

JES INTERNATIONAL HOLDINGS LIMITED

(Company Registration No. 200604831K)
(Incorporated in the Republic of Singapore)

DISPUTES RELATING TO CONTRACTS ENTERED INTO WITH DUNHUANG SHIPPING LTD AND THE SHIPPING CORPORATION OF INDIA LTD RESPECTIVELY

The Board of Directors of JES International Holdings Limited (the “**Company**”) refers to the announcement on 15 May 2014 relating to the First Quarter Results for financial period ended 31 March 2014 (the “**1Q14 Results**”).

In page 8 of the 1Q14 Results, the Company informed that the decrease in production activity was mainly due to, *inter alia*, the continued construction of two vessels under disputes being no longer recognized in its income statement. The Company wishes to inform the shareholders that the disputes are as follows:

- (a) dispute with Dunhuang Shipping Ltd, a company incorporated in Greece, for purported cancellation of contract and claim of repayment of prepaid instalments by Dunhuang Shipping Ltd in respect of a contract entered into on 20 June 2010 for building of a 82000DWT bulk carrier; and
- (b) dispute with The Shipping Corporation of India Ltd, a company incorporated in India, for purported cancellation of contract and claim of repayment of prepaid instalments by The Shipping Corporation of India Ltd in respect of a contract entered into on 24 September 2010 for building of a 82000DWT bulk carrier.

As at the date of this announcement, the Company is still having negotiations with Dunhuang Shipping Ltd and The Shipping Corporation of India Ltd to reach a settlement amicably on, *inter alia*, the refunds of advances received by the Company, being the amount of RMB 97 million and RMB 85 million respectively. The Company has also taken steps to mitigate its losses and secured potential buyers for the vessels constructed under the disputes. The Company wishes to further inform that the estimated contingent liabilities in respect of the disputes are as follows:

<u>Party with dispute</u>	Construction costs incurred to-date (RMB million)	Advance received from initial customer (RMB million)	Amount received from subsequent customer	Net position classified under trade payables	Resale prices (RMB million)	Net position if advanced deposit returned (RMB million)
Dunhuang Shipping Ltd	190	(97)	NA	NA	(157)	(33)
The Shipping Corporation of India Ltd	250	(85)	NA	NA	(157)	(93)
Total	440	(182)	NA	NA	(314)	(126)

The Company will make further announcements, as appropriate, to update shareholders.

In the meantime, shareholders of the Company are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests, and to exercise caution when dealing with shares in the Company.

BY ORDER OF THE BOARD

JIN XIN
Chairman and Chief Executive Officer

2 June 2014