Sdn. Bhd ("**Maya**") (the "**Proposed Acquisition**") and according to the terms of the Agreement, the Company will be deemed to have an equity interest over the entire shareholdings of Maya upon First Completion of the SPA and satisfactory legal and financial due diligence of Maya. Accordingly, at this moment the structure of the Group is relatively simple prior to the Proposed Disposal, the Proposed Restructuring and Proposed Acquisition and the Board does not consider it to be meaningful to implement internal control systems.

However, as a matter of good corporate governance the Board has already approached internal auditors and corporate management professionals to explore potential improvements on the Group's internal management system. The Board intends to appoint internal auditors to conduct an internal audit after the Proposed Disposal, the Proposed Restructuring and Proposed Acquisition are completed, and the Board plans to implement the proposed improvements on the Group's internal management system made by the corporate management professionals.

SGX-ST Query 2

Guideline 9.2 of Code of the Corporate Governance ("**Code**") states that the issuer should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). In this regard, please disclose in aggregate the total remuneration paid to top five key management personnel; or otherwise please provide an explanation for the deviation from the Code pursuant to Listing Rule 710.

The Company for the FY ended 31 December 2015 only employed 4 key management personnel. In this regard, the aggregate remuneration paid to the top 4 key management personnel is S\$411,178.00.

SGX-ST Query 3

Guideline 11.3 of the Code recommends that the Board comment on the adequacy and effectiveness of the internal controls, including the financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. In this regard, please disclose the Board's comment on the effectiveness of the Group's internal controls, including the financial, operational, compliance and information technology controls, and risk management systems; or otherwise provide specific reason(s) for the deviation from Guideline of the Code pursuant to Listing Rule 710.

Please refer to the Company's Annual Report 2015 and the response to Query 1 above for the Board's comment on the adequacy and effectiveness of the internal controls, including the financial, operational, compliance and information technology controls, and risk management systems.

**BY ORDER OF THE BOARD
JES INTERNATIONAL HOLDINGS LIMITED**

**JIN YU
Chief Executive Officer
4 November 2016**